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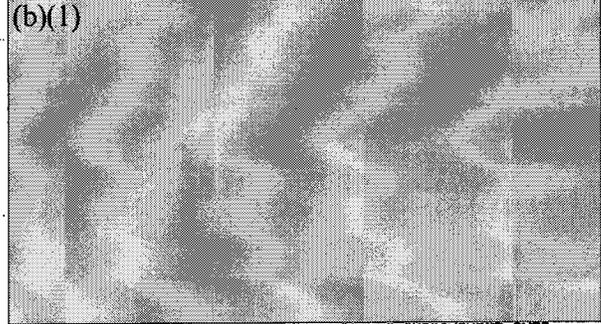
DEPARTMENT OF DEFENSE
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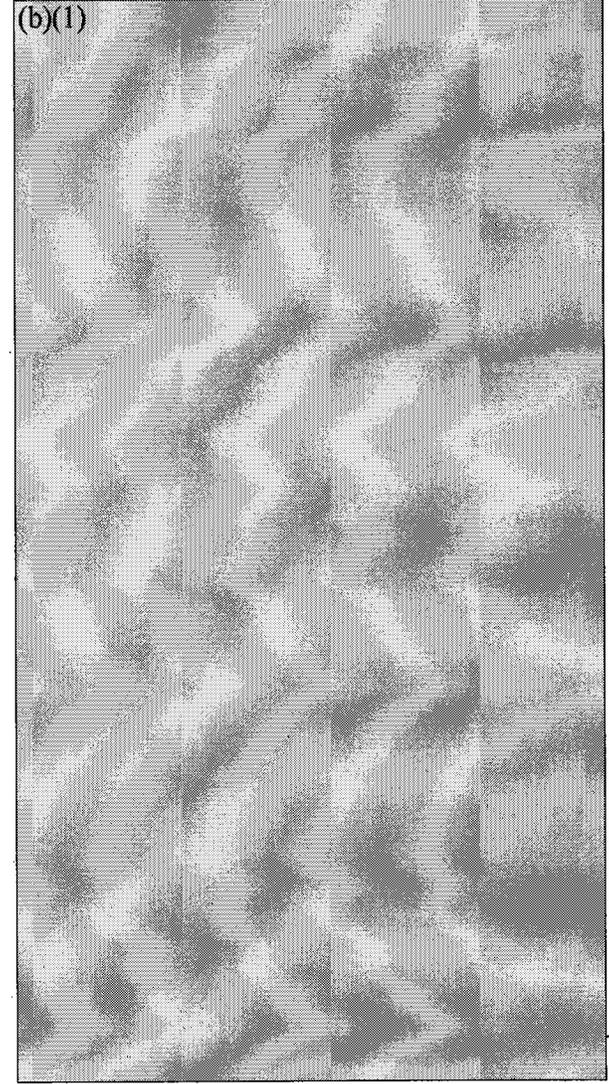
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SECTION 01 OF 04 //NO3000//
SUBJ: USFACOM JOINT AIR DEFENSE STUDY (U)
A. USCINCPAC O2D242Z NOV 83 (PASEP)



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WELL. IT IS CLEAR THAT AN ADDITIONAL F15 SQUADRON WOULD



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SECTION 02 OF 04 //R03000//



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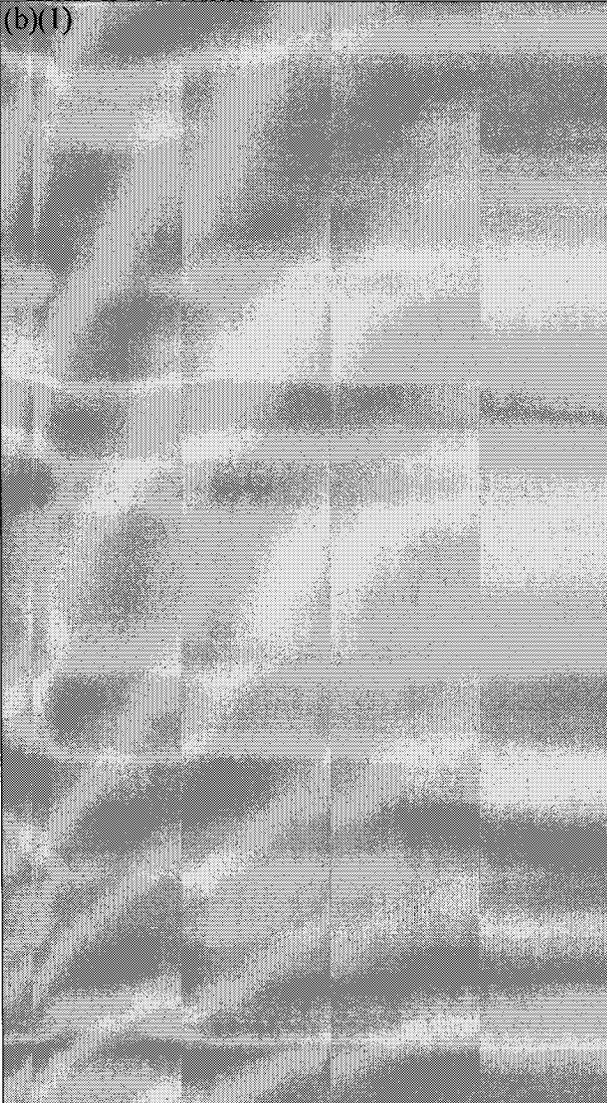
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SECTION 03 OF 04 //NO3000//



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15. (U) POC IS MAJ JOHN WILLIAMS, USCINCPAC J55, AUTOVON
430-0111, PATCH 477-5296.
DECL OADR BT

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FINAL SECTION OF 04 //NO3000//

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SUBJECT: JFY 85 DEFENSE BUDGET (U)
REF: A. AMEMBASSY TOKYO 310751Z DEC 84 (TOKYO 26559)
1. (U) REF A HAS PROVIDED AN EXCELLENT DESCRIPTION OF FINAL HOURS OF THE BUDGET MAKING PROCESS AND CONTENT OF CABINET APPROVED DRAFT.
2. ~~REF~~ THE POSITIVE ASPECTS OF THE BUDGET HAVE BEEN HIGHLIGHTED AS IS APPROPRIATE. WITHOUT ATTEMPTING TO MINIMIZE THESE, HOWEVER, WE WOULD LIKE TO COMMENT REGARDING THE EFFECT OF INCLUDING THE LARGE 1.8 PERCENT PAY RAISE ELEMENT IN THE BUDGET INCREASE FIGURE THIS YEAR. THE CORRESPONDING FIGURE FOR LAST YEAR WAS 0.7 PERCENT. THUS, THE SUBSTANTIVE PORTION OF THE BUDGET INCREASE IS 5.85 PERCENT (6.55 - 0.7) FOR 1984 COMPARED WITH 5.3 PERCENT (6.9 - 1.6) FOR 1985. EVEN WITH A LOWER GNP DEFLATOR FOR 1985 OF 1.4; REAL GROWTH WITHOUT THE PAY RAISE AMOUNTS TO 3.9 PERCENT FOR 1985 COMPARED TO 4.05 IN 1984 (1.8 PERCENT DEFLATOR).
3. ~~REF~~ THERE IS SIGNIFICANCE TO THESE FIGURES ONLY AS RELATES TO ACCOMPLISHING DEFENSE GOALS. HERE AGAIN THE SLOW-DOWN IN MOMENTUM FROM 1984 TO 1985 CAN BE SEEN. THE 1985 BUDGET WILL ACCOMPLISH 16 PERCENT OF THE 1983-1987 MTD, AN INCREASE OF ONE PERCENT OVER 1984; THE 1984 INCREASE HAD SHOWN AN INCREASE OF THREE PERCENT OVER 1983.

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[REDACTED] (PROTECT); "THE LOWEST TRUTH IS THAT DESPITE THE POLITICAL SUCCESSES OF ACHIEVING BUDGETS THE PAST THREE YEARS HIGHER THAN THE OVERALL GOJ LEVELS, WE WILL ONLY BE ABLE TO ACCOMPLISH 43 PERCENT (12 IN 1983, 15 IN 1984, AND 16 IN 1985) OF A MTD DESIGNED TO ACHIEVE MINIMUM DEFENSE LEVELS OF A NATIONAL DEFENSE PROGRAM OUTLINE WHICH HAS ALREADY BEEN DETERMINED TO BE OBSOLETE. WE SHOULD BE AT OR ABOVE THE 60 PERCENT LEVEL OF COMPLETION IF WE ARE REALLY SERIOUS."

1.6X6

(b)(1)

4. ~~REF~~ OUR AND JDA'S HOPE SEEMS NOW TO LIE IN THE 1988-1990 MTD. [REDACTED] IN NOVEMBER ALL INDICATE THAT UNLESS JDA IS ALLOWED TO PLAN THE NEW MTD WITHOUT THE CONSTRAINTS OF THE ONE PERCENT OF GNP BARRIER, THE NEW DEFENSE PROGRAM WILL NOT HAVE ANY SUBSTANTIVE MEANING OTHER THAN PERHAPS TO BE ABLE TO CONTINUE TO SHOW HIGHER GROWTH THAN THE REMAINDER OF THE GOVERNMENT. THE POLITICAL SECTION OF THE EMBASSY HERE SEEMS TO THINK, AS DID LDP DIET MEMBER MOTOO SHIINA DURING HIS NOVEMBER VISIT HERE, THAT THE PRIME MINISTER WILL ALLOW JDA TO PLAN THE NEW MTD WITHOUT THE ONE PERCENT CONSTRAINT. SINCE SHIINA FELT THE LDP WOULD FORMALLY RECOMMEND ABOLITION OF THE ONE PERCENT BARRIER IN DECEMBER AND THAT THE BUDGET INCREASE FOR 1985 WOULD MAINTAIN POSITIVE MOMENTUM SUBSTANTIVELY; I.E., WITHOUT A PAY RAISE, AND THAT THESE TWO MOVES WOULD SIGNAL AND STIMULATE THE PRIME MINISTER'S INTENTIONS, WE WONDER IF WHAT HAS NOW OCCURRED SIGNALS BACKING AWAY FROM THE PROSPECTS FOR SIGNIFICANT PROGRESS IN 1985.

1.6X6

5. (U) WE WOULD APPRECIATE TOKYO'S VIEWS ON THE OUTLOOK FOR THE NEW MTD WITH RESPECT TO ACCOMPLISHING THE 1976 NDOP LEVEL AS WELL AS THE MORE IMPORTANT 1981 DEFENSE GOALS.
6. ~~REF~~ FYI, WE ARE PUZZLED BY KYODO'S STORY MENTIONED IN REF A QUOTING DOD SOURCES ON THE 1985 BUDGET. WE HAVE MAINTAINED A STRICTLY NO COMMENT APPROACH.
DECLAS OADR BT

ACTION USDP(10) (D,U,6,7,8,F)
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EAP -- DA SD Kelly

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OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

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DEFENSE POLICY BOARD

EBK
RM
JA
W

26 March 1986

JR Kelly
PM
PJ

MEMORANDUM FOR THE SECRETARY OF DEFENSE
DEPUTY SECRETARY OF DEFENSE

SUBJECT: Meeting with Defense Policy Board, March 27, 1986 (U)--
INFORMATION MEMORANDUM

1. (U) As a result of my discussion with you, the DPB focused largely on Asian issues. Among the points which may be raised with you (or which you may wish to raise with us):

A. (X) USSR. Has the Administration done as much as it could to emphasize Soviet buildup in Asia?

- Clearly Administration has done much.
- Still, understanding in populace and Congress a question mark.
- Declassifying some data might help, e.g., ranges of Soviet bombers operating today out of Cam Ranh Bay.

B. (X) Japan. What does the U.S. want in the way of Japanese military contribution?

- Is there agreement within USG (i.e., State and Defense) on this issue? Would it not be useful to establish two or three military priorities/missions which we want to press upon GOJ?
- Looking to future, does U.S. propose to have Japanese forces substitute for U.S.? If so, does this raise political problems in the area? If not, will it raise political problems in U.S. (i.e., complaint that Japan should tend to its own defense needs and not have free ride from U.S.).
- Have we established priorities as between our economic demands of Japan and our military requirements?
- Have we done contingency planning for (admittedly, unlikely) flexibility by Soviets in their Northern Islands policy? (Such flexibility could be disastrous to U.S. interests.)

CLASSIFIED BY: USDP
DECLASSIFY ON: OADR

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C. ~~(S)~~ Bases. Clearly no good alternative to Philippines. However some alternatives do exist. Have we done sufficient contingency planning on:

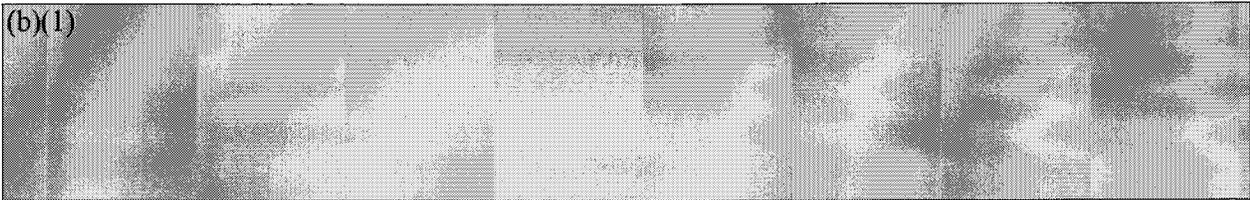
- Possibility of more extensive use of excellent bases in Thailand? Under what scenarios might that be possible?
- Granting the significant political problem with using Taiwan as a base, it appears that DOD has done no analysis of the functional military utility which Taiwan might have. If utility is low, no point in worrying about the political problem, but if utility is high we should be prepared to address the political problem on a contingency planning basis.
- Should we not be doing engineering studies of alternatives like Guam and elsewhere?
- B-52s represent a special problem. . If needed for conventional bombing in future, where would they operate from? Will they still be in inventory five years from now? Will they have fighter support, operating from where?

D. ~~(S)~~ Nuclear-Free Zone. Recognizing fact Australians have attempted to make proposed Treaty acceptable to U.S., how sanguine can we be about:

- The precedential effect - especially spreading to Indian Ocean and northward toward Japan?
- Isn't language of proposed Treaty ambiguous enough so that U.S. will be constrained (by pressures from press, Congress, and State Department) if we sign on to Treaty, even with protocol reservations?

E. ~~(S)~~ PACOM Theater Nuclear Forces Study. This effort, started by Bob Long, continued by Bill Crowe and now by Ron Hays, has covered a wide range of both nuclear and conventional needs of PACOM and has raised a number of problems, most of which have not been addressed adequately by the Pentagon (specifically, the Services):

(1) There is a need for a much better short-warning of attack (especially pertinent today for Korea). (DPB may have some ideas to offer.)



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~~3 SENSITIVE~~

(3) A related point: the priority which CINCPAC should get for SLCMs as compared to Europe. Other points on SLCMs not resolved:

- o How should they be deployed - what platforms?
- o What should their role be? Specifically, how should we relate theater nuclear missions to strategic missions and the NCA control over both?

(4) Other issues such as better operational security measures, dispersal of nuclear capable aircraft, C³ survivability, etc. may be raised with you (or you may wish to raise questions about these or other issues).

2. (U) At the time of the drafting of this memo, we have not finished our meetings. Attached is an agenda which suggests that questions may be raised on the NATO Strategy Study and SDI issues. All the above, time permitting! We are, of course, anxious to speak to issues of greatest interest to you.

Sev
Seymour Weiss
Ambassador
Chairman, Defense Policy Board

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DEFENSE POLICY BOARD
Tentative Agenda
26-27 March 1986

WEDNESDAY, 26 MARCH, Room 3E869 The Pentagon

- 0900 Convene
- 0901 Intelligence Update
- Soviet Posture in Pacific, plus Political Profile of Philippines and Korea: NIO Asia
 - Soviet Strategic Force Update: NIO Strategic Forces
 - Current Issues: USDP Intelligence Advisor Whitt
- 1000 Jim Kelly, Deputy Assistant Secretary of Defense for East Asia and Pacific Affairs
- Overview
 - Pacific Bases
 - South Pacific Nuclear Free Zone (SPNFZ)
- 1130 Working Lunch
- 1200 Admiral Robert L. J. Long, USN (Ret)
- Perspective of Former CINCPAC
- 1330 PACOM TNF Study Briefing
- Introduction: Dr. Marvin Atkins, Dep Dir (Science & Technology), Defense Nuclear Agency
 - Briefing: Jim Martin, SAIC
Peter Haas, RDA
- 1630 Admiral William J. Crowe, Jr., USN,
Chairman, Joint Chiefs of Staff
- 1800 Reception IHO Defense Policy Board hosted by
Deputy Secretary Taft (Room 3E912)

THURSDAY, 27 MARCH, Room 1E801 #4, The Pentagon

0900 General John Vogt

- Update of NATO Study

0945 Mr. Fred Hoffman

- Report of Joint DPB/SDIO Panel

1030 Lt. Gen. James Abrahamson, USAF, Director, SDIO

- SDI Issues

1200 Lunch with Richard Perle, Assistant Secretary of Defense for International Security Policy (CJCS Dining Room, 2E877)

1315 Executive Session (Reconvene in 1E801 #4)

1545 Break, move to 3E912

1600 Meet with Secretary Weinberger and Deputy Secretary Taft

1730 (About) Adjourn

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U-TURN SHORTLY AFTER 0810 HOURS ON THE 16TH IN A DIRECTION TOWARD THE MARITIME PROVINCE AND DISAPPEARED IN A FEW MINUTES. FLYING ON THIS COURSE ARE JAL OR AEROFLOT AIRCRAFT BUT NONE OF THE JAL'S OR AEROFLOT'S ON INTERNATIONAL SERVICE WERE INVOLVED IN THE CASE. SO, ODDS ARE THAT THIS WAS AN AEROFLOT DOMESTIC SERVICE PLANE FLYING FROM THE MARITIME PROVINCE TO SAKHALIN OR ELSEWHERE, AND IT CRASHED WITH ENGINE TROUBLE OR OTHER IRREGULARITIES. (NIHON KEIZAI) - A REPORT REACHING THE JDA SAID THAT THE IMAGE OF A SOVIET AIRCRAFT DISAPPEARED FROM AIR RADAR SCREENS SOMEWHERE OFF THE MARITIME PROVINCE COAST AND WEST OF SAKHALIN ABOUT 0800 HOURS ON THE 16TH. ACCORDING TO THE TOKYO AIR TRAFFIC CONTROL CENTER, TRANSPORTATION MINISTRY, THEY FOLLOW ALMOST 100 PCT OF FLIGHT DATA FROM AIRCRAFT, MILITARY AND CIVIL, OPERATING ON IFR BUT NONE OF THOSE MILITARY AIRCRAFT WHICH ARE ENGAGED IN SPECIAL MISSIONS OR THOSE CIVIL AIRCRAFT WHICH ARE OPERATING ON VFR. SO, THEY SEE THE STRONG POSSIBILITY THAT DISAPPEARING FROM THE RADAR SCREENS WAS A MILITARY AIRCRAFT. AS TO THE SOURCE OR SOURCES OF INFORMATION ABOUT THE MISSING SOVIET AIRCRAFT, THE JDA DID NOT CLARIFY ANYTHING BUT THAT "THIS IS FROM A COMBINATION OF VARIOUS PIECES OF INFORMATION." ACCORDING TO DEFENSE AFFAIRS RELATED PERSONNEL AND SPECIALIST SOURCES, HOWEVER, THE MAXIMUM MONITORING RANGE OF JAPANESE AIR RADAR SYSTEMS IS ABOUT 400 KM FROM RADAR SITES. IN CASE TARGET AIRCRAFT ARE FLYING AT A VERY HIGH ALTITUDE. THEY THEREFORE SEE A STRONG POSSIBILITY OF MONITORING OF (SOVIET) RADIO COMMUNICATIONS BY THE SDF OR THE USF BEING THE SOURCE OF INFORMATION IN THIS CASE.
5 NAKASONE'S APPROACH TO '84 PROGRAM:
(YOMIURI) - AS TO HOW THE NATIONAL DEFENSE COUNCIL (NDC) TREATS AN '84 MID-TERM DEFENSE PROGRAM, PRIME MINISTER NAKASONE HAS RESOLVED TO HEAR FROM THE JDA REPORT ON THE COMPILED MID-TERM PROGRAM IN JULY AND WITHHOLD NDC AUTHORIZATION OF THE PROGRAM UNTIL AFTER THIS DECISION IN ORDER TO AVERT RISE OF POLITICAL ARGUMENTS OVER THE 1 PCT OF GNP FRAMEWORK INVOLVING DEFENSE EXPENDITURES IN THE MEANTIME PENDING COMPLETION OF A JFY86 NATIONAL BUDGET. THIS WAS DISCLOSED BY GOVERNMENT SOURCES ON THE 16TH. BT

UNCLAS
SUBJECT: JAPANESE PRESS TRANSLATIONS FOR FRIDAY, 17 MAY 85
(NOTE: FOLLOWING ARE SUMMARY TRANSLATIONS APPEARING IN MAJOR JAPANESE NEWSPAPERS. APPEARANCE HEREIN DOES NOT MEAN STORIES ARE FACTUALLY ACCURATE AND DOES NOT CONSTITUTE ENDORSEMENT OF POINTS OF VIEW BY USFJ.)
1. MIDWAY DEPARTS FROM YOKOSUKA:
(ASAHI, MAINICHI, YOMIURI) - ON THE MORNING OF THE 16TH, THE ATTACK TYPE CARRIER MIDWAY (51,000 TONS) OF THE U.S. NAVY DEPARTED FROM YOKOSUKA NS. THE MIDWAY, A SUBJECT OF THE NLP ISSUE NOW, HAD BEEN LYING IN NO. 6 DRYDOCK OF YOKOSUKA NS FOR HULL REPAIR SINCE 28 MAR. THE MAINTENANCE THIS TIME WAS LIMITED TO MINOR WORKS SUCH AS REPAIRS OF DECK AND BOTTOM.
2. N-SUB LEAVING SASEBO:
(MAINICHI) - ON THE 16TH, THE U.S. EMBASSY NOTIFIED THE FOREIGN
3. YOKOTA NOISE SUIT:
(MAINICHI, TOKYO SHIMBUN, YOMIURI) - REGARDING THE FIRST AND SECOND SUITS OF THIS CASE, THE TOKYO HIGH COURT WILL HOLD NOISE INSPECTIONS AT LOCAL INHABITANTS' HOUSES IN AKISHIMA AND TACHIKAWA CITIES NEAR YOKOTA A3 22-23 MAY. THE ISSUE HAS BEEN UNDER AN APPEAL BY LOCAL INHABITANTS WHO ARE DISSATISFIED WITH THE FINDING OF THE LOWER COURT. ACCORDING TO THE DEFENSE COUNSEL, AN INSPECTION WILL BE HELD AT THREE HOUSES IN AKISHIMA AT THE GOVERNMENT REQUEST ON THE 22ND AND ON THE 23RD, AT A HOUSE IN TACHIKAWA AT THE DEFENSE COUNSEL REQUEST. THIS IS THE FIRST EARLY MORNING INSPECTION TO BE HELD AT THE REQUEST OF THE DEFENSE COUNSEL. THEY STATE THE PURPOSE OF THE INSPECTION IS TO NOTE GROUND NOISES, SUCH AS ENGINE MAINTENANCE. ON THE OTHER HAND, IN ORAL PROCEEDINGS OF THE THIRD SUIT AT THE TOKYO DISTRICT COURT'S HACHIOJI OFFICE, A WITNESS IS GOING TO TESTIFY ON THE 17TH FOR THE LOCAL INHABITANTS (PLAINTIFFS) USING HIS RECORDS OF TOUCH-AND-GO PATTERNS AND NOISE STRENGTH.
4. SOVIET AIRCRAFT GOES DOWN IN JAPAN SEA?
(MOST PAPERS) - ON THE AFTERNOON OF THE 16TH, JDA DEFENSE BUREAU DIRECTOR YAZAKI ANNOUNCED THAT UNCONFIRMED INFORMATION POINTED TO THE DISAPPEARANCE OF A SOVIET AIRCRAFT OFF THE MARITIME PROVINCE COAST SOME TIME BETWEEN 0800 AND 0900 HOURS ON THE 16TH. THE SCENE WHERE THE AIRCRAFT WAS REPORTED MISSING IS OUTSIDE OF THE JAPANESE AIR DEFENSE IDENTIFICATION ZONE AND A SOVIET PARTY IS DEVELOPING SEARCH AND RESCUE ACTIVITIES IN WATER AREAS OF SUPPOSED PLANE CRASH. "IT IS NOT KNOWN YET WHETHER THE AIRCRAFT IN QUESTION WAS A CIVIL OR MILITARY ONE," YAZAKI STATED. IT WAS ON THE MORNING OF THE 16TH THAT THE GOVERNMENT FIRST PUBLISHED A REPORT ON THE MISSING SOVIET AIRCRAFT, WITH A COMMENT THAT THE GOVERNMENT IS TRYING TO CONFIRM IN A HURRY THE POSSIBILITY OF AN AEROFLOT PLANE IN NON-REGULAR FLIGHT HAVING BEEN INVOLVED IN THE MISHAP. (ASAHI, SANKETI) - AT AN AFTERNOON SESSION OF THE UPPER HOUSE FOREIGN AFFAIRS COMMITTEE ON THE 16TH, DIRECTOR NISHIYAMA OF THE EURO-ASIAN AFFAIRS BUREAU, FOREIGN OFFICE, STATED THAT IT SEEMS THE SCENE OF ACCIDENT WAS NOT IN THE HIGH SEA AREA AND THAT JAPANESE NATIONALS, INCLUDING PASSENGERS, WERE NOT INVOLVED. (ASAHI) - TO AN INQUIRY ABOUT THE MISSING OF A SOVIET AIRCRAFT OFF THE MARITIME PROVINCE COAST, THE SOVIET CIVIL AVIATION MINISTRY REPLIED ON THE MORNING (EVENING, JST) OF THE 16TH THAT THEY HAVE NO SUCH INFORMATION.
(ASAHI) - ACCORDING TO GOVERNMENT-JDA SOURCES, VIEWS ARE GROWING STRONG THAT MISSING IS A SOVIET CIVIL AIRCRAFT BELONGING TO AEROFLOT. PIECES OF INFORMATION FROM THE JDA AND OTHER QUARTERS INDICATE THAT A CIVIL AIRCRAFT, WHICH WAS FLYING EASTWARD AT AN ALTITUDE OF ABOUT 1,800 METERS AFTER TAKING OFF FROM A POINT OF THE MARITIME PROVINCE EXACTLY OPPOSITE TO THE SOUTHERN TIP OF SAKHALIN, SUDDENLY MADE A

(b)(5)

IF GOJ AS A WHOLE DOES NOT BLESS MTDP UNTIL DEC, FIRST YR'S BUDGET, WHICH MUST BE SUBMITTED IN AUG, COULD FALL VICTIM TO MOF, WE SHOULD RAISE THIS W. KATO.

COMUSJAPAN
PRESS 17 MAY

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MCN=85137/02553 TOR=85137/0940Z TAD=85137/1014Z CDSN=MAJ981
PAGE 1 OF 1
170501Z MAY 85

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JOINT MESSAGEFORM

SECURITY CLASSIFICATION

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Short on KATO Part 1.6.86

PAGE 01 of 03	DTG/RELEASER TIME			PRECEDENCE		CLASS	SPECAT	LMF	CIC	ORIG/MSG IDENT
	DATE-TIME	MONTH	YR	ACT	INFO					ISA/EAPR
		MAY	85	00	00	SSSS				

BOOK

MESSAGE HANDLING INSTRUCTIONS

FROM: OSD
 TO: USCINCPAC
 INFO AFSSO 5AF

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QQQQ

ISA/EAPR 285/85

PERSONAL FOR ADM CROWE INFO LTG TIXIER FROM ASD RICHARD L.
 ARMITAGE

SUBJECT: BILATERAL RELATIONS {U}

REF: A. AFSSO 5AF//COMUSJAPAN/J00//200710Z MAY 85

B. COMUSJAPAN 060630Z MAY 85

1. ~~{S}~~ THE INFO PROVIDED IN REF A IS OF CONCERN. COMING ON THE HEELS OF REF B, THE PROBLEM APPEARS MORE SERIOUS THAN PREVIOUSLY THOUGHT. WE SEE NO REAL DIFFICULTY IF KATO PRESSES FOR EQUALITY, BUT HIS FAILURE TO UNDERSTAND THE POSITION OF AND PROPERLY USE COMUSJAPAN WOULD BE A DEFINITE PROBLEM.

2. ~~{S}~~ SEVERAL CONSIDERATIONS COULD BE AT WORK: {I} KATO IS OF A DIFFERENT GENERATION THAN HIS PREDECESSORS. AS HE TOLD THE TRILATERAL COMMISSION IN TOKYO ON 21 APRIL, HE WAS SWEEP UP IN

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DISTR:

ISA/EAPR

DRAFTER TYPED NAME, TITLE, OFFICE SYMBOL, PHONE

J. E. AUER, ASST FOR JAPAN
 20 MAY 85, x5788E
 RICHARD L. ARMITAGE

JE 5/20

SPECIAL INSTRUCTIONS

EAP Jim Kelly conin

TYPED NAME, TITLE, OFFICE SYMBOL AND PHONE

Assistant Secretary of Defense
(International Security Affairs)

21 MAY 1985

SIGNATURE

Richard L. Armitage

SECURITY CLASSIFICATION

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JOINT MESSAGEFORM							SECURITY CLASSIFICATION SECRET			
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<p>THE TIDE FROM THE ANTI SECURITY TREATY DEMONSTRATIONS IN 1960. HE HAS GOTTEN OVER THAT, BUT IT'S POSSIBLE THAT MEETING WITH A SENIOR MILITARY OFFICER AT ALL, MUCH LESS AS AN EQUAL FROM HIS CABINET LEVEL POSITION IS A PROBLEM. (2) BILL SHERMAN COMMENTED THAT DURING THE HOLBROOKE ERA AT EA IN STATE, THE LATTER WAS QUITE TAKEN WITH KATO AS DEPUTY CHIEF CABINET SECRETARY AND PUMPED HIS EGO CONSIDERABLY. TO THE CHAGRIN OF MANY ON THE U.S. AND JAPANESE SIDES, THIS REPORTEDLY DEVELOPED TO THE EXTENT THAT THE TWO OF THEM BEGAN TO FEEL THAT THEY COULD MANAGE U.S.-JAPAN RELATIONS WITHOUT ASSISTANCE.</p> <p>(b)(1)</p> <div style="background-color: gray; width: 100%; height: 150px; margin: 10px 0;"></div> <p style="text-align: right;">(3)</p> <p>REPORTEDLY GROUSED TO DICK BOWERS THAT KATO WOULD NOT BE INTERESTED IN GOING TO THE WHITE HOUSE ONLY TO SEE SUMO ON 11 JUNE. I SERIOUSLY DOUBT KATO WOULD TURN DOWN SUCH AN INVITATION FROM THE PRESIDENT OF THE UNITED</p>										
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JOINT MESSAGEFORM

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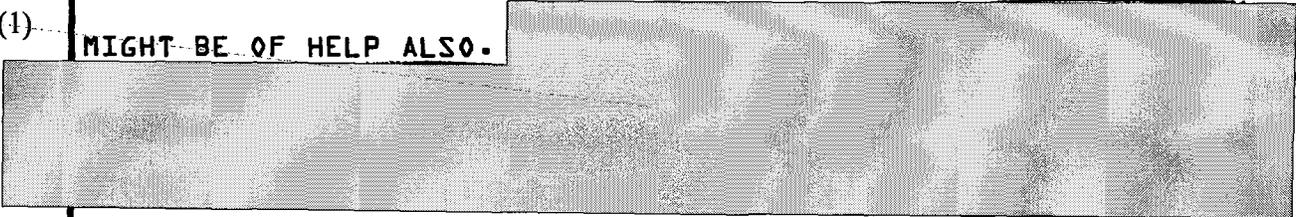
BOOK

MESSAGE HANDLING INSTRUCTIONS

STATES. FROM:

3. ~~(S)~~ I WAS GLAD TO SEE PRESS REPORTS THAT ED ESCORTED KATO DURING HIS VISIT TO MISAWA 17 MAY. HOPEFULLY, THAT WILL HELP TO BREAK THE ICE. NONETHELESS, I INTEND TO RAISE THE ISSUE DURING KATO'S VISIT HERE TO ENSURE HE UNDERSTANDS THE ROLE ED IS FILLING IN JAPAN. A SIMILAR MESSAGE IN HAWAII MIGHT BE OF HELP ALSO.

(b)(1)



LX6

4. (U) WARM REGARDS, RICH.

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REQUIRED~~

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DEPARTMENT OF DEFENSE
JCS MESSAGE CENTER
PERSONAL FOR

3001BH KATO

[Handwritten signatures and initials]
COPY NUMBER 12

IMMEDIATE/PRIORITY
O P 230715Z MAY 85 THIS MESSAGE BEING SVCD BY JCSMC
FM COMUSJAPAN YOKOTA AB JA//J00//
TO USCINCPAC HONOLULU HI
INFO SECDEF WASH DC//ISA//
CDRUSAR//IX CORPS CP ZAMA JA
OAC CAMP BUTLER OKINAWA

ZYUW RUADJNAZ421 1430723
OJCS WASH DC//J5//
COMNAVFORJAPAN YOKOSUKA JA
ZEN/COMUSAFJ YOKOTA AB JA//VC//

DEMONSTRATION OF CO-PRODUCED AIR-TO-AIR MISSILE SCHEDULED FOR AUG 85 AT MISAWA AB. DEMONSTRATION SIGNIFICANT IN THAT PRECEDENCE NOW ESTABLISHED FOR FUTURE TESTING/DEMOS OF JAPANESE COPRODUCED US WEAPONS/SYSTEMS. PREVIOUS ATTEMPTS AT CONDUCTING INTEROP TESTING UNSUCCESSFUL DUE TO JDA INTERPRETATION OF THESE ACTIVITIES BEING PROHIBITED BY JAPANESE LAW. TEST SHOULD PROCEED SMOOTHLY IF ISSUE DOES NOT BECOME MEDIA EVENT.
D. (U) BILATERAL PLANNING: PROCEEDING WELL WITH SERVICE SUPPORT PLANS FOR 5051. JAPAN ONLY SCENARIO. DUE TO USFJ/JSO FOR REVIEW AND COMMENT JUL 85

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SECTION 01 OF 02.

DELIVER DURING DUTY HOURS PERSONAL FOR ADM CROME
INFO ASD ARMITAGE: LT GEN THOMSON; LTG WEYAND; RADM MACKAY; MAJ GENRGER TALKS .U)

(b)(1)

1. (U) FOLLOWING UPDATE ON STATUS OF US-JAPAN DEFENSE COOPERATION PROVIDED FOR YOUR USE IN PREPARATION FOR UPCOMING VISIT, 7-14 JUN 85, OF JAPAN MINISTER OF STATE FOR DEFENSE, MR KOICHI KATO.
2. US-JAPAN BILATERAL INTEROPERABILITY: 21 MAY 85, MAJOR MILESTONE REACHED WHEN MR KATO APPROVED INTEROPERABILITY MOU. SIGNING OF DOCUMENT AT HQ USFJ, 21 MAY, WILL BE CULMINATION OF 2 1/2 YEARS EFFORT. FIRST MEETING OF FLAG LEVEL JOINT INTEROPERABILITY COORDINATING COMMITTEE, (JICC), WILL BE HELD IN JUNE. STUDY ON STATUS OF AND PRIORITIES FOR US-JAPAN INTEROPERABILITY TO BEGIN IMMEDIATELY. COMPREHENSIVE C3 STUDY EARMARKED FOR EARLY INITIATION. BELIEVE REPORT ON US-JAPAN BILATERAL INTEROPERABILITY PROGRAM USEFUL FOR SSC CONSIDERATION. POSSIBLE IMMEDIATE AND LONG-TERM BENEFITS OF THIS AGREEMENT MOST SIGNIFICANT SINCE REESTABLISHMENT OF SELF-DEFENSE FORCES (JSDF), IN 1954. RELATED INTEROPERABILITY ISSUES:

A. (1) (U) (S): DEC 84, JCS/C3S OFFERED JSDF OPPORTUNITY TO PARTICIPATE IN JINTACCS. DEMONSTRATION AND FIRST USE OF STANDARD MESSAGE TEXTS DURING EXERCISE FOREST BLADE 85 VERY SUCCESSFUL. FEEDBACK FROM JOINT STAFF OFFICE (JSO), INDICATE JSDF CONSIDERING JINTACCS FORMATS ON ALL "GATEWAY" LINKS TO US FORCES, HOWEVER, NO INDICATION OF FULL PROGRAM ADOPTION. JSDF PARTICIPATION CRITICAL TO MAINTAIN/IMPROVE C3 INTEROPERABILITY. RECOMMEND US SIDE ENCOURAGE THIS IDEA IN DISCUSSIONS WITH MR KATO.

(2) SEVERAL INITIATIVES UNDERTAKEN IN RECENT YEARS TO IMPROVE SECURE INTEROPERABILITY BETWEEN US AND JAPANESE SELF-DEFENSE FORCES. THESE INCLUDE BASE AIR DEFENSE GROUND ENVIRONMENT (BADGE) PROGRAM, SECURE IDENTIFICATION FRIEND OR FOE (IFF) PROGRAM, AND BILATERAL COORDINATION SYSTEM BETWEEN US FORCES AND JSDF COUNTERPART HEADQUARTERS. WE DESIRE TO FURTHER EXPAND OUR SECURE INTEROPERABILITY PROGRAM, HOWEVER, CONCERN HERE THAT FURTHER PROGRESS MAY BE IMPEDED BY LACK OF EFFECTIVE ORGANIZATION AND STRUCTURE WITHIN JDA WHICH CAN BE GEARED UP TO HANDLE EXPANDED PROGRAM. TO DATE, DEFENSE POLICY BUREAU, RESPONSIBLE FOR COMSEC POLICY ISSUES, HAS BEEN ONLY NOMINALLY INVOLVED IN VARIOUS SECURE INTEROPERABILITY INITIATIVES. EQUIPMENT BUREAU MORE PROMINENT FROM EQUIPMENT ACQUISITION STANDPOINT, PRICE AND AVAILABILITY REQUESTS, LETTERS OF OFFER, ASSOCIATED MOU'S, ETC. ON MILITARY SIDE, JSDF CONTINUE TO DRAW THEIR US-PRODUCED COMSEC MATERIALS FROM US COUNTERPARTS. THUS SIGNIFICANT COMSEC STORAGE, ACCOUNTING AND DISTRIBUTION BURDEN BEING BORNE BY US FORCES IN JAPAN. WE SEE NEED FOR JDA TO ADOPT COMSEC POLICY WHICH EMPHASIZES MORE ACTIVE DEFENSE AGENCY AND SELF-DEFENSE FORCE ROLE IN COMSEC MANAGEMENT, THEREBY ALLOWING US TO ACHIEVE SECURE INTEROPERABILITY OBJECTIVES WITHOUT CREATING INCRUDINATE STRAIN ON US SERVICE RESOURCES.

3. (U) FUTURE OF US-JAPAN C3 INTEROPERABILITY TIED TO JDA/JSDF SUPPORT OF JINTACCS, COMSEC AND CONFIGURATION MANAGEMENT PARTICIPATION. NEED TO PLANT SEED NOW AT MINISTERIAL LEVEL TO INSURE JDA COOPERATION WHEN THESE AND OTHER C3 INITIATIVES ARE SURFACED AT WORKING LEVEL.

B. (U) BILATERAL EXERCISES: FOLLOWING DISCUSSIONS BETWEEN ASD ARMITAGE AND MR KATO EARLY THIS YEAR, JDA HAS REVERSED EARLIER DECISION TO DELAY FIRST JOINT/COMBINED FTX UNTIL 1991. EXERCISE NOW ON TRACK FOR FY 87. SHOULD EXPRESS APPRECIATION TO MR KATO FOR HIS SUPPORT ON THIS ISSUE.

C. (U) AIM-9L INTEROPERABILITY DEMO: FIRST INTEROPERABILITY

USDP DELIVER INFO TO: MR. ARMITAGE, ISA
J-5 DELIVER INFO TO: LTGEN THOMSON

ACTION
INFO J5(2) SECDEF:(*) SECDEF(9) USDP(11)
SECTIONAL(1)

(M)

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PAGE 1 OF 1
230715Z MAY 85
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[Redacted area]

3. (U) OVER-THE-HORIZON RADAR (OTH-R); PHASE II OF OTH-R STUDY UNDERWAY. THIS STUDY, THOUGH "UNILATERAL" IN NAME IS BEING WORKED IN CLOSE COOPERATION WITH US SIDE. FIRST SITE SURVEYS OF TWO/CHICHI JIMA SCHEDULED FOR 8 JUL WITH DETAILED ENGINEERING SURVEY PLANNED FOR LATE AUG. FIRST BILATERAL MEETING ON OPERATIONAL ISSUES TO BE HELD IN TOKYO MID JUN. COOPERATION BY BOTH SIDES BETTER THAN EXPECTED. GOOD POSSIBILITY FOR COMPLETING STUDY SEVERAL MONTHS EARLIER THAN APR 86 DATE PROJECTED IN JDA STUDY PLAN. (PROTECT) FINAL DETERMINATION ON JSO LEADERSHIP PROPOSAL TO INCLUDE OTH-R IN NEW MID TERM DEFENSE PLAN WILL PROBABLY BE MADE LATE JUN. PRIMARY OPPOSITION COMES FROM AIR STAFF (ASO) WHERE OTHER IS COMPETING FOR LIMITED DOLLARS WITH OTHER HIGH PRIORITY PROJECTS SUCH AS E2C, F-15, FXS, PATRIOT, ETC. ASO OPPOSITION NOT EXPECTED TO INFLUENCE FINAL OUTCOME OF OTH-R ACCEPTANCE BY JDA BUT MAY AFFECT EARLY JDA BUDGET PROGRAMMING. CONTINUED EMPHASIS ON IMPORTANCE OF RADAR TO JAPAN'S DEFENSE AND BILATERAL DEFENSE COOPERATION APPROPRIATE DURING WASHINGTON/HAWAII VISITS.
4. (U) BILATERAL SEA LINES OF COMMUNICATIONS STUDY (SLOC): STUDY IN HANDS OF ANALYST COMMUNITY, DELAYS EXPERIENCED EARLIER APPEAR TO HAVE BEEN SUCCESSFULLY OVERCOME WITH CASE I RESULTS EXPECTED BY MID JUL. COMPLETE REPORT BY END OF YEAR. IN PROGRESS REPORT, TO INCLUDE GENERAL CASE I RESULTS COULD BE BRIEFED AT SSC. LEVEL OF EFFORT TO DATE HAS BEEN OUTSTANDING. FIRST TRUE JSDF COMBINED STAFF WORK COULD PROVE MAJOR UNEXPECTED BENEFIT. ALL INDICATIONS POINT TO STUDY HAVING SIGNIFICANT IMPACT ON JSDF FORCE STRUCTURE/MODERNIZATION/SUPPORTABILITY.
5. (U) FACILITATIVE ASSISTANCE/HOST NATION SUPPORT (FA/HNS): RECENT MEETINGS WITH JDA/MOFA APPEAR TO HAVE BROKEN DEADLOCK ON ISSUE. SINCE MOFA UNABLE TO GAIN NECESSARY COOPERATION FROM OTHER MINISTRIES FOR FA STUDIES HAVE DECIDED TO PURSUE REMAINING STUDIES, PRIMARILY LOGISTIC ISSUES, UNDER HNS WITH LEGAL AUTHORITY PROVIDED BY APPROVAL OF 5051. LOWER DIVISION MEETING BY USFJ/MOFA/JDA PERSONNEL JUN 85 WILL FORMALIZE APPROACH/PROCEDURE. BASIC CONCEPT REQUIRES MILITARY TO MILITARY FORMULATION AND QUANTIFICATION OF REQUIREMENTS FOLLOWED BY MOFA COORDINATION OF NECESSARY GOJ SUPPORT. NONCOMBATANT EVACUATION OPERATION :NEO' BEING RECONSIDERED AT BT

*Jin Kelly
Ji Ann
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FM COMUSJAPAN YOKOTA AB JA//J300//
TO USCINCPAC HONOLULU HI
INFO SECDEF WASH DC//ISA// OJCS WASH DC//J5//
CDRUSARJ/IX CORPS CP ZAMA JA COMNAVFORJAPAN YOKOSUKA JA
OAC CAMP BUTLER OKINAWA ZEN/COMUSAFJ YOKOTA AB JA//VC//

AND US PUBLIC SUPPORT, BUT HAVE NOT MADE HEADWAY IN MOBILIZING LOCAL POLITICAL SUPPORT. GOJ HAS INFORMALLY ADVISED THEY WILL BUDGET SIGNIFICANT FUNDS FOR FLOOD CONTROL/SITE DEVELOPMENT WORK AT IKEGO IN JFY 86 BUDGET. USG SHOULD OFFER SUPPORT AND COOPERATION TO GOJ IN ITS EFFORT TO UNTANGLE AND OVERCOME POLITICAL ISSUES WHICH HAVE HELD UP THIS PROJECT. CONTINUED STRONG SUPPORT FOR EARLIEST CONSTRUCTION START IS NECESSARY TO ASSURE GOJ OF US RESOLVE AND DEPRIVE OPPOSITION OF POLITICALLY DAMAGING APPEARANCE OF DIVIDED OPINION.

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FINAL SECTION OF OZ.
DELIVER DURING DUTY HOURS PERSONAL FOR ADM CROWE
INFO ASD ARMITAGE: LT GEN THOMSON; LTG WEYAND; RADM MACKAY; MAJ GINBERGER TALKS. (U)
PRESENT TIME. MOFA HOPES TO CONCLUDE OR IF NECESSARY, SUSPEND NEO STUDY PRIOR TO SSC. APPROVAL OF 5052 WILL ALLOW MODIFICATION OF COMPLETED HNS STUDIES TO MEET VEYF SIMILAR FA REQUIREMENTS. THIS APPROACH IN LINE WITH MR KATO'S PUBLIC STATEMENTS ON NEED FOR EMERGENCY LEGISLATION TO INCLUDE MEASURES TO "SUPPORT US FORCES". WE SHOULD CONTINUE TO STRESS IMPORTANCE OF PROGRESS ON FA/HNS ISSUE.
6. ~~AT~~ FIELD CARRIER LANDING PRACTICE (FCLP) DISCUSSED AT DIET UPPER HOUSE BUDGET COMMITTEE MEETING 5 APR. DISCUSSION, APPARENTLY PREARRANGED BY DFAA DIRECTOR GENERAL SASSA, COVERED WIDE RANGE OF TOPICS INCLUDING NEED FOR FCLP; PROBLEM ASSOCIATED WITH CONDUCTING LANDING PRACTICE AT NAF ATSUGI, AND SUITABILITY OF MIYAKE-JIMA AS FCLP SITE. ALSO INCLUDED WERE COMMENTS ON BENEFITS RESIDENTS WOULD RECEIVE IF THEY AGREED WITH USE OF ISLAND FOR FCLP. PM NAKASONE NOTED THAT ALL AGENCIES AND MINISTRIES WOULD GIVE ALL-OUT COOPERATION FOR PROMOTING WELFARE OF ISLAND POPULACE AND DEVELOPMENT OF INDUSTRY. HE NOTED GOJ WOULD BUILD AIRPORT WHICH WOULD ACCOMMODATE JET AIRCRAFT AND COULD ALSO BE USED FOR CIVILIAN TOURIST TRADE. THIS WAS FIRST TIME GOJ MADE FULL PUBLIC PRESENTATION OF ITS PROPOSAL TO TRANSFER FCLP TO MIYAKE-JIMA. DFAA HOPES ISLAND RESIDENTS WILL BE FAVORABLY DISPOSED TO ACCEPTING NEW AIRFIELD BY END OF YEAR. RECOMMEND CURRENT STATUS OF FCLP BE REVIEWED BY SECRETARY WEINBERGER WITH MR KATO. WE NEED TO EXPRESS OUR CONTINUED INTEREST IN THIS AREA AND PRESS FOR EARLIEST POSSIBLE RESOLUTION OF PROBLEM.

7. (U) LABOR COST SHARING: WHILE ISSUE OF INCREASED LABOR COST SHARING HAS BEEN RAISED WITH GOJ ON SEVERAL OCCASIONS OVER PAST YEARS, IT WOULD BE HELPFUL IF IT WERE RAISED AT A HIGHER LEVEL. US FORCES EMPLOY APPROX 21,000 JAPANESE EMPLOYEES ON VARIOUS INSTALLATIONS THROUGHOUT JAPAN. IN 1984 THIS WORKFORCE COST US FORCES \$378 MILLION. JAPANESE WORKFORCE IS EMPLOYED INDIRECTLY BY US FORCES THROUGH GOJ. DEFENSE FACILITIES ADMINISTRATION AGENCY (DFAA), IS AGENCY USFJ DEALS ON LABOR ISSUES. IN 1975, AFTER SEVERAL OVERTURES TO GOJ, SERIOUS NEGOTIATIONS BEGAN TO HAVE GOJ ASSUME PART OF LABOR COSTS EXPERIENCED BY US FORCES. IN 1976, AGREEMENT WAS REACHED TO HAVE GOJ ASSUME A PORTION OF COST. THEY INDICATED AT THAT TIME FURTHER COST SHARING NOT POSSIBLE DUE TO CONSTITUTIONAL RESTRICTIONS. HOWEVER, IN 1977, ANOTHER AGREEMENT REACHED INCREASING SHARE OF COSTS BEING PAID BY GOJ. UNDER THESE AGREEMENTS GOJ ASSUMED APPROXIMATELY 17 PERCENT OF LABOR BUDGET. GOJ HAS RESISTED ANY FURTHER ATTEMPTS TO NEGOTIATE ADDITIONAL COST ASSUMPTIONS. FOR JAPANESE FISCAL YEAR 1985, GOJ BUDGETED APPROXIMATELY 19,253 YEN (\$77 MIL 2 250: \$1) FOR LABOR COST SHARING. MR KATO SHOULD BE TOLD THAT WHILE GOJ'S ACTIONS TO DATE IN ASSUMING PORTION OF COST OF JAPANESE WORKFORCE EMPLOYED BY US FORCES JAPAN, WE BELIEVE GOJ SHOULD BEGIN TO ASSUME AN INCREASED PERCENTAGE OF COST OF LABOR FORCE. US FORCES HAVE THREE PACKAGES OF \$30-35 MILLION EACH WHICH HAVE BEEN PROPOSED TO GOJ IN PAST. WOULD APPRECIATE MR KATO'S RECONSIDERATION OF THESE PROPOSALS IN REDRESSING PROBLEM.

8. ~~THE~~ IKEGO HOUSING: CONSTRUCTION OF NAVY FAMILY HOUSING AT IKEGO HAS BEEN SENSITIVE ISSUE SINCE 1979. NAVY HAS SUFFERED UNDER SHORTAGE OF ABOUT 1300 UNITS IN YOKOSUKA/YOKOHAMA AREA WHILE CONTINUED NEGOTIATIONS HAVE NOT PRODUCED RESULTS. IN MARCH 85 GOJ SUBMITTED ENVIRONMENTAL IMPACT ASSESSMENT (EIA) FOR IKEGO TO KANEGAWA PREFECTURAL GOVERNMENT. REVIEW AND APPROVAL ARE EXPECTED TO TAKE FROM NINE TO EIGHTEEN MONTHS, BUT INDICATION IS THIS EIA WILL BE ACCEPTED. OPPOSITION ORGANIZATIONS AND ZUSHI CITY MAYOR CONTINUE TO STAGE MINOR PUBLICITY EVENTS AND ATTEMPT TO OBTAIN LOCAL

9. (U) FACILITIES IMPROVEMENT PROGRAM (CFIP): GOJ HAS BEEN CONSTRUCTING FACILITIES ON US FORCES INSTALLATIONS IN JAPAN SINCE 1979. PROGRAM HAS GROWN FROM \$113 MILLION IN JFY 79 TO \$286 MILLION IN JFY 84, WHICH REPRESENTS AN ANNUAL GROWTH RATE OF APPROXIMATELY 22 PERCENT. IN JFY 85, HOWEVER, PROGRAM INCREASED TO ONLY \$287 MILLION. RECOMMEND DISCUSSIONS WITH MR KATO EXPRESS USG APPRECIATION FOR ANNUAL GOJ FUNDED FIPS AND FOR RESULTANT ENHANCEMENT OF QUALITY OF LIFE AND MISSION READINESS OF US FORCES IN JAPAN. SECDEF SHOULD THEN REQUEST GOJ CONTINUE THIS OUTSTANDING PROGRAM AT ANNUAL GROWTH RATES REPRESENTATIVE OF EARLIER YEARS.

10. LSFJ ASSISTING JDA POLICY BUREAU IN PREPARING MR KATO FOR US TRIP. JDA PLANS TO BRIEF MR KATO ON ISSUES 31 MAY-1 JUN. EXACT TOPICS/PROPOSALS THAT MR KATO WILL ADDRESS NOT YET DETERMINED. WILL PROVIDE UPDATES AS THEY OCCUR.

11. (U) FY1 (PROTECT' AT MISAWA KATO EXPRESSED CONCERN THAT US SUPPORT FACILITIES, IE HOUSING, ETC, WERE SUPERIOR TO JASDF FACILITIES. I ACKNOWLEDGED AND RECOMMENDED JASDF FACILITIES BE IMPROVED. NO RESPONSE FROM KATO.

12. ~~BT~~ VERY RESPECTFULLY AND WARM REGARDS, ED.
DECLAS: OADR BT

ACTION TERM SVC(*) (I,M)
INFO J5(2) SECDEF:(*) SECDEF(9) USDP(11)
SECTIONAL(1)

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INFO COMUSJAPAN YOKOTA AB JA

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DISCUSSION WITH GOJ OFFICIALS AND THE JAPANESE NEWSPAPER ARTICLE ON THE U.S. ARMY'S READINESS TO PREPOSITION WAR RESERVE MATERIEL (PWRM) IN JAPAN, RECOMMEND RAISE THE ISSUE OF LOGISTICS REQUIREMENTS TO SUPPORT THE INTRODUCTION OF U.S. GROUND COMBAT FORCES INTO JAPAN [REDACTED] MORE SPECIFICALLY, DISCUSS (b)(1) THE FEASIBILITY OF PLACING PWRM ON HOKKAIDO. THIS WOULD LAY GROUND WORK FOR THE BILATERAL LOGISTICS SUPPORT PLANNING THAT WILL NECESSARILY FOLLOW U.S. SERVICE SUPPORT PLANNING.

~~SECRET~~ UN05050//

SUBJ: U.S. VISITS OF MINISTER KATO AND GOVERNOR NISHIME (U)

- A. JCS 291429Z MAY 85
- B. COMUSJAPAN 230715Z MAY 85
- C. AMCONSUL NAHA 170728Z MAY 85 (PASEP)
- D. AMCONSUL NAHA 240327Z MAY 85 (PASEP)
- E. COMUSJAPAN 310615Z MAY 85

1. (U) REF A REQUESTED TOPICS FOR SUBJECT MEETINGS. REF B PROVIDES AN EXCELLENT BACKGROUND FOR DEVELOPING TALKING POINTS FOR THE UPCOMING VISITS. REF C INCLUDES GOV NISHIME'S TALKING POINTS FOR HIS VISIT TO THE U.S. WITH AMCONSUL NAHA'S SUGGESTED RESPONSES TO THESE ISSUES. CONCUR IN THE PROPOSED RESPONSES IN REF C (AS CORRECTED BY REF D) WITH THE FOLLOWING CHANGE: PARA 2D, SECOND SENTENCE, CHANGE TO READ: "WE SINCERELY REGRET THESE INCIDENTS AND RECOGNIZE THE PROBLEMS THEY POSE FOR THE GOVERNOR." RATIONALE: THE WORD "ENORMOUS" TENDS TO OVERSTATE THE PROBLEM AND IMPLIES THE U.S. SHOULD TAKE IMMEDIATE STEPS TO RESOLVE IT.

2. (U) RECOMMEND RAISE FOLLOWING TOPICS WITH MR. KATO:
A. (U) GREATER JAPANESE DEFENSE EFFORTS. ALTHOUGH WE HAVE RECENTLY SEEN SIGNS OF JAPAN'S WILLINGNESS TO ASSUME A GREATER SHARE OF RESPONSIBILITY FOR DEFENDING ITS OWN TERRITORY, WE MUST CONTINUE TO ENCOURAGE PROGRESS.

B. (U) FIELD CARRIER LANDING PRACTICE (FCLP)/NIGHT LANDING PRACTICE (NLP) FOR USS MIDWAY AIR WING. THIS IS A MOST IMPORTANT ISSUE TO THIS COMMAND FROM A READINESS AND SAFETY STANDPOINT. WE NEED TO CONTINUE TO STRESS THAT RESOLUTION IS ESSENTIAL.

C. (U) SUSTAINABILITY EFFORTS. THE JSDF SUFFERS FROM ACROSS-THE-BOARD LOGISTIC WEAKNESSES AND SHORTAGES OF ALL CLASSES OF SUPPLIES, PARTICULARLY AMMUNITION, FUEL, AND SPARE PARTS. THE JAPANESE RECOGNIZE THIS PROBLEM BUT, IN THE PAST, HAVE FELT FORCED TO FOCUS THEIR PROCUREMENT EFFORTS ON MAJOR, "HIGH VISIBILITY" ITEMS SUCH AS AIRCRAFT AND NAVAL COMBATANTS WHILE VIRTUALLY IGNORING SUSTAINABILITY-RELATED EXPENDITURES. RECENTLY WE HAVE SEEN ENCOURAGING SIGNS TOWARD IMPROVING SUSTAINABILITY BUT WE NEED TO CONTINUE TO ENCOURAGE THE JAPANESE TO IMPROVE THE SUSTAINABILITY OF THEIR FORCES.

D. (U) JOINT AND COMBINED EXERCISES WITH JAPAN. WE SHOULD EMPHASIZE THE IMPORTANCE OF MAINTAINING THE MOMENTUM OF THE PRESENT EXERCISE PROGRAM TO DEMONSTRATE USG AND GOJ COMMITMENT TO FULFILL OUR BILATERAL OBLIGATIONS.

(b)(1)

F. (U) FACILITATIVE ASSISTANCE. DEMONSTRATE CONCERN THAT FACILITATIVE ASSISTANCE STUDIES HAVE NOT MADE MUCH HEADWAY IN THE PAST, BUT EXPRESS CAUTIOUS OPTIMISM THAT THEY WILL NOW BE COMPLETED IN A TIMELY MANNER UNDER JDA'S DIRECTION.

G. (U) USFJ/JSDF INTEROPERABILITY. EXPRESS SATISFACTION WITH THE SIGNING OF THE INTEROPERABILITY MOU. THE IMPLEMENTATION OF THIS PROGRAM WILL REPRESENT A SIGNIFICANT STEP IN U.S.-JAPAN DEFENSE COOPERATION. PRIORITY AREAS OF EFFORT WILL BE TO DEVELOP MOU'S/AGREEMENTS TO ENHANCE BILATERAL INTEROPERABILITY FOR C3 SYSTEMS; CROSS-SERVICING OF MILITARY EQUIPMENT; MUNITIONS AND THEIR SUSPENSION AND RELEASE HARDWARE; SURVEILLANCE AND TARGET ACQUISITION/DESIGNATION SYSTEMS; COMPONENTS AND SPARE PARTS; AND COMBINED MILITARY TRAINING/OPERATIONS.

H. (U) OVER THE HORIZON RADAR (OTHR). REF E INDICATES JDA HAS REQUESTED MR. KATO BE ALLOWED TO RAISE THIS TOPIC. WE ARE ENCOURAGED WITH PROGRESS TO DATE AND PLEASED WITH THE PROSPECT OF JAPAN'S COOPERATION IN THIS EFFORT TO IMPROVE THE DEFENSE OF JAPAN.

I. (U) SEA LINES OF COMMUNICATIONS (SLOC) DEFENSE STUDY. ANALYSIS PHASE IS UNDERWAY, AND CURRENT ESTIMATES INDICATE THE STUDY MAY BE COMPLETED BY THE END OF THIS YEAR. EMPHASIZE THE IMPORTANCE OF THIS STUDY IN ENHANCING JAPAN'S CAPABILITY TO COUNTER THE SOVIET THREAT.

J. (U) LOGISTICS SUPPORT FOR U.S. FORCES. IN VIEW OF RECENT

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ACTION OFFICE MUST
CLEAR SUSPENSE THRU
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KATO

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BOOK MESSAGE HANDLING INSTRUCTIONS

FROM: OSD
 TO: STATE RCI
 NSC WASHINGTON DC
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 COS TOKYO
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EYES ONLY FOR ASSISTANT SECRETARY WOLFOWITZ, DR. SIGUR, GENERAL VESSEY, GENERAL WICKHAM, ADMIRAL WATKINS, GENERAL KELLEY, ADMIRAL CROWE, AMBASSADOR MANSFIELD, LIEUTENANT GENERAL THOMSON AND LIEUTENANT GENERAL TIXIER FROM ASD RICHARD L. ARMITAGE

SUBJECT: SECDEF DISCUSSIONS WITH JAPANESE MOD KOICHI KATO (U)
 1. ~~IS~~ SUMMARY. SECDEF MET IN PRIVATE AND GENERAL SESSION WITH

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RELEASEE	TYPED NAME, TITLE, OFFICE SYMBOL AND PHONE RICHARD L. ARMITAGE		DATE TIME GROUP
	SIGNATURE <i>[Signature]</i> Assistant Secretary of Defense (International Security Affairs)		
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<p>MOD KATO FROM TWO HOURS AND DISCUSSED BREAKING THE ONE PERCENT OF GNP LIMIT ON JAPANESE DEFENSE SPENDING, THE 1986-1990 DEFENSE PROGRAM {"59 CHUGYO"}, NIGHT LANDING PRACTICE, OVER THE HORIZON RADAR, DEFENSE POLICY DISCUSSIONS AND POMCUS IN JAPAN, INCIDENTS IN OKINAWA, AND TECHNOLOGY TRANSFER. END SUMMARY.</p> <p>2. IS IN PRIVATE SESSION ONLY, KATO EXPLAINED IN CONSIDERABLE DETAIL THE DELICATE POLITICAL SITUATION IN JAPAN, STATED THAT PM NAKASONE HAS DECIDED NOT TO HOLD ELECTIONS THIS FALL, AND THAT THUS JDA WOULD LIKE TO RESOLVE THE ONE PERCENT ISSUE BY A POSITIVE DECISION IN JULY RATHER THAN WAIT FOR THE ISSUE TO BE RESOLVED BY A PAY RAISE WHICH WOULD NOT BE PROPOSED UNTIL AUGUST AND ENACTED EVEN LATER. THE PM HAS NOT YET DECIDED WHETHER TO MAKE THE DECISION NEXT MONTH. KATO SAID HE HAD MADE HIS POSITION CLEAR IN THE DIET THAT THE "59 CHUGYO" SHOULD NOT BE CONSTRAINED BY ONE PERCENT BUT SHOULD BE STRUCTURED TO ACHIEVE THE LEVELS OF THE NATIONAL DEFENSE PROGRAM OUTLINE.</p> <p>THE SECRETARY REPLIED THAT HE WAS PLEASED THAT JDA RECOGNIZED THE NEED TO BREAK ONE PERCENT TO MEET DEFENSE GOALS WHICH JAPAN HAS SET AND OFFERED HIS "GRATUITOUS" VIEW THAT IT WAS</p>											
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<p>BETTER TO MAKE DIFFICULT DECISIONS SOONER RATHER THAN LATER AND WAS ALSO BETTER TO MAKE POLICY CHANGES EXPLICITLY RATHER THAN BACKING INTO THEM. SECDEF SAID THAT HE WAS PLEASED THAT HE AND THE MINISTER AGREED ON THE NECESSITY OF JAPAN'S DEFENSE EFFORTS AND WAS PLEASED WITH PM NAKASONE'S COMMENTS TO THE PRESIDENT IN JANUARY THAT JAPAN NEEDED TO DO MORE IN LIGHT OF THE THREAT. THE SECRETARY REEMPHASIZED THAT THE U.S. WOULD NOT DO LESS BECAUSE JAPAN DOES MORE BUT THAT BOTH OF US NEEDED TO DO MORE TO ENSURE SECURITY IN THE NORTHWEST PACIFIC. (COMMENTS FROM SENIOR MOFA AND JDA REPS IN THE EVENING OF 10 JUNE MADE IT CLEAR THAT THEY WERE TOLD OF</p> <p>(b)(1)</p> <p>3. ISS PRIVATELY AND IN THE GENERAL SESSION, THE MOD REFERRED TO NIGHT LANDING PRACTICE, CALLING IT THE MOST SERIOUS ISSUE IN U.S.-JAPAN DEFENSE RELATIONS AND SAYING THAT THE PM LAID THIS ON HIM WHEN HE WAS NAMED TO THE JDA POST ("HE DIDN'T MENTION ONE PERCENT OF GNP BUT HE SAID TO SOLVE NIGHT LANDING PRACTICE"). PRIVATELY WITH SECDEF, THE MOD DISCUSSED THE</p>											
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<p>SITUATION FROM MIYAKE JIMA IN SOME DETAIL, EXPRESSED HIS BELIEF THAT THE POLITICAL SITUATION COULD CHANGE WITHIN 3-4 MONTHS AND HOPED WE COULD WAIT A LITTLE LONGER. HIS DETERMINATION TO SOLVE THE PROBLEM WAS EVIDENT AND HE SAID THAT ONCE JDA IS ABLE TO ELICIT A REQUEST FROM MIYAKE FOR A BRIEFING ON WHAT NLP WILL DO FOR THE ISLAND, THERE WILL BE "LIGHT AT THE END OF THE TUNNEL." THE SECRETARY WAS SUPPORTIVE OF THE PRIME MINISTER'S, MOD'S AND JDA'S EFFORTS AND TOOK THE OCCASION TO EXPRESS APPRECIATION FOR THE GOJ'S GENEROUS SUPPORT FOR THE FIP WHICH SECDEF POINTED OUT HAD MADE THE F-16 DEPLOYMENT TO MISAWA A REALITY.</p> <p>4. IS CONCERNING THE "59 CHUGYO", THE MINISTER DISCUSSED IT GENERALLY AND MORE FROM A POLITICAL PERSPECTIVE. HE DID TOUCH ON THE EMPHASIS ON SEA AND AIR DEFENSE, SUSTAINABILITY AND INTEROPERABILITY. WE RECEIVED A SEPARATE BRIEFING FROM DEPUTY VICE MINISTER NISHIHIRO AND GOT SIGNIFICANT COMMENTS OFF LINE FROM SOON TO BE {25 JUNE} VICE MINISTER YAZAKI. YAZAKI AND NISHIHIRO HAVE WORKED TOGETHER FOR OVER 20 YEARS AND RESPECT EACH OTHER. YAZAKI HAS GOTTEN THE MESSAGE ON SUSTAINABILITY</p>											
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<p>WHICH HE SAYS HE WILL INSIST UPON AS SIGNALLED BY THE 28 PERCENT INCREASE OVER 1984 IN THE PRESENT BUDGET. NISHIHIRO HAS WORKED WITH ALL THE SERVICES TO PUT TOGETHER AN EFFECTIVE AIR AND SEA DEFENSE, RECOGNIZING REALISTICALLY THE NECESSITY TO PROTECT THE AIR OVER THE SEA AND TO INTEROPERATE WITH U.S. FORCES. ALTHOUGH BASICALLY DECIDED ALREADY, JDA WILL CONDUCT A STUDY IN THE EARLY PART OF THE CHUGYO OF AN AIR-SEA DEFENSE CONCEPT BASED ON OTHR, ADDITIONAL FIGHTERS BASED IN JAPAN INCLUDING IWO JIMA, AND AEGIS DESTROYERS. YAZAKI AND NISHIHIRO WANT THE LATTER TO BE JUSTIFIED NOT TO DEFEND U.S. CARRIERS BUT TO PROVIDE NEEDED AIR DEFENSE FOR JAPAN NOT PROVIDED BY OTHR AND TO FACILITATE REAL TIME INTEROPERABILITY WITH THE SEVENTH FLEET, THEREBY STRENGTHENING JAPAN'S DEFENSE DIRECTLY AS WELL AS CONTRIBUTING TO PACIFIC DETERRENCE. {WE COMMENTED FAVORABLY ON "NORAD" NISHIHIRO'S AIR-SEA DEFENSE CONCEPT AND I'M SURE HE'D APPRECIATE SUPPORT AT CINCPAC AS WELL.}</p> <p>5. IS IN THE GENERAL SESSION, MINISTER KATO SAID THAT JAPAN WOULD LIKE TO STUDY OTHR'S CAPABILITY TO ENHANCE JAPAN'S EARLY WARNING AND REQUESTED OUR ASSISTANCE IN PROVIDING TECHNICAL</p>										
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DATA. AS ~~FOR~~ HAD BEEN TOLD BY USFJ, AND HEARD AGAIN FROM YAZAKI, THIS WAS DONE AS A JAPANESE INITIATIVE TO ALLOW THEM TO ARGUE



MINISTER WE WOULD ASSIST THEM.

6. ~~IS~~ KATO TALKED AT SOME LENGTH IN THE GENERAL SESSION CONCERNING THE PROGRESS WHICH HAS BEEN MADE IN IMPLEMENTING THE 1978 U.S.-JAPAN GUIDELINES FOR DEFENSE COOPERATION, PARTICULARLY ON A SERVICE TO SERVICE BASIS IN JOINT EXERCISES, INTEROPERABILITY, ETC. HE GENTLY SUGGESTED, HOWEVER, THAT DEFENSE POLICY DISCUSSIONS BETWEEN OSD AND THE JDA NEEDED GREATER EMPHASIS. HE THEN ASKED IF THE REFERENCE IN THE SECRETARY'S POSTURE STATEMENT TO POMCUS IN SWA INCLUDED JAPAN. SECDEF SAID THAT IT DID NOT. THE MINISTER SAID HE UNDERSTOOD THE IMPORTANCE OF, AND "TOOK NOTE" OF ADDITIONAL COMMENTS ON THE ADVANTAGES OF PREPOSITIONING MADE BY THE SECRETARY AND ACTING CJCS, GENERAL KELLEY, BUT SAID THAT JAPAN CONSIDERED THE SUBJECT TOO POLITICALLY SENSITIVE AT THIS TIME. YAZAKI AND NISHIHIRO MADE IT CLEAR OFFLINE THAT THE JDA CIVIL HIERARCHY KNEW NOTHING OF PREPOSITIONING IN

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JAPAN, ~~(SAME)~~ SITUATION FOR ISA} BUT SINCE NEWSPAPER STORIES BASED ON GSDF-ARMY DISCUSSIONS (NO DOUBT DISTORTED) HAD APPEARED FOR OVER A YEAR NOW, ALLEGATIONS WERE BEING MADE THAT THE SERVICES WERE PROCEEDING WITHOUT CIVILIAN CONTROL. YAZAKI SAID THIS WAS PART OF THE RATIONALE FOR THE MOD'S CALL FOR CLOSER CIVILIAN POLICY COORDINATION. YAZAKI ADDED THAT JDA WOULD LIKE TO PUT ALL DISCUSSIONS ON PREPOSITIONING ON ICE FOR A YEAR OR SO, AND, IF THEY ARE TO BE RESURFACED, TO ENSURE THERE HAS BEEN ADEQUATE POLICY COORDINATION IN DOD AND JDA. THE SECRETARY SUPPORTED THE MINISTER'S CALL FOR INCREASED POLICY COORDINATION. I DISCUSSED THIS SUBSEQUENTLY WITH YAZAKI AND REACHED AGREEMENT THAT THIS CAN BEST BE DONE INFORMALLY WITHOUT NEW FORA. THE LENGTH OF TIME SPENT ON POMCUS, WHICH WAS NOT EVEN TO BE AN AGENDA ITEM, POINTS TO THE NECESSITY OF SENSITIVITY IN SERVICE TO SERVICE DISCUSSIONS OF POLITICALLY SENSITIVE SUBJECT AREAS.

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7. ~~TO~~ WITH REGARD TO TECHNOLOGY TRANSFER, THE SECRETARY EXPRESSED HIS HOPE FOR A FAVORABLE RESOLUTION OF CONTINUING DISCUSSIONS REGARDING IMPLEMENTING ARRANGEMENTS. THE MINISTER

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AGREED. ~~THE~~ THERE WAS NO SPECIFIC MENTION OF INDIVIDUAL TECHNOLOGIES WHICH MIGHT BE TRANSFERRED.

8. ~~THE~~ THE MINISTER CLOSED BY EXPRESSING HIS APOLOGIES FOR RAISING THE ISSUE OF RECENT INCIDENTS IN OKINAWA AND ASKED IF GREATER EFFORTS MIGHT BE MADE BY THE U.S. SECDEF RESPONDED POSITIVELY AND MENTIONED HIS FRIDAY DISCUSSIONS ON THE SAME SUBJECT WITH OKINAWA GOVERNOR NISHIME.

9. ~~THE~~ OVER LUNCH THE SECRETARY DISCUSSED SDI BRIEFLY, AND THE MINISTER RECEIVED AN IN DEPTH BRIEFING FROM SDI CHIEF SCIENTIST YONAS THEREAFTER, FOLLOWED BY AN INTELLIGENCE UPDATE ON THE SOVIET THREAT FROM DIA. MINISTER KATO'S LONG DAY ENDED CORDIALLY WITH AN EVENING PENTAGON DINNER DURING WHICH BOTH SECDEF AND THE MINISTER SPOKE OF THE SMOOTH STATUS OF U.S.-JAPAN DEFENSE RELATIONS AND THE IMPORTANCE OF THEIR CONTINUATION AND STRENGTHENING.

10. ~~THE~~ KATO IS OBVIOUSLY FROM A NEW GENERATION: BRIGHT, ARTICULATE, AND SENSITIVE TO BEING TREATED AS AN EQUAL. HE KNOWS WHERE THE PM STANDS ON DEFENSE AND SEEMS DETERMINED TO FIGHT FOR A QUICK SOLUTION TO THE NLP PROBLEM AND A MEANINGFUL

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FIVE YEAR DEFENSE PLAN. HE INVITED THE SECRETARY TO JAPAN, AND SECDEF ACCEPTED. IT APPEARS AS THOUGH THIS RETURN VISIT MAY TAKE PLACE AS EARLY AS 5 SEPTEMBER AND WILL RESULT IN THE SSC'S SLIPPING TO LATER IN THE YEAR OWING TO JDA'S UNAVAILABILITY IN AUGUST. IN VIEW OF THE FACT THAT JDA HOPES FOR A ONE PERCENT DECISION IN JULY, MOVEMENT ON MIYAKE JIMA SOON, AND A 1986 BUDGET CEILING THE END OF AUGUST, WE SHOULD HAVE MUCH TO HEAR ABOUT IF AN EARLY SEPTEMBER SECDEF VISIT MATERIALIZES. {IN DISCUSSION OF THE NLP ISSUE, SECDEF OBSERVED WRYLRY THAT PERHAPS THEY WILL HAVE SOMETHING CONCLUSIVE TO REPORT ON THE NLP ISSUE WHEN HE VISITS IN SEPTEMBER.}

11. {U} WARM REGARDS, RICH.

SSO NOTE: DELIVER DURING NORMAL DUTY HOURS.

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United States Department of State

Washington, D. C. 20520

KATO

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BRIEFING MEMORANDUM
S/S

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recommend
release*

TO: The Secretary

FROM: EAP - John C. Monjo, Acting

SUBJECT: Meeting with Japanese Defense Agency Director
General Koichi Kato: June 11, 3:15 P.M.

I. U.S.-JAPAN DEFENSE COOPERATION

- o U.S.-Japan defense cooperation continues to grow.
 - First combined operations plan for defense of Japan signed last year. Combined training exercises have increased.
 - Japan highly supportive of U.S. deployments of F-16's to Misawa, additional ships to Japan, and U.S. Special Forces Battalion on Okinawa.
- o Points to Make
 - U.S.-Japan defense cooperation makes significant contribution to peace and stability in East Asia.
 - Demonstrates joint commitment to defense of Japan, as well as to peace and prosperity in region.
 - Pleased that defense cooperation continued to grow last year. Important to continue to expand our relationship.

(b)(1)

II. JAPAN'S DEFENSE BUDGET

- o Major focus of our defense dialogue today is on Japan's self-defense efforts.
 - Have encouraged evolution of greater Japanese self-defense effort; Japan's defense spending up by 4.8% and 5.4% (real terms) in past two years.

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-- Japan needs to do more if it is to be able to implement the defense roles and missions it has set for itself.

o Points to Make

-- Appreciate Japan's efforts to attain capability to carry out its defense roles and missions, especially during period of budgetary austerity.

-- Agree with Prime Minister Nakasone's observation that Japan needs to do more if it is to be able to implement its defense roles and missions.

III. NIGHT LANDING PRACTICE

o Kato under heavy pressure from Prime Minister Nakasone to find an alternative site for night landing practice (NLP) for USS Midway pilots and resolve the issue.

-- Recent Embassy reporting indicates that GOJ efforts are picking up momentum and prospects for resolution of (NLP) issue are improving.

o Point to Make

-- Appreciate Japan's efforts to resolve the NLP issue. What is outlook in the weeks ahead?

IV. CHINA

o Japan welcomes development of closer U.S.-China relations, including some military cooperation.

o Briefing Japan on U.S.-China relations has helped to allay concerns that closer U.S.-China military relations could work to Japan's disadvantage.

o Kato's deputy visited China last month; highest ranking Japanese defense official ever to visit PRC.

o Kato is a China expert from his days in Foreign Ministry; hopes to visit China later this year.

o Points to Make

- Appreciate GOJ support for efforts to establish broader military relationship with China. Our efforts will strengthen China's links to West.
- Will continue to consult closely with Japan as we formulate our approach to China.
- How do you see trend of China-Japan relations?

V. SDI

- o Japanese have been supportive on SDI; may allow private industry to participate even without a formal government decision on SDI.
- o Point to Make
 - Appreciate supportive GOJ position on SDI. How do you see GOJ position developing?

SETTING

Kato is one of the leading lights in the coming generation of LDP politicians, and is seen as a possible future prime minister. He is making his first visit to the United States as Defense Minister. His visit comes at a time when U.S.-Japan defense relations are as good as they have ever been. It will be important for you to reiterate to Kato our view that Japan needs to do more to attain the capability to fulfill its defense roles and missions. This point will not fall on unsympathetic ears, as the GOJ has acknowledged to us that current defense spending is not adequate.

PARTICIPANTS

U.S.

The Secretary

Paul D. Wolfowitz - EAP

LTGEN John T. Chain - PM

William C. Sherman - EAP

James A. Kelly - DOD

Thomas Hubbard - EAP/J

John Scott - EAP/J (notetaker)

Casey Iida - Interpreter/
Escort

JAPAN

Defense Minister Kato

Ambassador Matsunaga

Shinji Yazaki
Director General,
Bureau of Def. Policy

Seiki Nishihiro
Director General,
Defense Secretariat

Kiyoshi Furukawa
Director General for
Foreign Relations

Masakatsu Shinkai
Special Assistant

Sadaaki Numata
Director - Security
Division, MOFA

Masaki Orita
Political Counselor

MGEN Yoshio Ishikawa
Defense Attache

Ken Shimanouchi
(notetaker)

Meeting with Japanese Defense Agency Director General Koichi
Kato: June 11, 3:15 P.M.

Drafted: EAP/J:JFScott ✓
06/05/85 632-2912 W7782J

Cleared: EAP:WCSherman
EAP/J:JMalott, Acting
EAP/C:DAnderson
PM:TMcNamara
PM/ISP:CKartman

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Comments

UNDER SECRETARY OF DEFENSE (POLICY) CORRESPONDENCE CONTROL SHEET

SEC CLASS: ~~S~~ ID DATE: 05 / 28 / 80 DOC DATE 24 MAY 80
ORIGINATOR : KOMER, R.W. ACTION OFC: D/EAP
CROSS: 040 OSD REFERENCE: I-22628/80
TYPE DOC: MEMO FILE:
SUBJECT: RE: ASKING THE JAPANESE TO PROVIDE GREATER ECONOMIC AID TO
ROK AS A MEANS OF OFFSETTING POLITICAL DISSIDENCE
OSD CTRL NO: I-NO: I- 22628/80A
ORIG SPS DTE: 06 / 05 / 80 EXT SPS DTE: / /
INFO CYS: EAP, IEA
ACTION REQD: COMMENTS/RECOMMENDATIONS COORD:
REMARKS:
FINAL ACTION:

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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

INTERNATIONAL
SECURITY AFFAIRS

In reply
refer to: I 22628/80

MEMORANDUM FOR THE UNDER SECRETARY OF DEFENSE (POLICY)

Subject: Increasing Japan's Support to South Korea (S)

(S) I agree with the basic thrust of your initiative concerning Japan's support to South Korea. The Japanese also agree and have been providing backing for the South Korean economy for years as is summarized below:

	<u>\$ Million</u>	(b)(1),(b) (3):50 USC §403(g) Section 6
Private investment, 1978*	\$ 60	
Commercial bank loans, 1978**	370	
GOJ loans, 1978	<u>185</u>	
Annual total***	\$615	

(b)(1),(b)(3):50 USC §403(g) Section 6

* World bank figure. Actual amount may be much higher.
 ** Up from \$10M in 1975
 *** 1978 is latest year for which complete data is available. GOJ loans for 1980 are projected to be \$90M.

(S) Many Japanese officials and private businessmen are concerned that present ROK instability may have negative effects on continued Japanese economic support for the ROK.

Japanese banks have avoided large syndicated loans to the ROK for the past year; however, European bankers are interested in term lending to Seoul

US, and OPEC banks will compete for the ROK market in the future.

(b)(1),(b)(3):50 USC §403(g) Section 6

(S) It is legitimate to ask the Japanese to do more in the area of aid to the ROK. As with all other policy suggestions to the Japanese, a quiet, carefully crafted approach over a long period of time would be the most effective tactic.

(S) I recommend that we initiate this action at the upcoming SSC with the Japanese. Nick Platt will articulate our thoughts during his run down on regional issues. From there we will

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Declassify on 5 June 86

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make increasing Japanese support for South Korea a recurring theme in our policy. We will, of course, need to get State clearance before proceeding further.

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(U) Japanese official development assistance (GOJ loans) is provided to Korea at concessional terms by the Overseas Economic Cooperation Fund (OECF), administered by an independent OECF Public Corporation comparable to the U.S. Agency for International Development (AID) which is funded separately by the government (outside the normal budgetary process) from postal savings. However, before loan commitments are made, approval is obtained from the Ministries of Foreign Affairs, Finance, and International Trade and Industry as well as the Economic Planning Agency. In 1977, two projects were financed at 28 billion yen (\$104 million) for the construction of a dam and an electrification project. In 1978, an agricultural development project and medical facilities project was funded at 21 billion yen (\$100 million). In 1979, three projects, including medical facilities construction, a sewage treatment project, and educational project, were funded for a total of 19 billion yen (\$87 million).

(U) Repayment terms were concessional with interest rates varying from 3.5 to 5.75 percent at a constant 20 year repayment period with a 7 year grace period. The Ministry of Foreign Affairs administers a technical assistance and grant aid program for under developed countries, but Korea has not received any grant assistance since 1976 when it got \$2.5 million. None of the Japanese loans or grants provided to Korea over the past several years have any significant security implications. It is unlikely that Japan could politically give security assistance. However, the Japanese Government could fund major economic development projects such as housing and road-building projects already budgeted by the Korean Government

(b)(1),(b)(3):50 USC §403(g) Section 6

DEPARTMENT OF DEFENSE

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SUBJ: USE OF JAPANESE COMMERCIAL SHIPS AND AIRCRAFT IN CONTINGENCIES (U)

1. (U) THE FOLLOWING MSG IS QUOTED FOR YOUR INFO. QUOTE.

170935Z JUL 80

FM COMUSJAPAN YOKOTA AB JA

TO CINCPAC HONOLULU HI

~~SECRET~~

FOR RADM BIRD FROM LTGEN GINN

DELIVER DURING DUTY HOURS

SUBJ: USE OF JAPANESE COMMERCIAL SHIPS AND AIRCRAFT IN CONTINGENCIES (U)

REF: A. YOUR 122254Z JUL 80.

1. (U) I AGREE THAT USFJ NEEDS AN AGREEMENT SIMILAR TO THAT WHICH USFK HAS WITH THE KOREANS. THE USE OF COMMERCIAL JAPANESE SHIPS AND AIRCRAFT TO AUGMENT THE CAPABILITIES OF MAC AND MSC MUST BE ADDRESSED.

2. (U) AIRLIFT AND SEALIFT REQUIREMENTS TO MEET THE TIME-PHASED MOVEMENT OF [REDACTED] ARE STILL BEING ESTABLISHED. THE NECESSITY TO UTILIZE JAPANESE COMMERCIAL AIR AND SEA ASSETS HAS BEEN AND IS BEING DISCUSSED AT THE STAFF OFFICER LEVEL. JSO MUST GET OTHER GOVT AGENCIES INVOLVED, BUT THAT POINT IN TIME HAS NOT YET ARRIVED.

3. (U) I BELIEVE ANY ATTEMPT TO FORMALLY ADDRESS THESE REQUIREMENTS THROUGH DIPLOMATIC CHANNELS AT THIS TIME WOULD BE PREMATURE AND CAUSE PROBLEMS FOR OUR JAPANESE MILITARY COUNTERPARTS. HOWEVER, I AM PLEASED TO NOTE THAT WE ARE THINKING ALONG THE SAME LINES. WE WOULD BE PLEASED TO HAVE

(b)(1)

PAGE 1

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PAGE 2

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A BRIEF FROM YOUR PEOPLE ON THE SUCCESS OF THE EFFORTS IN KOREA,
4. (U) ALL BEST WISHES.

END QUOTE

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ANNOTES

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PAGE 2

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SECT 01 OF 69667

SECT 1-5 of 5

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TO SECSTATE WASHDC 7197

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~~SECRET~~ SECTION-1 OF 5 TOKYO 06890

LIMDIS

FOL TEL RECVD FROM COMUSJAPAN APRIL 18 ACTION CINCPAC,
INFO USARJ CP ZAMA, COMNAVFORJAPAN, DEPCOMMARCORBASEPAC/FWD
CP BUTLER, ZEN 5AF YOKOTA/CC/DE, AMEMBASSY TOKYO REPEATED
FOR YOUR INFO: (P 180958Z APR 79)

E.O. 12065: XDS 04/23/99 (SELIGMANN, A.L.) OR-P

TAGS: MARR, JA, US

SUBJECT: ~~(TOP)~~ COST SHARING STRATEGY - JFY 80

QUOTE:

~~SECRET~~ SECTION I OF IV

CINCPAC FOR J00/J01/J4/J5

SUBJ: COST SHARING STRATEGY - JFY 80 (U)

A. (U) CINCPAC 260530Z MAY 78 (U)

B. (U) COMUSJAPAN 080905Z MAY 78 (U)

C. (U) COMUSJAPAN 250532Z JAN 79 (U)

D. (U) COMNAVFORJAPAN 050430Z APR 79 (U) (PASEP) (NOTAL)

1. (U) SUMMARY: THIS MESSAGE IS IN FOUR PARTS. IPART
I PROVIDES BACKGROUND CONCERNING GOJ COST SHARING TO
DATE AND CURRENT CLIMATE WHICH WILL NECESSITATE ACTION
SOON AT ALL LEVELS TO CONTINUE PRESENT MOMENTUM AND MAKE

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PAGE 2

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A NEW STEP FORWARD. PART II REVIEWS PARAMETERS AND CONSTRAINTS WHICH MAY SHAPE GOJ PLANNING EFFORTS FOR JFY 80. PART III OUTLINES COMUSJAPAN APPROACH IN FACILITIES AREA, RECOMMENDS AN OPTIMUM US PROGRAM AND REQUESTS AUTHORITY TO PROCEED. PART IV PROVIDES ADDITIONAL BACKGROUND AND LISTS SERVICE PRIORITIES WHICH WERE USED AS THE BASIS FOR DEVELOPING COMUSJAPAN FACILITIES RECOMMENDATIONS.

PART I

2. (S) REF A PROVIDED CINCPAC COST SHARING GOALS BASED ON COMUSJAPAN RECOMMENDATIONS (REF B) FOR AN APPROACH IN JFY 79. AS AUTHORIZED, THIS HQ COORDINATED DEVELOPMENT OF A FACILITIES PROGRAM AS PART OF COST SHARING INITIATIVES, AND ON 28 DEC 78, GOJ AGREED TO UNDERTAKE A FACILITIES PROGRAM FOR USFJ BEGINNING IN JFY 79 AND TO ASSUME AN ADDITIONAL INCREMENT OF USFJ LABOR COSTS. THESE AGREEMENTS ARE NOW BEING IMPLEMENTED.

3. (S) SIGNALS FROM VARIOUS LEVELS WITHIN THE GOJ ARE THAT COST SHARING IN FACILITIES AREA WILL BE AS MUCH, OR MORE AS IN THE JFY 74 PROGRAM. IN ORDER TO GAIN SUPPORT OF ANOTHER PROGRAM IN THE UPCOMING GOJ BUDGET CYCLE, IT WILL BE NECESSARY FOR THE US SIDE TO TAKE INITIATIVES WITH GOJ OFFICIALS AT ALL LEVELS BETWEEN NOW AND THE NEXT MEETING OF THE SUBCOMMITTEE FOR SECURITY CONSULTATION IN LATE JULY 1979. SUCH INITIATIVES SHOULD ALSO BE INCLUDED IN MEETINGS WITH DEF MIN YAMASHITA; ADMINISTRATIVE VICE MINISTER WATARI AND ANY OTHER SENIOR GOJ OFFICIALS DURING THEIR VISITS TO WASHINGTON DC AND IN VISITS BY SENIOR U. S. OFFICIALS TO JAPAN.

4. (S) WHILE O&M SAVINGS CONTINUE TO BE LONG TERM OBJECTIVES, SIGNALS FROM GOJ AT THIS POINT ARE THAT ADDITIVE LABOR COST SHARING BEYOND JFY 79 LEVEL WILL BE VERY DIFFICULT. ASSISTANCE IN OTHER AREAS RELATED TO O&M HAS NOT BEEN RULED OUT BY GOJ OFFICIALS, BUT IT STILL SEEMS DIFFICULT FOR THEM TO ACCEPT IN VIEW OF THEIR INTERPRETATION OF ARTICLE XXIV OF THE SOFA. (IT IS RECOGNIZED THAT FACILITIES IMPROVEMENTS DO OFFER SOME HELP IN O&M AREA BY PROVIDING MORE EFFICIENT, EASIER MAINTAINED STRUCTURES TO REPLACE DETERIORATED AND INEFFICIENT ONES.) RECOGNIZING U.S. OBJECTIVES (REF A) AND SIGNALS FROM THE JAPANESE AS DISCUSSED ABOVE, A CONSISTENT APPROACH ON COST SHARING IS NECESSARY SO THAT US POLICY IS CLEAR AT ALL LEVELS ON BOTH SIDES.

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5. (N) IN ORDER TO GUIDE GOJ EFFORTS IN THE FACILITIES AREA FOR THE COMING YEARS, TO GAIN ACCEPTANCE OF MAJOR NEW INITIATIVES IN THE OPERATIONAL AREA, AND IN RE-COGNITION THAT THIS PROGRAM IS FUNDED WITHIN THE JDA BUDGET, RECOMMEND THE FOLLOWING POINTS BE BASIS FOR COMMUNICATING USG POSITION AT ALL LEVELS:

A. (N) THE USG IS SINCERELY APPRECIATIVE OF GOJ ASSISTANCE IN THE LABOR AND FACILITIES AREAS WHICH IS HELPING DEFRAY SOME COSTS OF THE US FORCES IN JAPAN AND IMPROVE THE FACILITIES AVAILABLE TO THEM. WE HOPE THAT:

(1) (U) THERE WILL BE AREAS FOR FURTHER STUDY IN REDUCING OUR ANNUAL SUPPORT COSTS.

(2) (U) PROGRAMS TO IMPROVE HOUSING FOR SOLDIERS AND DEPENDENTS WILL CONTINUE EACH YEAR SO THAT ALL US HOUSING GOALS CAN BE ACCOMMODATED INTO PROGRAMS IN THE NEXT 5 YEARS.

(3) (U) THERE WILL BE CONTINUED GOJ ASSISTANCE IN PROJECTS WHICH IMPROVE THE ENVIRONMENTAL QUALITY IN AND AROUND US FACILITIES AND ARE THEREFORE OF MUTUAL BENEFIT.

B. (N) BEGINNING IN JFY 80, GOJ COMMITMENT IS DESIRED IN INCREASING US CAPABILITY IN THE DEFENSE OF JAPAN. TWO PROJECTS WHICH WOULD REPRESENT A SIGNIFICANT STEP IN THIS DIRECTION ARE A US MICE STORAGE FACILITY AT MISAWA AB, WHICH COULD BE JOINTLY USED BY THE JSDF, AND HARDENED AIRCRAFT SHELTERS FOR F-15 AIRCRAFT IN OKINAWA. (RATIONALE FOR THESE PROJECTS ARE CONTAINED IN PARAGRAPH 13 (PART IV) BELOW). UNDERSTANDING THAT BOTH PROJECTS ARE MULTI-YEAR UNDERTAKINGS, INITIATION OF ENGINEERING STUDIES AND SITE SURVEYS FOR BOTH PROJECTS IN JFY 80 WOULD REPRESENT A POSITIVE COMMITMENT.

PART II

6. (N) NEGOTIATIONS WITH GOJ CONCERNING LABOR AND FACILITIES WHICH LED TO THIS YEAR'S AGREEMENTS HAVE RESULTED IN SOME PARAMETERS AND CONSTRAINTS WHICH MAY SHAPE INITIAL GOJ EFFORTS FOR COST SHARING IN JFY 80. AS NOTED EARLIER, ADDED LABOR COST SHARING WILL AGAIN REPRESENT A VERY DIFFICULT AREA. THE JAPANESE HAVE, AS FAR AS THEY ARE CONCERNED, INDICATED THEY HAVE REACHED THE LIMIT IN THE AGREEMENT OF 28 DEC 78, AND CAN DO NO MORE. WE INTEND, HOWEVER, TO CONTINUE TO PRESS FOR MORE.

7. (N) WITH REGARD TO FACILITIES, UNOFFICIAL GOJ ASSURANCES ARE THAT FACILITIES IMPROVEMENTS WILL CONT

PAGE 3

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SECT 02 OF 69667

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TINUE IN JFY 80, BUT THAT THE FOLLOWING PARAMETERS/
CONSTRAINTS MUST BE CONSIDERED.

- A. (S) THE SIZE OF JFY 80 PROGRAM WILL APPROXIMATE
THE CURRENT PROGRAM (22 BILLION YEN).
- B. (S) JAPANESE DESIRE TO CONTINUE PROGRAM AS GOJ
INITIATIVE IN HOUSING (UNACCOMPANIED AND FAMILY) AND
ENVIRONMENTALLY RELATED CONSTRUCTION.
- C. (S) CONSTRUCTION WILL BE ON EXISTING US CON-
TROLLED REAL ESTATE. FURTHER, THERE MUST NOT BE PRO-
BLEMS IN SITING WHICH WILL NECESSITATE DRAWN OUT CON-
SENSUS PROCESS FOR GOJ, OR NECESSITATE DESTRUCTION OF
OTHERWISE GOOD HOUSING TO MAKE ROOM FOR NEWER HOUSING.
THE FAMILY HOUSING PROJECT AT IKEGO IS AN EXAMPLE OF A
SITING PROBLEM WHICH GOJ PERCEIVES WILL TAKE A FULL
YEAR TO RESOLVE; (SEE PARA 9.A. NOTE 2).
- D. (S) IMPROVEMENTS TO BACHELOR HOUSING IN JFY 80
MAY AGAIN BE ON RECONSTRUCT BASIS RATHER THAN OUTRIGHT
NEW CONSTRUCTION. THEREFORE, CHOICE OF PROJECTS SHOULD

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CONSIDER, BUT NOT BE COMPLETELY LIMITED BY THIS CGN-
STRAINT. THE JAPANESE HAVE, THROUGH SURVEYS CONDUCTED
LAST YEAR, A GOOD IDEA OF BUILDINGS WHICH QUALIFY IN
THEIR MINDS FOR RECONSTRUCTION. (GOJ DESIRE TO IDENTIFY
BACHELOR HSG FOR DEMOLITION WHILE AT THE SAME TIME
REFUSING TO DO SO WITH FAMILY HOUSING TO SITE NEW HIGHER
DENSITY HOUSING IS AN EXAMPLE OF THE INCONSISTENCY THIS
HQ MUST OVERCOME IN WORKING THE PROGRAM WITH THE GOJ.)
E. (C) OPERATIONAL PROJECTS WHICH HOLD THE MOST PRO-
MISE WILL BE MODEST IN SCOPE IN JFY80, OR USEFUL TO
JAPANESE AS WELL, OR RECONSTRUCTION OF EXISTING
DETERIORATED FACILITIES.

PART III

8; (C) TO IMPLEMENT ABOVE APPROACH (STRATEGY) WITH
GOJ IN FACILITIES AREA, A PACKAGE HAS BEEN DEVELOPED
WHICH BEST ACCOMMODATES SERVICE PRIORITIES (SEE PART IV
BELOW) AND INTERESTS OF USG; IS CONSIDERATE OF CON-
STRAINTS UPON GOJ; CONTAINS PROJECTS WHICH CONTINUE
MOMENTUM OF JFY 79 PROGRAM, AND INCLUDE OPERATIONAL CON-
STRUCTION. WITH CINCPAC CONCURRENCE, THIS HEADQUARTERS
INTENDS TO PASS THESE REQUIREMENTS TO GOJ AND WORK TO
GAIN ACCEPTANCE OF ALL ITEMS IN JFY 80. SINCE INITIAL
FORMULATION OF GOJ BUDGET CYCLE BEGINS IN EARLY MAY
IT IS REQUESTED THAT COMUSJAPAN BE AUTHORIZED EARLIEST
TO PROCEED IN COORDINATING THE FACILITIES IMPROVEMENT
PROGRAMS.

9. (S) PROJECTS LISTED BELOW REPRESENT USFJ PRIMARY
PROJECT LIST FOR JFY 80. POSITION OF PROJECTS WITHIN
EACH CATEGORY (FAMILY HSG, TROOP HSG, ENVIRONMENTAL,
OPERATIONAL; DOES NOT INDICATE RELATIVE PRIORITY. (ORDER
OF PROJECT REFERENCE IS ARMY, NAVY, MARINE CORPS, AIR
FORCE):

A. (U) FAMILY HOUSING

SVC	LOCATION/DESCRIPTION	SCOPE	COST (\$MIL)
USA	CP ZAMA	100 UNITS	12.5
USN	IKEGU/ENGR/ENVIRON SURVEY	LUMP SUM	5.0
USMC	IWAKUCI	102 UNITS	12.8
USAF	YOKOTA	70 UNITS	8.8
USAF	MISAWA	108 UNITS	13.5
USAF	KADENA	100 UNITS	12.5
		TOTAL	65.1

NOTE 1. (U) COSTS ARE BASED ON USFJ AND GOJ COST
FACTORS CONVERTED TO DOLLARS AT Y200/51 AND MAY NOT RE-

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FLECT SERVICE ESTIMATES.

2. (U) THE SCOPE OF THE USN IKEGO PROJECT WAS CONFINED TO THOSE FUNDS SUFFICIENT FOR THE ENGINEERING AND ENVIRONMENTAL SURVEYS. GGJ MUST DEVELOP INFORMATION IN ORDER TO OBTAIN REQUIRED CONSENSUS FOR DEVELOPMENT OF IKEGO AS A HOUSING AREA. IN ADDITION TO THE CONSENSUS DEVELOPMENT, THE GOJ HAS STATUTES SIMILAR TO THE US ENVIRONMENTAL LAWS WITH WHICH IT MUST COMPLY. THUS ENGINEERING AND ENVIRONMENTAL SURVEY IS A SIGNIFICANT FIRST STEP FOR GOJ TO SUPPORT HOUSING AT IKEGO.

B. (U) TROOP HOUSING

USA	CP ZAMA/SNCOQ	20,000 SF	2.0
USN	ATSUGI/BEQ	130,635 SF	8.5
USN	KAMISEYA/BEQ	22,000 SF	2.5
USN	YOKOSUKA/BEQ	130,655 SF	8.5
USMC	CP FUJI/BOQ	26,400 SF	2.5
USMC	CP FUJIBEQ W/MESS	69,400 SF	5.0
USMC	CP BUTLER/BOQ	26,400 SF	2.5
USMC	CP BUTLER/BEQ	65,300 SF	4.5
USAF	MISAWA/BEQ	65,300 SF	4.5R
		TOTAL	40.5

NOTES (1). (U) THE SCOPE OF THE ATSUGI BEQ (130,655 SF) WOULD PROVIDE TWO 128 ROOM BUILDINGS WITH CAPACITY OF 256-768 DEPENDING ON WHETHER E7/E9 OR E2/E4 ARE HOUSED.

(2) (U) THE SCOPE (22,000 SF) OF THE KAMISEYA BEQ WOULD PROVIDE ONE 43 ROOM BUILDING WITH CAPACITY FOR 43-129 DEPENDING ON WHETHER E7/E9 OR E2/E4 ARE HOUSED.

(3) (U) THE SCOPE (130,655 SF) FOR THE YOKOSUKA BEQ WOULD PROVIDE TWO 128 ROOM BUILDINGS WITH CAPACITY FOR 256-768 DEPENDING ON WHETHER E7/E9 OR E2/E4 ARE HOUSED.

(4) (U) THE SCOPES OF THE CP FUJI BOQ (26,400 SF) AND BEQ (65,300 SF) WOULD PROVIDE ONE 50MAN BUILDING AND ONE 128 ROOM BUILDING WITH MESSHALL RESPECTIVELY.

(5) (U) THE SCOPE (26,400 SF) OF THE CP BUTLER BOQ WILL PROVIDE ONE BUILDING WITH A CAPACITY 55-40 OFFICERS DEPENDING ON WHETHER 01/02 OR 03 ABOVE ARE HOUSED. ACTUAL SITE OF BOQ IS TO BE CP COURTNEY.

(6) (U) THE SCOPE (65,300 SF) OF THE CP BUTLER BEQ WOULD PROVIDE ONE 128 ROOM BUILDING WITH CAPACITY OF 128-384 DEPENDING WHETHER E7/A9 OR E2/E4 ARE HOUSED.

(U) (U) THE SCOPE (65,300 SF) FO THE MISAWA BEQ WOULD PROVIDE ONE 128 ROOM BUILDING WITH CAPACITY FOR

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SECT 03 OF 69667

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USN	NAF ATSUGI/A/C HUSH HOUSE	LUMP SUM	3.5
USMC	CP FUJI/SEWAGE/DRAINAGE	LUMP SUM	2.0
USAF	YOKOTA/SOLID WASTE INCIN- ERATOR	16 T/D	4.0
		TOTAL	1-.5

0. (U) OPERATIONAL

USN	NAF MISAWA MINE STORAGE FAC	LUMP SUM	2.00
	(SITE SURVEY)		
USAF	HARDENED A/C SHELTERS	LUMP	5.6
	(SITE SURVEY) KADENA AB		
		TOTAL	7.6

GRAND TOTAL 126.7

10. (U) USE OF THE FAMILY HOUSING PROJECTS AT EITHER ZAMA OR YOKOTA IS CONTINGENT UPON OSD APPROVAL OF PREVIOUSLY REQUESTED PLAN FOR HOUSING ON BASIS OF 90 PERCENT ADEQUACY GOAL. (ACCOMPLISHMENT OF THE PROJECTS AT ZAMA AND YOKOTA WOULD RESULT IN ON-BASE ADEQUACY LEVELS OF 87 PERCENT AND 81 PERCENT RESPECTIVELY).

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11. (S) IN THE EVENT THAT GOJ WILL NOT ACCEPT EVERY ITEM LISTED IN PARA 9 ABOVE, A SUPPLEMENTARY LIST OF PROJECTS HAS BEEN DEVELOPED FROM SERVICE INPUTS. THIS IS SIMILAR TO METHOD USED BY THIS HQ IN PROPOSED JFY 80 INTEGRATED RELOCATION CONSTRUCTION PROGRAM (PIRCP), SUBMITTED TO CINCPAC (REF COMUSJAPAN 280745Z MAR 79). CINCPAC WILL BE ADVISED IF SUPPLEMENTAL LIST IS USED. AS WITH PRIMARY LIST, PROJECTS BELOW ARE BY CATEGORY, BUT NOT IN ANY PRIORITY.

A. (U) FAMILY HOUSING

SVC	LOCATION/DESCRIPTION	SCOPE	COST (\$MIL)
USA	CP ZAMA	28 UNITS	3.5
		TOTAL	3.5

B. (U) TROOP HOUSING

USN	SASEBO/BEQ	32,650 SF	2.5
USN	TOTSUKA/BEQ W/MESS	10,000 IUF	2.0
USAF	MISAWA/BEQ	65,300 SF	4.5
USAF	YOKOTA/BEQ	130,655 SF	8.5
		TOTAL	17.5

C. (U) ENVIRONMENTAL

USA	CP ZAMA/DRAINAGE CORRCTN	LUMP SUM	0.5
USN	YOKOSUKA FIRE FTG FAC	LUMP SUM	2.2
USMC	IWAKUNI/A/C HUSH HOUSE	LUMP SUM	3.1
USAF	KADENA/SEWAGE COLLECTION LINES	9000 FEET	0.4
USAF	MISAWA/SEWAGE TRTMT PLANT	210,000 G/D	0.5
		TOTAL	6.6

D. (U) OPERATIONAL

USA	KUWAE TF-2 RECONST POL TKS (PHASE 1)	60,000 BBL	2.5
USA	KAWAKAMI/AMMO STOR & SCTY	LUMP SUM	4.7
USN	NAF MISAWA/HE MAGAZINES	3,750 SF	1.0
USN	AZUMA/VEH BRIDGE	LUMP SUM	1.5
USN	NAF ATSUGI/AIMD HANGER	49,000 SF	3.6
USN	NAF MISAWA/RECONSTRUCT NORTH PARALLEL TWY	25,000 SQ YD	9.0
USMC	CP FUJI/REPL WTR DIST/FIRE SYST	LUMP SUM	0.6
		TOTAL	22.9

12. (S) PROJECTS IN PRIMARY LIST (PARA 9) AND SUPPLEMENTAL LIST (PARA 11) REPRESENT BEST ATTEMPT TO OPTIMIZE PARAMETERS WHICH WILL DETERMINE EVENTUAL PROGRAM FOR JFY

PAGE 2

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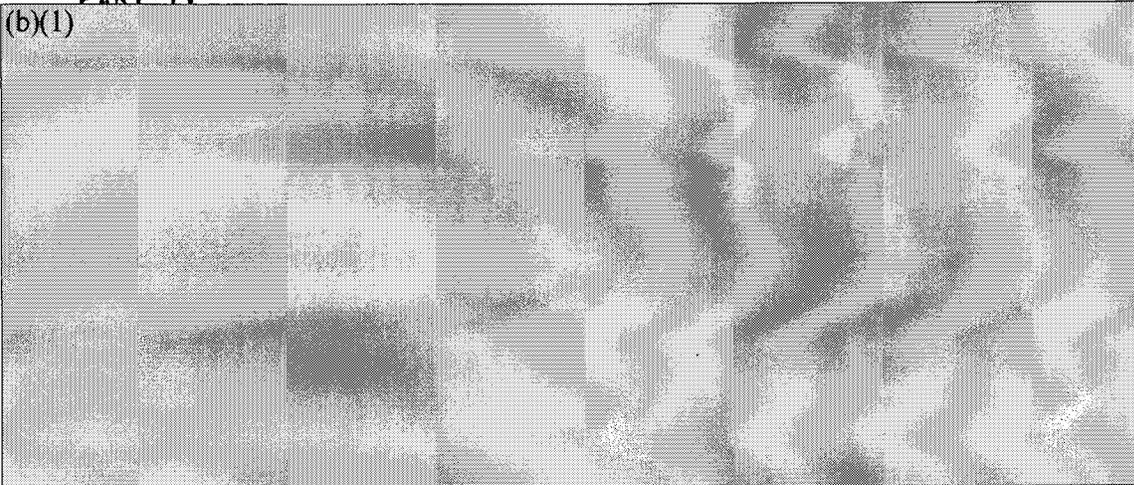
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80, AND AVOID GIVING GOJ A "SHOPPING LIST." HOWEVER, IT MUST BE RECOGNIZED THAT GOJ MAY HAVE INTEREST ITEMS WHICH ARE NOT KNOWN AT THIS TIME. MAXIMUM FLEXIBILITY WILL BE NEEDED TO ACHIEVE BEST POSSIBLE PROGRAM FOR JFY '80.

PART IV

(b)(1)



B. ~~(S)~~ HARDENED AIRCRAFT SHELTERS: SEVENTY TWO F-15R AIRCRAFT ARE SCHEDULED FOR BEDDOWN IN OKINAWA STARTING IN JUNE 79. EVENTUALLY, THESE WILL REPRESENT THE ENTIRE USAF AIR SUPERIORITY ASSETS IN JAPAN AND UNDER THE PRESENT CIRCUMSTANCES COULD BE VULNERABLE TO CONVENTIONAL AND CLANDESTINE ATTACKS. HARDENED SHELTERS WILL PROTECT THESE MODERN AND POWERFUL RESOURCES AND INSURE THAT AT ALL TIMES THE NECESSARY AIR SUPERIORITY WILL BE MAINTAINED TO PROTECT BASES ON OKINAWA, AND VITAL NATIONAL RECONNAISSANCE ASSETS, STRATEGIC TANKERS, IAWACS A/C AND SPECIAL OPERATIONS RESOURCES, IAT KADENA. THESE SHELTERS WILL ALSO PROTECT THE AIRCRAFT AGAINST TYPHOONS, AND AVOID MASS BAD WEATHER EVACUATIONS.

14. ~~(S)~~ FOR YOUR INFORMATION, REMAINDER OF MESSAGE SHOWS LINE ITEM RECOMMENDATIONS OF EACH SERVICE IN PRIORITY SEQUENCE, BY CATEGORY. THESE PROJECTS WERE SUBMITTED TO COMUSJAPAN IN ACCORDANCE WITH THE GUIDANCE PROVIDED IN REF C, AND REPRESENT A TOTAL OF APPROXIMATELY \$450 MILLION.

INPUTS ARE SHOWN IN SEQUENCE OF: ARMY, ANVQ, MARINE CORPS, AND AIR FORCE.)

A. (U) SERVICE: ARMY

PROJECT TYPE: FAMILY HOUSING

CP ZAMA FAM HSG 128 UNITS 20.0 SMIL

PROJECT TYPE: TROOP HOUSING

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SECT 04 OF 69687
SECT 4-5 of 5

ACTION

DISTR

J4(02) J5(02) SAGA(01) SECDEF(07) SECDEF: ASD:ISA(07)
ASD:PA&E(01) DIA: :DIA(05) NMIC AIRFORCE(01) NAVY(01) ARMY(01)
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(028)

TRANSIT/1130535/1130548/000:13TOR1130544
DE RUEHKO #6890 1130535
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CP ZAMA	BEG (E7/E9)	20,000 SQ FT (SF)	1.8
TORII STA	MODERNIZE HQ	4,572 IUF	0.2
CP ZAMA	MODERNIZE HQ	94,975 SF	9.3
PROJECT TYPE: ENVIRONMENTAL			
OKINAWA	REPLACE POL TKS	200,000 BBL	10.5
OKINAWA	PUL PIPELINE MODS LUMP SUM (LS)		0.6
SAGAMIHARA	UHA SOLID WASTE INCIN	20 TON/DAY	2.4
NOTE: ARMY SUBMITTED FOLL SUPPLEMENTAL ENVIRONMENTAL PROJECTS.			
CP ZAMA	DRAINAGE CORRECTION	LS	UNKR
NAHA PORT	DEWAGE COLLECTION	LS	UNK
CP ZAMA	GENERATOR NOISE ABATE	LS	UNK
OKINAWA	LINE-LOG SURVEY OPDS	LS	UNK
PROJECT TYPE: OPERATIONAL			
KAWAKAMI	AMMO STO FAC	14,760 SF	1.9R
KAWAKAMI	PHYSICAL SCTY	LS	2.8
OKINAWA	OPDS FIRE PROTECT SYST	LS	0.7
B. (U) SERVICE: NAVY			

DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

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IKEGO FAMILY HSG. W/SUPT. FACS. 350 UNITS. 43.9
(PHASE I)

PROJECT TYPE: TROOP HOUSING

ATSUGI	BEQ	200 MN	2.7
YOKOSUKA	BEQ (E5/E6)	472 MN	7.9
KAMISEYA	BEQ	85 MN	1.0
ATSUGI	BEQ	200 MN	3.4
YOKOSUKA	BEQ (E1/E4)	474 MN	6.8
SASEBO	BEQ	100 MN	1.4
TOTSUKA	BEQ W/MESS	20 MN	0.5

(FUKAYA)

ATSUGI	BEQ	200 MN	3.4
MISAWA	BEQ	816 MN	10.4
CP SHIELDS	BEQ	57 MN	0.6

NOTE: NAVY HAS ADDITIONAL BEQ/BOQ PROJECTS, NOT SUBMITTED, SHOULD GOJ DESIRE TO DO MORE.

PROJECT TYPE: ENVIRONMENTAL

ATSUGI	A/C HUSH HOUSE	LS	3.2
YOKOSUKA	FIREFTG TNG FAC	LS	2.2
YOKOSUKA	OIL/WASTE COLL SYST	LS	9.0

NOTE: NAVY SUBMITTED FOLLOWING SUPPLEMENTAL ENVIRONMENTAL PROJECTS

YOKOSUKA	DRAINAGE SYS AZUMA	LS	0.3
YOKOSUKA	OIL SPILL BOOM	LS	UNK
YOKOSUKA	OIL/WTR SEPARATORS	LS	2.0

(TSURUMI, ZAUMA)

ATSUGI	JET ENG TEST CELL	LS	15.00
ATSUGI	POL TANKS/LAB	10,000 BBL	10.0
ATSUGI	REPLACE 3 POL TANKS	4,800 BBL	0.1
MISAWA	12 POL TANKS & PIPELINES	LS	1.6

NAF KAENA	A/C WASH WATER/SEWER SYST CONNECTION	LS	0.1
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PROJECT TYPE: OPERATIONAL

MISAWA	HE MAGS	3,750 SF	0.5
ATSUGI	AIMD HGR	49,000	3.6
AZUMA	VEH BRIDGE	LS	1.5

NOTE: NAVY SUBMITTED FOLL SUPPLEMENTAL OPERATIONAL PROJECTS.

YOKOSUKA	REPLACE PUMPS DRY DOCK	485 LU	2.5
YOKOSUKA	DREDGE BERTHS 8/11/12	LS	1.9
YOKOSUKA	CONSOL 50/60 HZ CONV	LS	0.5
ATSUGI	A/C PARKING APRON	76,000	1.7

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		SQ	YO	(SY)	
ATSUGI	GSE STO/MAINT BLDG	57,999	SF	1.6	
ATSUGI	MAINT HGR	112,000	SF	7.9	
IWAKUNI	RECONST BRANCH HOSP	33,000	SF	4.0	
MISAWA	TAIL SLOTS 2 HGRS	LS		0.6	
MISAWA	REPLACE PARALLEL TWY	25,000	SY	8.3	
MISAWA	FIRE PROT SYST HGRS	LS		2.5	
SASEBO	ME MAGS	69,490	SF	5.6	
SASEBO	14 SMOKLS PWDR/PROJ	93,838	SF	2.4	
	MAGS				
SASEBO	SCTY LTG		LS	0.8	
CP SHIELDS	WHSE	40,900	SF	1.0	
CP KUWAE	MEDICAL WHSE	25,000	SF	1.0	
CP KUWAE	UPGRADE BLOOD BANK FAC	LS		0.3	
C. (U) SERVICE: MARINE CORPS					
PROJECT TYPE: FAMILY HOUSING					
IWAKUNII	FAM HSG	102	UNITS	9.7	
PROJECT TYPE: TROOP HOUSING					
CP FUJI	BEG	200	MN	4.0	

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DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF
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SECT 05 OF 69667

ACTION

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ASD:PA&E(01) DIA: :DIA(05) NMIC AIRFORCE(01) NAVY(01) ARMY(01)
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TO SECSTATE WASHDC 7200

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CP FUJI	BOQ/SNCOQ (E6/E9)	48 MN	1.2
CP FUJI	SNCOQ (E6/E9)	50 MN	1.0
IWAKUNI	BOQ	90 MN	3.6
CP COURTNEY	BOQ	48 MN	1.5
CP ZUKERAN	SNCOQ (E6/E9)	132 MN	6.0
MAKIMINATO SA BEU		132 MN	6.0
PROJECT TYPE: ENVIRONMENTAL			
CP FUJI	REPLACE SEWAGE SYST	3000 MN	1.1
CP FUJI	REPAIR ROADS/DRAINAGE	LS	1.3
CP FUJI	REPLACE HEAD/SHWR FAC	10,000 SF	0.8
IWAKUNI	A/C HUSH HOUSE	LS	3.1
IWAKUNI	OIL/WTR SEPARATORS	LS	0.3
IWAKUNI	REPLACE MOORING PLTFMS	LS	0.4
FUTENMA	FLIGHTLINE FUEL HYD	4 OUTLETS	1.4
CP HANSEN	WTR STO TNK	650,000 GAL	0.5
FUTENMA	FUEL TANK TRK PURGE SYST	LS	0.1
PROJECT TYPE: OPERATIONAL			
CP FUJI	REPLACE DINING FAC	200 MN	0.5

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CP FUJI	REPLACE AMMO STO FAC	LS	0.5
CP FUJI	REPLACE WTR DIST/FIRE SYS	LS	0.6
IWAKUNI	FLIGHT LINE FUEL HYD	10-OUTLET	2.7
IWAKUNI	REPLACE JET ENG MAINT SHOP	LS	0.9
IWAKUNI	REPLACE A/C RINSE FAC	LS	0.6
MAKIMINATO SA	DINING FAC	200 MN	2.6
CP COURTNEY	ADMIC FAC	LS	2.0
FUTENMA	A/C RINSE FAC	LS	0.8
D. (U) SERVICE: AIR FORCE			
PROJECT TYPE: FAMILY HOUSING			
YOKOTA	FAM HSG	140 UNITS	22.8
KADENA	FAM HSG	100 UNITS	11.8
MISAWA	FAM HSG	108 UNITS	10.3
PROJECT TYPE: TROOP HOUSING			
MISAWA	BEQI	806 MN	20.4
KADENA	BEQ	560 MN	7.5
YOKOTA	BEQ	494 MN	10.9
PROJECT TYPE: ENVIRONMENTAL			
YOKOTA	SOLID WASTE INCIN	16 TON/DAY	4.0
KADENA	SANITARY SEWAGE LINES	9,000 LF	0.4
MISAWA	REPLACE SEWAGE TRIMT	200,000	0.4
	PLANT	GAL/DY	
PROJECT TYPE: OPERATIONAL			
KADENA	HARDENED A/C SHELTERS	56 EA	56.00
KADENA	POL STORAGE	400,000 IBBL	21.00R
KADENA	DANGEROUS CARGO PAD	8,900 SY	15.00

15. (U) ABOVE LIST REPRESENTS TOTAL INPUT OF ALL SERVICES. REF D MODIFIED NAVY INPUT WITH RESPECT TO FAMILY HOUSING BY REDUCING REQUEST FOR HOUSING AT IKEGO IN JFY 80 TO ZERO AND REQUESTING FUNDING FOR ENGINEERING PLANNING, DESIGN AND SITE DEVELOPMENT ONLY.

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THE 11TH SSC - 29 July - 2 August 1979

Mr. Watari: Gentlemen, I am delighted to open the meeting. I would like to express my gratitude to US Officials; the 10th meeting was held here also. The discussions were close and fruitful. Since SSC 10th there have been frequent visitors to both countries: Secretary Brown to Japan, Foreign Minister Sonoda and Prime Minister Ohira to the US, President Carter to Japan; next month Minister Yamashita will go to the US. These create mutual understanding. In the security area Japan and US have exchanged info and the implementation of Japan-US understanding is welcomed. Various studies under the guidelines are presently ongoing. Steady progress is being made. Now we are required to deal with various problems in 1980's. We seek a richer partnership in foreign affairs and defense. On behalf of the Japanese side, let me introduce members of the Japanese delegation.

Mr. McGiffert: Thank you very much Mr. Watari. I look back to last SSC with pleasure in the sense that we accomplished a good deal. A lot has happened in the world since then. (Introduces US delegation).

Amb. Mansfield: I agree with Mr. McGiffert; I would like to compliment Japan on your strides in the last two years since SSC. Since the last SSC: US has normalized relations with the PRC; Prime Minister Ohira came to Washington; Prime Minister Fukuda also came in 1978; recently there have been two summits in Tokyo. The energy summit placed Japan front and center on the world stage; substantive results on energy and refugees came out of it. Diplomatically Japan has advanced rapidly, especially as regards ASEAN and because of Foreign Minister Sonoda's travels, Japan has advanced

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much further. I would add that it is time! In the defense field Japan has continued its expansion, 8% growth per year for 10 years -- this is very sizeable. Japan has recognized the emergence of the Soviet Pacific Fleet as a major factor in the world. We hope for discussions of the White Paper recently released by the JDA. Thank you for your support in the upkeep of US forces in Japan, including labor cost sharing, utilities, residences and the like. And we hope, in conclusions, that you will be very frank in raising any questions which you may have, especially in view of situation since 1978.

Mr. McGiffert: Thank you very much, Mr. Ambassador, for your useful comments for setting the tone for discussions which I hope we can live up to.

Admiral Weisner: PACOM is pleased to have you especially our guests from Japan. I hope you have a good time.

Mr. McGiffert: First subject is SALT.

SALT II -- handout - per text.

First point -- critics have been unable and will be unable to develop compelling technical arguments against it. Because of this and Soviet buildup SALT is a debate of the relationship between US-USSR and what its future should be.

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- SALT is a competition. We believed it should be minimized. We think that failure to ratify the treaty will be destabilizing.

- Second - as the JCS pointed out, it does tend to stabilize relations between super powers; numbers are stabilized which were not in SALT I. The Treaty takes an important first step in controlling numbers of warheads as well as systems; this is especially important since the Soviets have larger weapons, throw weights as opposed to US which by choice chose to develop smaller missiles of higher accuracy. Soviets will dismantle over 250 launchers by 1985; US can modernize missiles and build MX as our response to increases in Soviet accuracy; we can develop TRIDENT, develop air launched cruise missiles, continue R&D on sea launched cruise missiles; none of these are compromised. WRT verification, it is not based on trust of the Soviet Union. The loss of facilities in Iran will temporarily limit our ongoing monitoring capabilities but overall verification is very diverse, and, since strategic systems take years to develop, we are confident that we can detect and respond to any Soviet cheating before it could affect the strategic balance.

Finally, the treaty does not constrain nuclear programs in which NATO countries are interested. It does not cover so-called forward-based nuclear systems the US maintains in Europe now does it cover interdependent British and French nuclear forces. It does not prevent deployment of cruise missiles or IRBM deployment to Europe if the alliance should so decide. The protocol restricts these until 1981 but that it meaningless since US won't produce them before 1983. The US rejected Soviet efforts to insert a non-transfer clause in the Treaty. The non-circumvention clause is merely a measure to ensure compliance. ~~SECRET~~

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- You may ask and we ask ourselves what are the prospects for ratification by the Senate. Consensus building takes time. The initial round of hearings have given chance for the administration to respond. The JCS supports the treaty. Also distinguished people such as Averell Harriman and Admirals Gaylor, and Kidd support it. Other oppose; Henry Kissinger testified today. There is no report on what he said. Now I have it; the press reports that Henry Kissinger supports ratification but only if the US Makes a binding commitment to increase defense appropriations. Let me comment on defense programs. Comments do not only include strategic progress; Senator Nunn, General Haig and now apparently Henry Kissinger has stated that greater strategic and conventional defense efforts by US are now needed. Since this is an emerging debate, my comments will be personal but I think my colleagues will agree.

I referred earlier to relations between the US and the USSR that are both cooperative and competitive. If we look at the competitive side, the US and its Allies including Japan can outcompete the Soviets in all respects except one. We can outcompete them politically and socially; their system has no magnetism. We can surely outcompete them economically, in international markets, let alone practical consumer goods. Militarily it is another story. Russia has a history of being strong in military forces. It has a political system that allows it to channel significant resources into military channels. It rightly sees the US as having more difficulty in maintaining high levels of military investment. Trends are ominous in the sense that consistently for 15 years the Soviets have been modernizing and building up; and, while US and Allies have done the same, by some calculations, as to results in military capability, trends favor Soviets for at least two reasons:

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1) Some expenditures by the US and its allies are wasted in that they are duplicative or less efficient than they should be because efforts are not standardized or interoperable.

2) Greater proportions of Soviet expenditures go to resources which create military capability (ours goes to personal salaries). I say all this to indicate my view that global balance, if allowed to continue, is a legitimate item of discussion for all governments to be concerned with. That, let me emphasize, is a different question from whether appropriate responses to that situation should in some way be linked to SALT II -- SALT II after all can stand on its own feet as a contribution to limiting the expansion of strategic arms on both sides and stabilizing US-Soviet relations in that respect. Nevertheless, as I said earlier, the debate about SALT II is more than a debate on treaty itself. This may be one area where the Senate and country may wish to broaden the debate.

Lastly comments on procedure WRT the treaty. The Senate can ratify or defeat, or it can attach non-binding reservations which do not require renegotiation. The best guess in Washington, which is only speculation, is that we can expect a vote sometime in November. This completes my presentation on SALT; I will be happy to entertain any discussion.

Amb. Mansfield: I agree with Mr. McGiffert. My strong impression is there will be increases in defense expenditures as a matter of course rather than as an answer to Senator Nunn, General Haig, or Henry Kissinger. Increases are related to SALT except that they might strengthen the chance for its ratification.

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Mr. Watari: Thank you for your remarks concerning SALT II; the GOJ has already voiced support. I would like to express my thanks for your valuable description and explanation of SALT II and global concerns. We sincerely hope for smooth ratification. Just like NATO we are interested in SALT III. I would like to hear its main themes. I would like to know whether gray area weapons will be included. Especially I have great interest in how US forward base system will be taken up in a new treaty.

Mr. McGiffert: First let me express appreciation for the GOJ's support. Amb Mansfield reminds me that the Japanese government was the first government to come out in support of the treaty. This is something our government appreciates very sincerely.

On the question of gray area systems, the Soviets in SALT I and II attempted to limit forward based systems. The US successfully resisted. One of the reasons is that the Soviet Union defined US forward based system as "strategic" because they could hit the USSR, but Soviet IRBMs which could hit Europe but not hit the US were not called strategic. Shortly after SALT II was signed the US made a declaration that any future limits on US system for theater systems should be accompanied by limits on Soviet theater systems. Thus the Soviets will have to abandon their insistence that only US theater system be limited if they want to achieve any progress. Whether or not the Soviets are willing to do so I don't know. If so two threshold questions will arise. The US has a firm position on neither now.

1) Whether forward based systems (theater systems more accurately described) should be dealt with separately or together with central systems.

2) The degree of comprehensiveness which should be set in any limitations on theater systems

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Mr. Tamba: I want to ask same question I asked last year. Did the Soviets touch on FBS in the Pacific? If you take up FBS in SALT III it will affect negotiations on MBFR. Is this correct?

Mr. McGiffert: I am not aware the Soviets raised systems in WESTPAC. Nothing in the MBFR negotiations will prevent the NATO alliance from taking steps it deems to be necessary or from steps which might affect arms control.

Gen. Lawson: It is apparent there are some areas of overlap between MBFR and SALT. It may be possible as we develop SALT III to separate nuclear expansion from those issues concerning conventional forces. This may provide additional policies on MBFR.

Mr. Watari: It seems that SALT III will be concerned much more than SALT II with negotiations with US allies so we would appreciate it if you could provide us information.

Mr. McGiffert: Your request is very reasonable. I might tell a little of where we are on the modernizing of TNF in Europe because I am Chairman of the group. The group has decided there should be modernization. This will create political difficulty for some countries, e.g., [REDACTED] (b)(1)

(b)(1) [REDACTED]. We hope to reach a decision sometime toward the end of the year. A decision on modernization will have an effect on the posture of both sides in SALT III negotiations. In any event we will take your request under advisement. If you want to know any more about details and if Mr. Arima wants to come to Washington, I will brief him.

Mr. Watari: I might ask question about this later. [REDACTED]

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Mr. McGiffert: Let's move on to Europe and NATO.

BREAK

Mr. McGiffert: I want to briefly turn to Europe and NATO and give an overview of where we are and where we're going. Soviet expansion shows signs of leveling off. But modernization is expected to continue unabated.

This spring the DPC reaffirmed the goal of expanding defense expenditure by 3%. Most members doing a good job on this. The US submitted a budget accordingly, but inflation may have wiped out some of this. This will put pressure on '81 budget. NATO Last year developed a long term defense program. 162 changes were listed. This was decided in May in Washington. We are making good progress on these. A summary has been provided to your delegation. I would like to make these points.

(1) They are designed to correct the controversy of neglect arising out of Vietnam and pervasive Soviet modernization.

(2) Improvements in NATO are not coming at expense of forces in Asia. We intend to continue at least the current level of forces in Asia and make improvements.

(3) We are hastily making efforts to overcome problems of efficiency which result from failure to standardize. There are complicated political problems in each country wanting defense industry, of US wanting to count on no one outside for its own defense. The stakes are so high that we can overcome Soviet overspending us only if we become more efficient.

Let me turn to the ME and Persian Gulf. It is a truism to say the US, Japan and industrialized nations of the West share an interest in unimpeded

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access to ME oil. The Soviet Union has no vital interest in the area and thus can afford to take more risks. That makes a difficult situation even more risky. Thus we are concerned about instability in Yemen, Afghanistan, etc. and instability in countries undergoing great social and economic change. Our response must take into account realities. President Carter has made heroic efforts to achieve an Arab-Israeli peace. The US also made a strong response to the Saudi request to help the situation in North Yemen. How to deal with internal instability is a difficult problem in which all of us need to cooperate.

In the end, however, only the countries in the area themselves can solve problems of instability. But the US may be able to provide the security environment against external threat so that the countries may be able to deal themselves with internal problems. In this connection, the question we have been addressing within the USG is whether we should enhance US presence in area. We have had for 30 years, a modest ME force presence of 3 ships plus deployments of carrier and surface battle groups which are increased in times of crisis. Until the fall of the Shah we had such a force posture. During the first six months of this year we intensified our efforts in the I.O. so that we have had a continuous enlarged presence in the ME Force. That augmentation came exclusively from Pacific Fleet forces. If, as I believe we should, at least modestly increase our presence in order to demonstrate our concern, a more difficult question is raised as to how to maintain that presence. Moderate Arab states want us there but our presence becomes a political liability because it is a target for attack by radical Arab states.

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Given that political fact of life it seems that the most viable alternative is to increase naval deployments. This suggests contribution from both the Atlantic and Pacific Fleets. Since both Japan and NATO are concerned, we hope they will think it appropriate even though ship days in, say the North Pacific, might be decreased modestly as a result.

Watari: As you have indicated, stability of the ME is vital to Japan. So we appreciate your efforts. As to military measures, newspapers have reported Washington has discussed concrete measures including a Special Force. I would like to hear your view on this.

McGiffert: There have been newspaper reports about what some call a Unilateral Corps; this is bad name because it suggests the US might go it alone; that is not in accord with realities. For many years, the Department of Defense has had a planning factor for programming forces. This planning factor has been fighting one major and 1/2 minor conflict. Such units as the 82nd Airborne and some marine units have been thought of principally as units which would be most useful in what I would call a limited contingency. The kind of limited contingency we have thought of has been one in the Middle East or Korea, for example, to reinforce UN Forces there. So what you are seeing in these reports you hear is not a reference to the creation of new forces but an emphasis on our part in making those forces more mobile and better able to perform when they get there. We have made progress in last few years in this area. Needless to say we do contingency planning for many contingencies which may be remote and due to the fact that we have 1 1/2 war planning factor, this should not be taken to mean that we will necessarily do one thing or another but it has had good effect on the perceptions of others.

Watari: One more question. Regarding military force reductions in the Indian Ocean, I would like to hear about the progress.

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McGiffert: I don't know what you consider progress. After negotiations began, circumstances changed. Massive Soviet assistance was given to Ethiopians and we told the Soviets this was inconsistent with negotiations. That situation hasn't changed. I wonder whether you have a view if it would be wise to begin again. If so, we would be glad to hear it.

Watari: I think it is rather hard to say categorically whether resumption should be done or not. What is important is your decision whether balance after negotiations be on the Western side. If so we would earnestly support it.

McGiffert: (missed)

Nakajima: Your explanation of situation of Persian Gulf has given us much encouragement. We appreciate your efforts. You have also mentioned modality. You mentioned naval forces from both Atlantic and Pacific. You mentioned ship days in Pacific might decrease. Since from our view naval presence in Pacific is vital, we are concerned if your presence in the Pacific decreases. I realize this might sound contradictory but I must express the concern of Japan. I am sure other Asian countries feel similarly. I would appreciate your not giving the impression of decreasing your presence.

McGiffert: We will not emphasize it publicly. Changes taking place will be very modest so practically it will not be of great significance. I would like Admiral Weisner to comment.

Weisner: You will recall yesterday, Mr. Nakajima, when you visited my headquarters, I mentioned our plan to up deployments to the Indian Ocean to 4 per year from 3 and a plan to increase ME forces by 2 ships - those would come from Europe. Also increased deployments would come from Europe so there would be no change from the Pacific. Starting in '73 we were sending 4 deployments per year, then we reduced to 3. So the new measures

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will not reduce the Pacific Fleet from past levels. To be sure there is no misinterpretation, I share your concern and would like to have a little more effort in defense from both the US and from Japan.

Platt: I have a question for the Japanese side: Has there been any evolution in your policy on ME? This has been a subject of consultation at the highest level of government. We appreciate your support and appreciate your desire to move at your own pace on your own policy. MITI Minister Esaki has visited the ME recently, etc. could you bring us up to date?

Nakajima: I am sorry I cannot give you the most recent news. I will reiterate our overall policy which I though I will talk about later. As you said this has been discussed at the highest level. Mr. Esaki just came back and I think there has been no new assessment yet so I will only reiterate our general posture. We will do our utmost to stabilize the area. As for economic cooperation, we will try our best independently and with continuity. The modality of how we will do this has to be developed. I am sure we will keep your government informed, but there is nothing concrete at this time. Yesterday, Admiral Weisner, when you briefed us there was mentioned of a tactical air squadron being sent there. Is this correct?

Weisner: Yes, in addition to 4 deployments of ships per year and an increase in ships, we have discussed an increase of air squadron deployed once per year. For example, F-15s in Saudi Arabia, AWACS in Saudi Arabia, etc. We have not yet decided on this.

McGiffert: We need permission of the host country.

Weisner: Saudi Arabia was only an example.

Watari: Shall we have lunch?

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Afternoon Session - 30 July

McGiffert: The next topic is the current Asian situation. I'd like to call on Mr. Armacost.

Mr. Armacost: Many of you know more than I do so I will only throw out a few points for discussion. I will make three quick points:

1. Politically and diplomatically things are good.
2. Some military points are unfavorable.
3. This puts pressure on Japan and US because it affects what we are interested in.

On the good side:

1. USSR-PRC standoff has not abated. Conflicts exist but they pit communist country against communist country.
2. American military power consolidated by Korea decision, Philippines bases agreement and our force posture which General Lawson will discuss tomorrow.
3. US-Japan defense cooperation is greater than ever before.
4. US-Japan relations with China cause them to act in a restrained manner.
5. Long-range trends in ROK favor them over the North. Washington-Seoul, Tokyo-Seoul relations good.
6. Taiwan has adjusted well to normalization (Sino-US).
7. The US is impressed by ASEAN's resilience and cohesion.
8. The Pacific Basin's economy is strong making the transition to independence without undue strife or external manipulation.

All the above are hopeful and we should try to consolidate these. On the negative side of the ledger:

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1. Growth of Soviet power: there are several components:
 - a. Quantitative and qualitative improvements -- the Minski and Ivan Roger have deployed to Vladivostok; there are increased fortifications in the Northern Territories; the acquisition of limited military operating rights in Vietnam; the provision of massive military supplies to Vietnam, thereby facilitating the SRV aggression in Cambodia.
2. Development of instability around the Indian Ocean littoral and a stronger Soviet foothold in SEA raises questions about the security of oil critical to Japan and US.
3. Presence of UN forces on Thailand border poses risk that the Vietnam conflict will spill over to Thailand.
4. Conflicts in Indochina have forced not only Thailand but Malaysia, Indonesia, and Singapore (all ASEAN except maybe the Philippines) to reconsider the adequacy of their defenses.
5. The refugee issue, apart from the humanitarian aspects, has threatened to upset delicate balances in Malaysia, Indonesia, etc., because of Chinese emigration from Vietnam.
6. The Sino-Vietnamese conflict could recur.
7. In Korea we have discovered North Korea is stronger than we thought and the ROK will have to strengthen defense efforts. US response to these problem areas:

Soviet access to Indochina - we have expressed concern and count on Vietnamese nationalism to limit them in long term; we need to see to it that the USSR pays a high diplomatic price for its entree to military facilities in Vietnam and its underwriting of the SRV's invasion of Cambodia.

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As I understand the GOJs response to Vietnam concerning access to the Soviets and what it will cost them it has been very helpful.

Concerning Indian Ocean we already discussed it this morning. In some ways your information may be greater than ours. (Iran, Afghanistan, etc.)

Thailand-psychological-warned USSR and SRV of danger of spreading; also have expanded aid and speeded the delivery of support equipment to Thailand. We recognize danger of spreading, so in short-term we want to forestall recognition of the Heng Samrin government and keep the idea of an inter-national conference on Kampuchea alive.

At same time we are trying to help other ASEAN countries. This is difficult because of Congressional cuts in assistance and because of depletion of supplies. Your (Japanese) aid to ASEAN countries has been helpful and in any ways you can help this is helpful to US. With respect to China we think neither US or Japan should help China create an anti-Soviet front. We should encourage our cooperation (US-Japan) and conduct our relations with China in parallel.

In Korea, Secretary Brown discussed new intelligence that has caused us to reevaluate our withdrawal and now ROK must increase defense spending. They have big inflation and an increase in defense spending will be difficult so your help in aid and assistance to them would be helpful.

Finally, on refugees. The Tokyo Summit demonstrated what can be done. Your funding plus our increased quotas plus what 7th Fleet is doing is impressive and has stimulated the international community.

Mr. Watari: Thank you very much.

Mr. Watanabe: Mr. Armacost's presentation shows the level of

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cooperation between US and Japan. I cannot improve what he said so I will only add a few remarks. The Sino-Soviet split is not unwelcome but it is somewhat destabilizing. Mr. Armacost says we should not be worried about one communist country pitting itself against another, but this still is destabilizing. Mike Armacost said we should not join in China's anti-Soviet effort and our approach to China should be in political and economic modernization. We support these modernizations but not military modernization. We should encourage China's leadership to take a moderate course to the outside world. China's leadership is old and may be in a hurry. We are looking at the China-Soviet talks. I am of the view that China may be reluctant to embark on a "Second Lesson" but some Chinese include Lee Chen Yen favor it. This is disquieting. We would like to spend some time on this. China's view is that they would like to keep the Vietnamese worried so that the situation in Cambodia might improve. Recently there is some feeling China might go for Laos instead of Vietnam. Chinese might underestimate the USSR's response. We would be interested in your view of the Soviet's scenario. If China might again act, the US and Japan should try to use their influence to moderate the situation because of possible Chinese miscalculation of the Soviet response.

Mr. Armacost:

1) Sino-Soviet talks -- motives may be many:

- May reduce tension
- may buy time for modernization
- may create USSR-Vietnam jealousy
- may have trade advantages; I don't think they'll get far

but both USSR and China may be trying to increase leverage vis-a-vis the US and Japan.

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Mr. Sullivan: I agree, but I would like to bridge Mr. Watanabe's and Mr. Armacost's statements. Mike Armacost mentioned spreading to Thailand and Mr. Watanabe mentioned the possibility of a "Second Lesson". We shouldn't wait for this to happen. We could be helpful in cooling things off by:

1. Making it clear to USSR that we will not have a US-Japan-Chinese plot against them.
2. That we want a solution in Cambodia to ease tension.
3. We should support ASEAN through this period.

Amb. Mansfield: Mr. Watanabe, is Lee Chen Yen the one who has been making statements about the "Second Lesson"?

Mr. Watanabe: He was quoted in Newsweek as saying the "First Lesson" was not effective.

Amb. Mansfield: You mentioned the possibility of a "Second Lesson" in Laos. We know of Chinese road construction. Have the Chinese left Laos as the Laotians requested or are they still there?

Mr. Watanabe: I think they left. China could invade or they could use guerillas. We are joking that Chinese could use the same tactics Vietnam used.

Adm. Weisner: From a military standpoint we don't see indications of a buildup near Laos. It took 6 weeks to prepare for the "First Lesson". Thus in near-term we do not see indications of preparations, but of course this is no guarantee that they will not do it in the future. ~~SECRET~~

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Mr. Watari: I would like to ask Mr. Armacost to present a balance sheet of the Chinese "First Lesson" against Vietnam, especially was it an asset to the West or not?

Mr. Armacost: At first it looked like an asset. It showed China's willingness to act, a restraint on Vietnam, etc. But now China must look on it as negative.

1. No victory was achieved.
2. There was change in Vietnam's situation vis-a-vis Cambodia.
3. It caused Vietnam to buildup on China's border.
4. Russia's efforts become greater.

Because of the above and because of cheaper alternatives with which to bleed the Vietnamese, I don't think a "Second Lesson" is likely in terms of a conventional military assault.

Mr. Sullivan: I don't agree completely. From a long-term perspective the Chinese probably accepted the costs. They will not say we shouldn't have done it. They will explain it as the "tactic of the time. We had to Act." The Thais and others may have concluded that they had to make a deal with the USSR if China hadn't acted.

Mr. Platt: Documents emerging from the National Peoples Congress support the view that the invasion was controversial but that it had to be done.

Perhaps this is an after the fact justification but perhaps it supports what Mr. Sullivan said.

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Adm Weisner: Casualty wise both sides experienced the same --6,000 killed, 30,000 injured. But now the Soviets are using Vietnam's bases much more, both ships and aircraft. Soviet advisers went from 2500 to 5000, etc. This must be considered in the costs.

Mr. Armacost: This is a minus for the US at least if not for China.

Mr. McGiffert: There are some difference of views on the US side. What is your view Mr. Watanabe?

Mr. Watanabe: My personal view is that it was unfavorable to China due to the increased Soviet presence in Vietnam. In ASEAN countries there was support for China. North Korea opposed it but ASEAN supported. The act was a response to China's credibility being questioned in SEA. The key question is how we evaluate the military situation in Cambodia. There is very conflicting evidence. We would appreciate your assessment.

Adm. Weisner: The Vietnamese are in control of population centers and road networks. There is resistance. The question is can Vietnam continue and can they suppress the opposition. The near and mid-term Vietnam success prospects look good. The long-term prospects are not so good. The question is how much did Pol Pot alienate the Cambodians and how far can Cambodia come back.

Mr. Armacost: I agree with Admiral WEisner. The problem is that the Soviet Union is willing to provide the necessary support for Vietnam.

1. The Soviets have no other friend in the area.

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2. What they do for Vietnam lessons what they might otherwise have to do themselves.

I would appreciate your views as to how we can moderate Soviet assistance to Vietnam.

Mr. Watari: I am not a Soviet expert. The GOJ has failed to get its 4 islands back so our power against Soviets is limited. We will utilize our diplomatic channel to Hanoi and we will ask Washington to try to restrain Moscow. Maybe this is unbalanced. Hanoi has always maintained they are independent and that the Soviet presence in Vietnam is exclusively anti-Chinese. The JSSR Vice Foreign Minister Mr. Golubin was rather haughty when he visited Tokyo. He said there nothing wrong with port visits. Japan made his statement public and Golubin demanded we deny it. He said it would get him in trouble with Gromyko because it would destabilize relations with ASEAN.

Mr. Watari: Time constraints should make us move on. Now it's Japan's turn to lead. Japan Security Policy in 1980s. Director General Nakajima will present a report.

Mr. Nakajima: I will lead and my colleagues will comment. (see the report attached).

Mr. Watari: We welcome your questions on this report.

Mr. McGiffert: I will ask Mr. Armacost to comment. It was an excellent and interesting presentation. It shows we both have global interests. I want to assure you of our interests in bilateral planning. We of course

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agree fully with you on the absolutely critical importance of our bilateral relationship and its continuing and to be perceived as credible by the Japanese and US public. Meetings like this help to ensure we as government officials are dealing with this in best possible way.

Mr. Armacost: I have a comment or two - it was an impressive rundown and a subtle assessment of 1970s which is useful. You need not worry about us pressing you too hard. I have been at this for ten years and our understanding has grown. We are impressed with your autonomous development. We have been encouraged by what you have done and we look forward to that continuing.

One other comment. Your listing of issues is logical and most of these will come up in discussions on bilateral planning. On cost sharing, I share your views about the SOFA. I only hope you will continue to interpret flexibly as you have and use your economic power to help solve the problems involved with keeping forces overseas. Question - many of your premises for the 1980s are for the status quo. What if you are wrong?

Mr. Ikeda: Call another meeting (laughter).

Mr. Seligman: Let me rephrase the question. Maybe you are right. There's been a major evolution in Japanese thinking on defense in 1970s. It is possible in the 1980s there will be voices in Japan calling for Japan's doing more without external stimulus, for example calls for expansion of Japanese naval forces to the Middle East, etc.?

Mr. Watari: Japan's defense program and background will be presented tomorrow, and Mr. Seligman's question is related to this. It is very

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difficult to predict what world will look like ten years after but Mr. Nakajima's projection is our best guess. In a future session I will give my assessment of Japanese domestic political development.

Mr. Nakajima: Al Seligmann is correct. Japanese public opinion will develop but they will not develop to calls of revising the Constitution. Sending naval ships to the Middle East will not come about. Concerning cost-sharing also, more will be said but the SOFA has been expanded to the maximum extent. We have established a good basis and we can do a lot within that framework. We will do more but within that basis.

Mr. Tamba: I am very glad to hear that we don't have to worry that you will push us. Government officials are very careful but your Congressmen, for example, are sometimes perceived as your government. There has been a favorable trend on the Security Treaty in Japan because you have let us work things out and allowed us to insert legal limitations in the guidelines. We kept saying this is the limit of SOFA and we still expanded but now this is really the limit (much laughter).

Mr. McGiffert: We have great faith in our ingenuity and yours.

Amb Mansfield: Mr. Nakajima's thesis was superb. It was brief and to the point. I was very impressed.

Mr. Nakajima: Remarks like that from a man like Ambassador Mansfield is very reassuring.

Adm. Weisner: Mr. Nakajima, could you tell us what might be possible under an peacekeeping operations?

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Mr. Nakajima: This has been discussed for 20 years or so. There was a theoretical problem of whether we can do this constitutionally. The three or four times it was discussed it was always criticized in the press. The Government feels that sending forces overseas under a UN flag is possibly different but it will take some time for the Japanese public to understand. It is a bold guess as to whether this is possible in 1980's. Communication units or nurses may be examples of what we can do. But since there has been no full public discussion it is hard to say what is possible.

Mr. Tamba: It would also take a legal change since nothing in SDF law at this time authorizes such operations.

Mr. Platt: You mentioned that Chinese and Soviet leadership will change in the 1980s. I am comforted by the record of the US-Japan relationship for coping with change. Our relationship is the stable one. We know how US and Japan transfer power. We don't know how USSR and China transfer power; they don't either. I have hope that the US-Japan relationship is the basis for coping with changes. You may be too conservative, but I am confident we can handle things as before because our US-Japan demonstrated capability to deal with change.

Gen Lawson: I would note that I will send a cable home to stop working on changes to SOFA and start working on word 'maximum'.

Mr. Tamba: Please stress the word final.

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Mr. Watari: I would like to explain the kind of cost-sharing projects we are thinking about on Thursday. As you know in Japan a change in leadership does not change policy too much.

If you agree we will move on to next subject:

Mr. McGiffert: General Ginn will make the presentation. We will have movies.

Gen Ginn: Read presentation (see paper).

Mr. Watari: Thank you. Joint studies between the SDF and USFJ should have come long ago but because of the political situation they haven't. I am moved by what has been done thus far. I would like to express my appreciation for what has been done. We are looking forward to these studies to teach the JSDF many valuable things. I would like to emphasize that these are studies and not decisions but I think they are very valuable in contributing to our knowledge.

Mr. McGiffert: You have our assurance of our continuation and increased support. I would like to congratulate Admiral Sakonjo and General Ginn and their staffs. I was wondering if they would request expansion in their staff's numbers.

Gen. Ginn: I already got 20 more.

Mr. Sakonjo: Mr. Ikeda refused me.

Gen Ginn: Ask for 40, Admiral.

Mr. Ikeda: Our Joint Staff is very efficient.

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Mr. McGiffert: I hate to think ours isn't so efficient.

Adm. Weisner: We understand your political constraints.

Mr. McGiffert: I was glad to see that the Associated Studies will consider logistics and complementarity. I think that will have to go on long after the basic plan is completed. I question whether and to what extent the training of Japanese officers in US ought to be expanded to support this planning effort.

Gen. Ginn: There are several programs undersay.

Mr. Watari: We hope to expand scope of training in the US. Our problem is the high cost. A detailed explanation will be given by Mr. Ikeda tomorrow.

Mr. McGiffert: We have more questions, but shall we wait until tomorrow?

Mr. Watari: Let's adjourn.

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Third Session

Watari: Today it is scheduled that the Japanese side will present the present situation and long-range plans for Japanese defense. If it's OK with you, we'd like to present an explanation of Japan's White Paper on Defense published recently. Is that OK?

McGiffert: Fine.

Watari: Agenda says "long-term prospects" but really will be mid-term prospects because will extend 4-5 years. Before getting into prospects for Japan Defense, let me touch on current public opinion in Japan on defense matters. Recent Japan public opinion seems to see reality as it is. It seems to me this tendency has become strong since the end of Vietnam War in 1975. In a recent opinion poll 86% of the Japanese public understand and support the SDF and 68% support the Mutual Security Treaty. It seems that this change in national opinion is reflected in a change in Japan's opposition parties although such change is not as clearly visible (as change in public opinion) yet. The regular session of the Japanese Diet ended in June. Concerning defense, mainly the E2C procurement as a part of the so-called Gruman scandal was a topic. This was initiated by the US SEC report of January 1979. We had some trouble with the E2C case but it was a good escape for us (from more serious issues). Thanks to the E2C scandal, the focus of opposition criticism was shifted from the guidelines and cost-sharing to incidentals of the E2C problem. Because of the debate on E2C, we were worried about the E2C start-up. When the budget was unfrozen in July we sent our

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officials to the United States. It was supposed to be an FMS case but it turned out we can contract with the US Navy. For this we are thankful to DOD and to the US Navy. Concerning cost-sharing issues, last year we received kind consideration from Mr. McGiffert. Thank you very much. This includes my introduction. Now we will begin discussion of three things. Director Ikeda will discuss:

- 1) The Present Status of Defense Power
- 2) The Projected Mid-Service Estimate
- 3) The Prospect of Feasibility of Achieving the Estimate.

Ikeda: Please see Exhibit A. Japan has gradually built up its defense power (He reads paper -- see copy).

Watari: If you have any comments or questions, we will be very pleased.

Weisner: It was a very comprehensive report. It was a very balanced approach to many problems you have to consider. It clears the air and shows that you recognize various needs, C3, etc., radar, air and land side as well. It is clear that we all recognize air defense as one of the highest needs. It is equal to ASW. On naval side I urge you to give emphasis to ships that can work close in (200 to 300 miles) as well as ships that have sufficient legs to work further out if necessary in defense of the SLOCs.

Speaking personally, I can see some scenarios where it would be in Japan's best interests to control the SLOCs as far south, to speak boldly, as the Malacca Straits. This of course indicates a requirement for logistic support capability considerably in excess of that required to support a zone of only 200 to 300 miles around Japan. In logistics, I recommend you give attention to

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petroleum, storage, mines, explosive for mines, and supplies (not only for mines but all supplies). General Takashima and I had a good discussion of land forces. You should not neglect these. He feels we should not overlook the possibility of land action (invasion) in the North. One final comment, more or equally important, speaking personally, I think it is absolutely necessary to have capability to close the straits, especially in patrolling, aircraft, mines, C³, etc. That would be the #1 thing Japan could do to help the situation.

Gen Ginn: I endorse Admiral Weisner's views. We will discuss these in bilateral planning; in addition to discussing mere hardware issues, we will discuss how we will carry these programs out.

Gen Lawson: I would like to add my congratulations on the quality of the report. I had a chance to take a quick look at summary you have provided us. In our own JCS studies in the last two years we have been impressed by worldwide nature of the Soviet threat and I was glad to see you recognize this. It became clear to us that there is a need for coordination between the US and its Allies, e.g., NATO and Japan, or a strategy mismatch will occur. The problems for us as we go into the 1980s are not only that we expend resources in the most efficient way but also that we employ these weapons in most efficient way for our joint defense. Thus we will try to ensure that joint exercises are done in best way and in combined exercises ensure that command and control is carried out in the most efficient way and that they are effective. Again just let me congratulate you on the quality of your effort.

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Mr. Wolfowitz: I have a question of detail on logistics. You mentioned two important areas, war reserves for the GSDF and improved storage for mines. Can you give us any details?

Mr. Ikeda: I will try to answer as clearly as possible. As far as the GSDF is concerned, the total tonnage of ammo has decreased; 1977 was the bottom year. Since then we have tried to increase, e.g., this year there was a 25% budget increase for ammunition. We hope to continue that increase through 1984 and I think by 1984 our ammunition supply will become sizeable. We will have trouble in finding storage places so we need to cooperate with USF in Japan.

Regarding mine storage we thinking about two things. Now have several thousand mines; we are trying to get more. Also, presently mines are (b)(1) We hope to improve this. It will take about two years. From next year we will start building such facilities. By 1984 we will have a very sizeable capability to do what Admiral Weisner asked (blockade the straits).

Mr. McGiffert: Mr. Watari, you referred to public opinion changes and Mr. Ikeda talked about 1% GNP expenditure as necessary to achieve these goals. I realize it is hard for you to say but in this period of time you described will the 1% limit rule of thumb on defense expenditures erode?

Mr. Watari: In formulating this estimate we worked within the

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assumption of 1%. This 1% rule of thumb was decided by the Cabinet in 1976. As members of government we must therefore work with this. Whether this will change or not is strictly a political matter. As far as public opinion changes, previously public opinion support for defense was below what was necessary to sustain SDF. Presently public opinion has caught up to reality. The future depends on future changes in public opinion. This mid-term estimate is not fixed. We will review it every year and every 3rd year we will do a fundamental review so it is not a very fixed estimate. Japanese GNP is increasing so fast that if we go up to 1% we will have a significantly increased budget.

Mr. Ikeda: Presently our budget is 0.9% so if we go to 1% the defense budget will increase 230 billion yen. Presently our defense investment (hardware items) is 430 billion yen. In future we will put these gap funds (those between 0.9 and 1% 230 billion yen) into such investment - almost a 50% increase.

Mr. McGiffert: I would like to echo what my colleagues said about the excellence of your presentation. Shall we take a break?

Mr. Watari: Yes, let's.

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After the break

Mr. Watari: As I indicated before please let us present an explanation of the recently published White Paper on Defense. It has been published every year since 1976. The 1979 version published last week (24th of July). We tried to describe only the facts. What we said was not very different from reality. The Japanese mass media said we responded to the Soviet buildup too radically. Mr. Ikeda will present the report.

Mr. Ikeda: The White Paper was approved by the cabinet on July 24th. The report is thick and is not yet translated so you have a summary. (Reads English language summary). This White Paper was treated more by the press than ever before and we would like to continue it every year. Your comments would be helpful in writing our next defense budget.

Mr. McGiffert: Can we read this summary and respond this afternoon or tomorrow?

Mr. Watari: Yes

Mr. McGiffert: Now General Lawson will make a presentation on the Indian Ocean and Asia in 1980's.

Gen Lawson: I will try not to repeat what already has been said. The recent opening of bases and airfields in Vietnam could have far reaching consequences and we will monitor the situation closely. Addition of the Backfire and other Soviet developments have affected the situation. We would be happy to discuss them with you in the discussion period if you desire. But let me say the US has not stood

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Pacific and Indian Ocean, SLOC protection and offensive operations in wartime. Despite uncertainties total force levels should increase in early 1980's. Increase mainly in surf combatents and SSNs while reductions will come in auxiliaries and reserve ships. We will remain flexible as we did in Vietnam drawing on ships from Atlantic. More recently we drew on Pacific and Mediterranean to build up Indian Ocean.

In addition to sea-based forces Navy and Marine aircraft are located ashore. ASW P3's regularly operate from Adok, Alaska to Dojo Garcia (sp), etc.

By end of 5 year defense program all F-4's except those on MIDWAY and CORAL SEA will be F-14's, land-based P-3's will be updated, surface ships will be greatly improved by towed array and LAMPS McIII helo.

AF - PACAF has 10 squadrons of 192 F-4s

2 in P.I.

4 in Korea

4 in Okinawa

3 of 4 in Korea tasked for Korea, others are available for general Asian contingencies.

F-15's will begin from ^AKadena next year. AWACs will rotate and to ^FKadena by end of FYDP five AWACs will be available in Westpac.

F4G Wild Weasel will deploy to Clark starting next year.

Ground Forces

28,000 troops of 8th Army are part of CFC strategic reserve.

Withdrawals of 2nd Division will be held in abeyance by Presidential directive.

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Withdrawals beyond 1981 will be reexamined based on intelligence estimate of N-S military balance and evidence of reduction of tensions.

No changes in USMC deployments are programmed. MAU and BLT are afloat in MAU. Some of these deployed marines may operate more often than in past to Indian Ocean.

25th Infantry Division in Hawaii is CINCPAC's strategic reserve. I MAF is in East Pac -- no change is contemplated in its employment.

Strategic Forces

Squadron of B-52's and SSBNs are based in Guam. First TRIDENT is expected in Pacifin in FY 1981.

Mobility Forces

MAC operates 70 C-5's and 234 C-141's. Based on US but great flexibility to deploy to areas such as Korea and Persian Gulf.

Yesterday we discussed Limited Contingency Force. We are developing such a force for non-NATO contingencies with emphasis on Middle East, Korea and Persian Gulf

- independent of overseas bases and support
- exact size depends on scenario
- self-sustaining and capable of operating for at least 60 days.

One additional word about Indian Ocean

- thus far deployments mainly from PACOM
- in near future decision forthcoming
- forces may come from EUCCOM

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- infrastructure is meager
- Diego Garcia expansion will be completed by end of FY80 but still will be very austere. Aircraft facility will be especially limited.

In summary, we will improve, especially qualitatively. Especially navy's force size is long-term concern. Grow through mid-1980s and still time for decision on long-term size and nature of Navy.

Combination these military forces, reserve forces, airlift, etc., provide basis for our response. We look forward to your questions.

Mr. Watari: Thank you very much. Hearing in concrete terms US presence in WestPac and Indian Ocean and goal improvement. I feel reassured. Let's ask some questions.

Mr. Sakonjo: MIDWAY homeported in Yoko. Many newspaper reports considering another carrier homeported in Korea, Pacific Islands, Guam, etc. Is there any truth?

Amb. Weisner: Some speculation over years. Odds are there will not be any. Guam can't. Pacific Island lacks housing, etc. Navy has looked at Australia but odds are very heavy there will not be any further overseas homeporting.

Mr. Watari: Just before coming to Hawaii I saw press article that USN is considering using shipyards in Singapore. Any truth?

Amb. Weisner: Already using to supplement Subic. I doubt any increase.

Mr. Watari: Do you have any plan for using Chinhae Korea? See Brown visited and some papers commented.

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Amb. Weisner: Totally erroneous. No increase there nor no plans for homeporting there.

Mr. Armacost: He visited there to see some Navy facilities in ROK. Had already seen Air Force and Army.

Mr. Tamba: Gen. Lawson, could you describe what kind of facility Diego Garcia will be at end FY-80. Does recent Korean decision affect military assistance to Korea? Number 3 - does recent Soviet use of Vietnam bases affect your force posture? Number 4 - will you change USMC force posture in Okinawa in near future?

Gen. Lawson: Okinawa - no change.

Diego Garcia: Until now catch as catch can. We are trying to make temporary facility permanent, e.g., fuel tanks, more permanent shelters. Still very desolate.

Mr. Armacost: Some effects on assistance to ROK. Equipment transfer was based on withdrawals. As withdrawals show it will affect equipment transfer. Secondly some will go forward, eg., I-Hawk planned in 1976, 3 battalions will be turned over. Doesn't affect balance - simply will be turned over. Some issues outstanding F-16's, etc. Due to intelligence(?) expect ROK to take another look, particularly at giving priority to ground forces. Until assessment complete I won't say anything. 4th we have maintained high FMS levels to ROK, we will have to look at this also in view of withdrawal delay. Congressional cuts, etc. Finally we will look at ways of improving what we have in Korea within budget constraints due to intelligence assessment.

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Amb. Weisner: First a little more on Diego Garcia - runway is being lengthened - ramp space-5X increase; 600 foot pier put in; POL storage-big increase; 40 foot channel dredged; anchorage enlarged, now 1600 people (includes 800 seabees); permanent personnel will increase from 800 to 1300.

Still agree with General Lawson -- it is austere and limited.

With regard to Soviet use of Vietnam, we don't know how much they will use. Don't know if they will increase use, have Vietnamese increase size, or send in USSR personnel there. We do know they have had teams investigating port facilities and airfields. Could be to advise Vietnam, could be to improve these facilities themselves (Soviets), etc. Any usage increases their capability some degree. Great increase in usage could increase their capability a great deal, e.g., Cam Ranh Bay is halfway between Vladivostok and Indian Ocean. This would be very helpful to them. It increases importance of US bases in Pacific Islands, use of Singapore, etc. Yes, if they used these bases it would affect our posture.

Mr. Watari: At present what is your assessment of capability of Danang and Cam Ranh Bay to support ships and aircraft?

Adm. Weisner: Will need logistics for aircraft types they might use. Hangers, etc., are all in place. For ships we used Danang extensively and used Cam Ranh Bay. Much as deteriorated. Vietnam or Soviets would have to improve if they were to use these bases extensively for ships.

Mr. Watari: It is said that communication facilities have been constructed at Danang. Do you think it's in use?

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Adm. Weisner: Yes and will improve DF capability and point-to-point communications.

Mr. Watari: One more point concerning North Korea force levels, is review complete? If so what is your assessment?

Mr. Armacost: Not necessarily finished. Increase emphasis since 1975 and there will be follow-on studies of near echelon support, etc. E.g., various studies have been conducted. Divisions strength revised from 25 to 37.

Mr. Watari: Although it is past 12, I'd like to have Mr. Okazaki present our view of Mr. Yamashita's visit to ROK.

Mr. Okazaki: Practically no concrete results except visit took place.

Mr. McGiffert: That's very important.

Mr. Okazaki: So planned. Just a precedent so it can be done again. Process is maybe important and had to be done delicately. In case of predecessor Kanemaru. Plan leaked and visit cancelled. This time no secret planning; just kept saying it was important. Yamashita and Okazaki both said twice publicly in Diet beforehand. Only JCP criticized. No newspaper criticized. Still almost cancelled due to misrelease of Kim Dae Jung cables by US State Department and due to talk in (b)(1)

(b)(1) - visit could not be linked to that.

Mr. Sullivan testified in June as to purpose of President Carter's Korean visit. That helped. So we quietly prepared. No joint communique, press release, intelligence estimate of North Korea. Only friendly talks. ROK side completely agreed. ROK

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gave no press release except schedule. ROK may have even suppressed press -- less than parliamentarians visit. We told them we told US to treat Korean withdrawal, etc. carefully. Both Japan and ROK agreed to continue exchanging visits of military personnel and intelligence exchange. Also Yamashita invited Minister Ro to Japan. At dinner we invited Korean training vessels to visit Japan and they did also. This shows how careful to now - not even training visits exchanged. Opposition parties didn't criticize so much. July was JSP solidarity with Korea month. Primary slogan was "destroy Yamashita visit" They thought the visit was in the Fall. There were some demonstrations against but Police said level very unprecedently low. Please don't mention this briefing. Only background press much more favorable than we expected. Press said

- (1) no opposition to visit in general.
- (2) they are against future US-ROK-Japan military cooperation.

Prospects in future: There will be mutual visits in future. When Minister Ro wants to visit; we must invite him. In future we must be modest. It is my personal view Koreans don't want military support from us. They only want US help.

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They want more understanding from Japan, favorable consideration in emergency. Of course they want economic assistance, etc. But what they really want is sense of security, want to have friends, same as they want symbolic presence of your 2nd Division.

Watanabe: Want to emphasize delivery of presentation. Don't discuss out of room. Diplomatically we have to add another dimension. In my personal view Japan and ROK mutually misunderstand.

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each other due to colored glasses of the past. Thus we must proceed carefully. Another point is stance toward North Korea. Japan supports security of ROK but have to take into account reaction of North Korea. Today NK politically closer to Peking than Moscow. Because Peking is moderate, we like that. We must look at changing environment - Japan-PRC, US-PRC, Sino-Soviet, etc. We were pleased by small NK response to President Park's call for lessening tension in January. We are carefully watching. I think Kim Kim-Il-Song is groping for ways to cope with changes in international situation not to his liking. We note with concern your finding of NK increase in forces but most important is NK's intentions, violence, etc. I talked too much but wanted to add we considered NK reaction as well. I agree with Mr. Okazaki that it was good to break taboo. We advertised only ceremonial visit to Japan public and NK. McGiffert: Plausible argument that Kim may see time running out. What likelihood do you think of attack?

Watari: I think in due course he must be persuaded to accept status quo. Deng told us China and even USSR opposes violence. Kim must adapt. For a year or two or three I think North Korea will not attempt overt action vis-a-vis ROK. I think Political Bureau of North Korea might be debating opening

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door to a better international relations yet their rejection of Carter-Park call for talks is disappointing. But I think they are discussing whether to accept status quo or not. Accepting status quo is completely opposite to what they have been saying to date.

Sakonjo: My office was in charge of intelligence exchange. We made same question to MG Kim (NK intentions). He said immediate future is very important. He said NK might attack if they can get help from PRC or USSR.

Ginn: Three years from now we will be in better shape, F-15, AWACs. Right now tactical warning is only a matter of hours.

McGiffert: Unfortunate reality that Seoul as an urban area has expanded to North. Shall we come back at 2:30 vice 2:00 o'clock? We will respect your confidence concerning Korea discussion.

Watari: I agree with you on procedure. Let me just say one thing Gen Yamashita told me. He was impressed in ROK. US forces on duty 24 hours per day 6000 miles from Washington.

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1 August PM

Mr. Watari: Let us begin.

Mr. McGiffert: We have a few more comments on Korea if OK.

Mr. Watari: Please.

Mr. Sullivan: Appreciate Mr. Watanabe's remarks. We also were disappointed in NK's lack of response. It was still worth our asking; however, because we also realize there is a reassessment going on there. We must convince them invasion is not in their interest, eg., decision not to withdraw. I will not speak about the likelihood of NK invasion but would like to say a little about PRC and USSR feelings. On China one thing that has changed is US-PRC normalization. Last time NK agreed to talk was immediately after Shanghai Communique. But we can't expect too much help from PRC. As far as USSR, they have avoided Korean involvement as too great a risk of conflict with US. Of course with leadership change, etc., is always a danger. So what is called for is steady, cautious approach, confident that time is on side of ROK.

Mr. Armacost: Important in our decision was GOJ concern to have withdrawal tied to diplomatic actions. Also tied to idea that NK's intentions are related to likelihood of US response. Want to insure NK understand any actions on their part carry heavy risks.

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Mr. McGiffert: Mr. Watari, I think that concludes comments on Korea. Thank you very much for opening this discussion.

Mr. Watari: Shall we go to next item which will be lead by US.

Mr. McGiffert: I think cost-sharing is next. I understand you want to do that tomorrow.

Mr. Watari: I was expecting to discuss interoperability and technology transfer this afternoon. I have not brought with me data on cost-sharing today.

Mr. McGiffert: Fine, let us turn to technology transfer and weapons systems. Let me make some general remarks to begin. I understand from time to time Japan has felt it was not treated as well as NATO with technology transfer. Not so. Dramatic example is F-15 in which case we have released greater amount of technology to you than to Europe in the case of F-16. On the other hand I would not say there haven't been problems. There have been some due to technical and administrative delays. These can result from process by which we make decision in case by case basis. In addition to normal process involving DOD and Department of State consultations, there is an ad hoc committee involving representatives of service concerned and officials of the Department of Defense in areas such as R&D, etc. There can be delays or problems if permission from NATO countries must be sought as in the

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recent case of the SG-50. I'm sure you have bureaucratic and special interests that try to influence when to buy, when to coproduce, etc., but it seems to me that the stronger our defense cooperation is, the easier it is to overcome obstacles because the stronger our cooperation the easier it is to argue that transfer of technology is in our common interest.

Finally let me refer to some self-evident propositions:

1) There may be cases where we can minimize duplication of R&D thereby releaving funds for other purposes if we transfer technology.

2) Release in technology can be important element in improving our ability to operate together, have common logistics, etc.

3) On the other hand if efficiency is criterion if number of a system is small, efficiency might be served by purchase rather than by coproduction. In cases where you coproduce equipment that could be purchased much cheaper, I know you have your reasons for doing this; however, it isn't the most efficient use of resources. Those are my preliminary comments; we would be interested in your perceptions, bureaucratic interests, problems, etc.

Mr. Watari: On the one hand, I understand what Mr. McGiffert said very well. As far as cost aspect is concerned; however, you would agree with me cost aspect is not the

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only criterion. We must also maintain defense industry in Japan even though small. Domestic production also has advantage, especially in repairs and operation. Coproduction, domestic production, or import must be decided on a case-by-case basis. We include considerations of state our industry. In case of F-15 or P3C numbers justify coproduction. In case of RF4 and E2C small numbers favor import. Could you give us example of what you consider appropriate for import.

Mr. McGiffert: E2C was appropriate. Don't have any list. Consideration should be case by case.

Mr. Ikeda: As far as technology transfer we had (not now) some trouble concerning F-15, ALR-56, ALQ-135. Our request was rejected so we started our own R&D. It progressed well; now you say you can release. Same with P3C but now we are happy. Another case Senator Glenn came to our office and commented about low percentage of our budget for R&D. He said we should increase. I explained our history. Ten years ago we had 2% but we gave up to acquire major missiles and aircraft. JDA is the only one customer of our defense industry so if our industry starts R&D we must buy it. So we will increase our budget but this is contradiction with buying more from your country. But we will try to make cooperation closer.

Colonel Milburn: It would be helpful to know in advance whether license production is going to be undertaken (permitted) or not.

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Mr. Ikeda: This is not a problem; it is a fact.

Mr. Watari: Mr. Ikeda explained the situation. As far as release of equipment about which license production is now underway there isn't any major problem at present. Concerning the procurement of equipment purchased by FMS there was some which were not delivered after the time they should have been. We have prepared a list we will present you later. Concerning Tartar(sp) missile and NIKE Hawk some were paid for 3 years ago but not delivered. As far as the reasons for the delay not only US at fault, in some cases Japanese at fault also. Anyway it is necessary to correct situation where no delivery even through fragment made. This year in Deit audit we faced this criticism. I would like to see working level officials have close cooperation. If we can't do in Tokyo I am happy to send to Washington. Not necessary to decide who is wrong just to solve problem.

Mr. McGiffert: I'm glad you raised this and gave me this list so we can give it intensive management attention. I hope not necessary to send your officials to Washington but we are happy to receive them.

Mr. Watari: I don't know too much about details and I don't want to accuse anyone just want to describe situation.

Col. Milburn: LTG Graves and RADM Altweg have list given by Mr. Tsutsui(sp). I believe answer forthcoming in a week to ten days.

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Mr. McGiffert: Concerning a comment made by Mr. Ikeda, I'm not sure I agree with Senator Glenn. As far as US is willing to transfer to Japan, Japan engaging in R&D in same area is likely to be duplicative and to lend to non-interoperative equipment.

Mr. Watari: Please let me touch upon another case. We are very much concerned about delay in F-15 program. Our engine producer informs us Japan enjoys a low priority. We are told your Defense regulation covers this. Also you must cooperate with Department of Commerce. We would appreciate favorable consideration.

Mr. Armacost: We expect decision on this too within a week. We have requirements in the MOU on this matter.

Mr. Watari: Thank you. Please allow one more question. Necessary for JDA to know F-15 follow-on program to decide F-15J program. Is it possible for us to continue F-15D even after US Air Force finishes?

Mr. Ikeda: We understand you will finish F-15 in Oct. 1983 after you have 789 or something. After that you have no program now. In our case next year we will get 34. Also we will get F-15DJ. We cannot get on time. We are worrying whether we can get or not. Also we will make a contract to get more in 1982 or 1983. We need to know if we can.

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Mr. Armacost: Hard to get a firm assurance at this time. There is a likelihood you can get it or can you possibly accelerate the rate at which you acquire the DJ model?

Mr. Ikeda: As I explained this morning as F-4s attrit(sp) we must get more F-15s but if my information on your completion of F-15 is correct we cannot get them.

Mr. McGiffert: Why can't you buy earlier.

Mr. Ikeda: We cannot get our budget in advance.

Mr. Armacost: We have same problem. Strong likelihood production will continue.

Mr. McGiffert: Don't count on it.

Mr. Armacost: At what point will you be able to make decision? Can you make decision in FY-82 budget? By that time you will know.

Mr. Watari: About this case we'd like to continue to cooperate. I understand interoperability is to be included or we can go to next subject.

Mr. McGiffert: Let's go on. Do you feel that current consultative arrangements are sufficient or should we consider improvements/changes?

Mr. Watari: For the present we'd like to use existing channel, if it proves insufficient we'd like to consult again.

Adm. Weisner: I think that's best. If you haven't got good answers we will elevate to proper level of proper channels.

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Mr. Armacost: Like to reinforce. As in trade field early warning is good. Last fall when Secretary Brown was thre you raised problems, we solved by getting to high level. I think we can solve these by time your Minister comes. Important to raise problems in proper time (early enough).

Mr. Watari: Thank you. When Minister Yamashita meets Secretary Brown we don't want them to discuss but we hope accompanying staffs can do.

Mr. McGiffert: That's fine.

Mr. Watari: With your permission I'd like to talkd about joint training and cost-sharing. I have my material now. Concerning joint training we think it is extremely important to upgrade technique.

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and exchange information so we can respond as appropriate. I would like to expand joint training and exercises. However as you know Japanese domestic situation can pose problems for us so I'd like to go forward gradually step by steps so we can enjoy public support. MSDF and ASDF have experience this field. GSDF has not experienced yet. I'd like to see GSDF have some opportunity but you have no US ground troops stationed in Japan so we are considering how to do this. As for MSDF it has conducted joint training with US carriers, etc and this year we are planning to send MSDF to RIMPAC exercise. As for RIMPAC we haven't announced yet so I don't know what the reaction will be. We have never done such an exercise before. This might have subtle bearing on Japanese public feeling. We would like to consult with US closely on this.

Nakajima: I'd like to comment on this. We will consult with you at the time. We will explain to our people that MSDF will exercise with USN. If we participate with ANZUS it would cause criticism.

Weisner: We are anxious as you are to expand. You were going to do it two or three years ago. You had to cancel. We are ready to do it. We have already agreed to public affairs aspects to ensure it meets your needs.

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We recognize your problems so we will proceed at your pace.

Nakajima: Thank you.

Ginn: We will continue to cooperate militarily and politically. We do not want to downgrade service to service exercises but we will also try to achieve more in GSDF - Army training, combined joint exercises as well.

Watari: Thank you. Please let me continue on joint training. As GEN Ginn mentioned, Air Force joint training has proceeded well since second half last year. We want to have once a month, 12 times a year. Also we'd like to do among rescue forces too. As far as training for Japanese pilots go, we were thinking of sending ASDF fighter pilots to US. We discussed at last SSC and so continued discussion. As far as we know for 24 pilots (50 hours each) it would be \$25 million. We are looking for ways to make this cost more manageable for us. This is what I wanted to say about joint exercises and training.

Weisner: This training is for F-4 pilots and depends on whether you used our F-4s or not. I don't have figures but might be less once type and location decided. Also second year costs much lower. Also perhaps you might be able to

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use your ground support equipment and training missiles. This involved the lease of 10 F-4s and purchase of all equipment from US. Figures presented hopefully represent worst case situation. Quite a bit involved in this.

McGiffert: Perhaps Mr. Watari, staffs could also discuss this when Mr. Yamashita visits.

Watari: I feel that this pilot training is a cost rather than technique problem. If we had more money we could do. But our budget is limited so it would be difficult to go ahead even if we discussed when Yamashita visits.

Tamba: We would also have to decide some legal questions, fires, accidents, etc.

Armacost: Do you know which specific areas are of concern.

Tamba: No. You have a SOFA with Germany for it.

Milburn: We train 3000. HAWK and HERCULES peronnel at Fort Bliss, Texas each year so I'm sure at least procedures for that exist.

Watari: About training, we also have problem for training personnel for E2C. Japanese officials now discussing with USN. Probably we will discuss with Grumann. We would appreciate your help on this.

McGiffert: Certainly.

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Watari: Let's go to cost-sharing although I'm not sure I can lower it all. Chart you are now reviewing shows Japanese expenditures in relation to stationing of US Forces in Japan. About this I talked with ASD McGiffert last year and I feel we carried out what we talked about. We budgeted _____ for FY 78 for labor cost sharing. In facilities we budgeted _____ yen. We would like to continue whatever we can do within existing SOFA. As far as labor costs are concerned, this year's measure are the utmost we can do and I completely agree with what Mr. Nakajima said yesterday. As to facility improvement aspect the problem is not SOFA but so called Ohira Statement. In last Diet session we believe we have explained this satisfactorily. As far as cost-sharing for 1980, we are now considering with Finance Ministry. We have no intention of changing the scheme as far as labor cost sharing is concerned. But as far as facility aspect we are thinking of increasing this year's 22 billion yen basis. How much we can increase this fund remains to be seen. We have to decide by end of August. About facilities improvement, there was a DFAA-USFJ meeting, overall figure would amount to \$110-500 million (?110-500 billion yen) for housing, etc. This will require several years.

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About specific issue of mine storage, we are not thinking of building that as part of cost sharing, but will build for MSDF at Hachinohe near Misawa.

McGiffert: I will respond tomorrow. I appreciate your views. Let me say how much we appreciate what you have done to now. I know how difficult it has been and I want you to know how much we appreciate it.

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Watari: Let us begin the last meeting. If the US side has any questions about Japanese presentation yesterday we would be happy to receive them.

McGiffert: Which one?

Watari: We are happy to move on if there is nothing (laughter).

McGiffert: REgarding cost sharing I once again want to express my appreciation for your efforts. I reviewed the record you presented. It is impressive. In particular the initiatives you have taken the last two years have been particularly helpful. They have reduced criticism in the US, no matter how unwarranted that is, that Japan is getting a "free ride." They have contributed to the morale of our forces and have stabilized our forces so we can get on with the job. I would be less than frank if I failed to mention the continuing problem of funding US Forces in Japan. For example O&M costs are going up 10% per year. Cost sharing is going to remain a problem for many years. We recognize the current constraints. We would hope that nevertheless that we would look for new ways that we would share costs in the early 1980s. Also in facilities we hope that in time you would be able to include operational facilities as well as licensing. I believe a notional list

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of operational facilities has already been exchanged. We were very impressed that when DG Kanemaru visited Secretary Brown, he gave a list of cost sharing projects which later was adopted by the Diet. We hope DG Yamashita will be similarly forthcoming. Mr. Chairman, that completes what I wanted to say about cost sharing. We are now prepared to provide comments on your White Paper if you would like.

Watari: Before getting into the next item, please let me say a few words about cost sharing. As I made it clear yesterday, we cannot bear any more labor cost sharing under the SOFA. In Japan interpretation of the SOFA is very strict and any more would produce strong criticism by opposition parties in the Diet. In 1978 and 1979 we did our utmost. On the other hand we understand the problem of rising costs. As I mentioned yesterday we are going to do our best in the facilities area. But as to operational facilities, even though it is not strictly prohibited by law, we don't think it is wise at t-is time. Even from the list for barracks, etc. it would take \$100 million per year for five years. I do not say we won't get into operational facilities in the next five years but we think it would be wiser to wait at least a few years. Please let me

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clarify a few points. When I said we understand the costs for stationing US Forces is rising, I meant in general, and we would like to cooperate in the area of facilities. As for the exchange rate last fall was the lowest level; then it was 190 yen/dollar. Of course we don't know what it will be in the future but we hope it will stabilize. Now please go on to the next point.

McGiffert: Mr. Armacost will summarize our comments about the White Paper.

Armacost: These are comments on the summary. Perhaps we will have more later when we see full. First it is very succinct, cogent, and we agree. Particularly pleased with the way in which you described our bilateral relationship. I was struck by description of the growth in Soviet force levels, particularly when juxtaposed against your mid-term estimates presented by Mr. Ikeda. In view of the Soviet expansion, I wonder if your efforts will be enough. That is one reason it is wise to make your estimates yearly and revise rather than to make them every five years as you used to. Document says US has power advantage over all but not necessarily in strategic weapons nor in naval and air. Then where is our advantage? I guess the answer is with the addition of your and our NATO allies. Nor would we necessarily agree with that assessment. Concerning

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Soviets, our worry is their overall buildup and secondly their tendency to utilize military power against areas of the third world. As Mr. McGiffert emphasized the cumulative effect of their military effort is of concern. Politically, we should not become complacent. We are raising our defense spending in real terms. NATO is doing the same. US-Japan bilateral relationship is getting stronger and PRC is unfavorable to USSR. Thus despite adverse military aspects we place our emphasis in our total efforts to overcome this Soviet buildup. Our efforts must be carried out as efficiently as possible. Those are my principal comments.

Watari: Thank you very much for your detailed comments. I believe some of your comments are valid, but what you received yesterday is not a full translation and is not approved by the government. We are thinking of translating it fully and sending it to you for your comments. I can understand your comment that the Japanese defense effort might not be enough when we emphasized the growth of Soviet power. But we believe that growth in Soviet power must be seen globally and not just against Japan. We would like to keep increasing defense power in light of the constraints of

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public opinion. Also you might have got the impression from the summary that you think we believe Soviet power is greater than US power. This might be bad translation and I would like my staff to clarify.

Ikeda: When we estimated Russian strength, we felt that Soviet ground forces which can be brought against Japan are not different in numbers from our own but they might be qualitatively better. So we planned to improve our fire power. Also we felt their amphibious ships increased so chance of invasion went up slightly. Their ship numbers haven't changed but they have more nuclear submarines. Aircraft numbers have also not increased. So we are trying to build more ships and begin a FRAM program. Also we will get P3s and other new aircraft like F-15s. We want new SAMs and I think it is terribly important to get a new BADGE system.

Okazaki: Every year we have this translation problem. We give a copy to the foreign press who always makes a quick translation. If I make the slightest change for example on page 1, you get a different impression. We want to describe the situation is severely, realistically, we want to explain how the world is shaping up. We want to inform the public but we cannot directly say everything what we should do.

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Weisner: I thought you did a good job of informing them.

Armacost: I think you have to be careful in pointing out their improvements to remember our areas of superiority which are significant. Unfortunately these do not prevent them from projecting power in a place like Angola.

Okazaki: We are not saying that entire power balance has been changed and that only Japan and allies are the advantage. We believe that you alone are superior. What we said that you are not superior in every way. We will stand by this, e.g. throw weight, BACKFIRE, etc. no good example naval power.

McGiffert: How about the statement about ground forces USSR has always been superior.

Okazaki: Original text says they have been so.

Ginn: I believe text is balanced and read Japanese press reactions. I think it does not alarm but indicates. Regarding the emergency legislation which is politically sensitive and the command coordination center are mentioned; it is important that you mentioned these.

Watari: Thank you. Are there any other comments?

McGiffert: None on this subject. I would like to add my congratulations on the balance of the paper and I look forward to the full translation.

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Watari: Next we would like to go into the domestic situation of US and Japan. Will you go ahead.

McGiffert: Mr. Platt will present.

Platt: This is very personal and informal. I am trained to assess other countries.

McGiffert: Let's ensure that is translated.

Platt: I will focus on events of last month. These are of interest to our Allies as well as to us. I will look at changes in the situation and elements which haven't changed in this analysis. What has changed? First the Cabinet.

McGiffert: Are you sure?

Platt: If you look at the Cabinet I think it has changed for the better. As far as the President is concerned, it is more cohesive and will better serve his objectives. Technically as competent as his predecessor and some ways more so. Economic team of Miller and Volker enjoy confidence of business world and upward trend in the dollar and stock market reflect this. I think the new Cabinet also provides some management skills it was lacking, for example the Department of Energy needed this and I believe will be getting it from Mr. Duncan. Politically there is a feeling among analysts that Cabinet is more potent-linked to

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contrivencies --business, blacks, women, Catholics, etc. if you include Hedley Donovan to White House staff - not Cabinet - there is even link to Eastern establishment press. President told his staff he feels right about the Cabinet, had to be made quickly, and get on with business. He said if he had to do it again, he would not have asked for mass resignations because that gave impression broad that change was more fundamental than it was. What else has changed? White House Staff. Full extent not yet known. Hedley Donovan has been added and Hamilton Jordan has become Chief of Staff. As far as I am concerned that is good organizational change. President said in press conference that Hamilton Jordan is chief only of the staff but in my year there I have felt that the staff has lacked coordination and thus the change is good. The third change I would note is in President's attitude. He has been through a period of intense introspection. He is much more forceful. In contrasting him to just after he left Seoul, he is more positive, rested, etc. When the Prime Minister (Ohira) met with the President in May, he urged him to be as forceful as possible. I think he has

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heard that from many quarters and has taken that advice. What has not changed? Popularity is still low but I think performance of government will reverse itself and popularity will go up. But performance is the key. Issues haven't changed either - energy, inflation, state of economy will be issues of the next election. Congress without Senator Mansfield remains rudderless. The security policy and foreign policy apparatus has not changed from the outset. As an insider in the process I can say there was no change. It was business as usual. Refugees, and other issues continued and no problem getting President, SecDef, etc. Dr. Brzezinski's role unchanged but in future there may be fewer joint positions of Sec Vance, Sec Brown, and Dr. Brzezinski which go to President rather than separate views. Finally, our security policy has not changed and will not change. Policy to Asia in general and Japan in particular will not change. Administration has given great emphasis and has achieved in last 2 1/2 years many significant events we have mentioned in this SSC, normalization with PRC, Phil (?) bases, etc. Relationship with Japan will not change. In next months executives will emphasize inflation and energy but these are not merely domestic issues. These will affect our

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intelligence policy and will make us a stronger and better ally. This concludes my analysis.

McGiffert: Truly excellent summary with which I would like to associate myself.

Watari: Thank you.

McGiffert: If there are none I would like to supplement. We are now within 1 1/2 years from election. Budget submitted in January will be last before election. He made commitment before election to balance budget. I'm sure he will want to reduce deficit as much as he can even though he realizes goal cannot be met. But in view of commitment to 3% increase in defense budget and in view of increase in Soviet buildup there is a strong argument to increase defense expenditures. The Administration is already committed to increasing strategic programs and undoubtedly the emerging feeling on the overall Soviet buildup as heard in the SALT debates will be felt in upward pressure in overall defense field. Efforts to stem an economic recession might signal the reverse but defense necessities might produce conflicting pressures over the next few months. A great unknown is the ultimate attitude of the American public on this issue. I will hazard a guess, and only a guess;

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American public is in a conservative mood - conservative mood would favor a bigger defense budget. However hard to say with regard to defense how strong a pressure will be exerted. Lastly and once again I venture into an unfamiliar area, my guess is that with the exception of Governor Brown of California who I don't know much about, my view is that none of the major candidates are isolationists. As security and foreign policy become issues in the campaign, they will only be questioned only to whether the United States is doing enough rather than whether it is doing too much.

Ambassador Mansfield: I have to catch a plane now. So long, thanks.

Watari: Thank you very much for the presentations of Mr. Platt and McGiffert. They were very informative and reflective for me. Mr. Nakajima would like to ask a question.

Nakajima: I agree with Mr. Watari. The statements were very instructive. Listening to mass media in a foreign country we thought the loss in popularity was rather unfair to the President. Could you elaborate as to reasons why the press says popularity has dropped.

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Platt: Polling is important but impressive way of taking temperatures of body politics. There was increase after speech followed by a drop after Cabinet changes so it is back to where it was before the speech. More important to keep eye on basics and look at results. How quickly are Cabinet changes being accepted and how quickly are programs being adopted. So far evidence suggests Cabinet changes are being accepted. Everybody has his favorite poll (?): President says his favorite was Washington Post poll six weeks ago where Democrats who voted for him last time - 70-80% said they would do it again. Other polls of 1300 people say other things but I think we should stick to the basics.

Sullivan: I have done some polling. Short term results can be misleading. Long-term trends are what is important. Good polls take time, always lag. You also have to look at what is being measured. Many measures only reactions to gas lines. One thing that has been neglected except by George Will is that 89% of the people trust the President and that will get him elected. I think so too.

McGiffert: Mr. Nakajima, President has done superb job especially in energy and I think public will come to recognize it as they recognize his integrity.

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Watari: Thank you. It was very instructive. It's late but how about a coffee break.

McGiffert: Fine.

BREAK

Watari: I would like to present my personal view about domestic situation in Japan. It is dangerous for career official to speak too frankly. I am not too different from these career Japanese officials and not too brave but I will present my view anyway. I will have my interpreter read a paper that was prepared by my staff in Tokyo then I will add my comments.

Interpreter reads:

Watari: I would like to call your attention especially to latter part of statement. Clear that Japanese public is shifting its opinion about defense but not too rapidly. It takes time for 100 million people to shift. Please look at chart as you listen to me. LDP controls just about half both House of Representatives and House of Councillors. About differences between LDP and Opposition not so much in economic and social policy; however, because LDP is in responsible position its members are careful about what they say. Opposition is bold but wouldn't be different if they

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took power. As you may know JSP as a party principle holds to unarmed neutrality. However, this is becoming outdated and I understand there is confusion in the party about this principle. Recent public opinion polls show that even the majority of JSP supporters support SDF. This shows a contradiction. Confronted with this Mr. Isibashi, powerful JSP leader, responded that public has changed but people support the status quo (low level of defense) because JSP opposed LDP. He said that if JSP becomes too tolerant in defense matters the situation would become much worse. As you know there are leftist and rightist factions within JSP; there are pro USSR and pro PRC factions. They are all pressed to consider defense matters more. As you know the Komeito Party has been becoming somewhat realistic in defense matters. They have given indications they support SDF but this has not become their official policy. DSP very forthcoming, in some ways more than LDP. JCP is the most antagonistic to the government in defense policy. They oppose SDF and Security Treaty; however, they are not against arms. They are against SDF as tool of US but if they took power they would have more defense power - Red Army. Shin Jizu Club is generally same as LDP. As

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far as Social Democratic Federation they are former right wing of JSP and don't have much influence. It is possible for us to talk with Opposition Parties except JCP on a case by case basis on defense issues. Mr. McGiffert knows very well I conducted a secret trade with JSP on cost sharing and Japanese laborers at US bases. However political party we can rely on in the end is only the LDP. In the Grumann scandal E-2C frozen funds all Opposition parties opposed releasing funds; both speakers who were LDP controlled the decision. According to recent news reports it is said that special Diet session will be convened in early September with general election later in September or early October. May I continue even though it is overtime?

McGiffert: Yes

Watari: Even though no public opinion poll on it, it is believed LDP majority will increase. The extent of increase in LDP seats is not easy to predict but as indicated in the sheet I gave you there are 18 vacancies. Most of these are from deaths of LDP members so that I think they should get most of these. Informed sources say they will

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increase by 20 but we can't rely on it. The expected increase in seats for LDP is a welcome prospect for us, but I want to emphasize that even if LDP has more than half, due to consensus building system they cannot suppress Opposition. LDP must build Opposition support behind the curtain. Different from US system the lower house in Japan has the stronger power, e.g. budget and ratification of treaty can become approved after time if approved by lower house irregardless of upper house. For a bill, situation is different. To legislate passage by both houses is necessary. Because of this a situation government officials worry about House of Councillors. Half will be elected next summer. LDP is having a hard time finding candidates. There is a tendency of upper house members to want to move to lower house so situation is difficult. Next I will speak of the possible focus in the next election. I think defense matters won't be focused on. Just like US what Japanese public is interested in is economic matters and living conditions so I think prices and inflation will be issues. For the past few years the Japanese economy

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has been stable but recently wholesale prices have gone up and government is alarmed. Recently the Bank of Japan has raised the discount rate and has tried to take a contraction policy in the economy. Japanese public is worried about the energy situation but I don't think there will be panic like in 1973. The Japanese state of finance is in a catastrophic state and government is considering consumption tax but very unpopular so government is considering not mentioning till after election. As you know very well there are so called factions within LDP but very dangerous far career officials to mention. Career officials conducting own directional policy to these factions. However as far as defense policy is concerned there doesn't seem to be much difference among the factions, e.g., Fukuda Cabinet was considered hawk, Ohira dove but there was no change in policy. If we look at long-term prospect for political social situation in Japan it seems to me rather stable. Let me give you one example as proof of my statement -- public opinion poll in spring. Question was which social class do you belong. Upper, middle, low -- 87% said they belonged to middle or upper. 70% said more or less happy; 4% said unhappy. Majority answered they thought Japan was going in better direction. Although I don't know if living standard of Japanese is satisfactory or not; EC report said Japan is country of workoholics working in rabbit hutches might be true but

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Japanese view that they are middle or upper class shows their stability. Although Japan public may not own nice houses they have money but government officials are exception.

Mr. McGiffert: Us too.

Mr. Watari: This concludes my remarks but since I gave you poll concerning defense problem, I'd like Mr. Ikeda to comment on it.

Mr. Ikeda: There is the poll of the PM office. Poll on SDF concerns GSDF but same tendency to ASDF and MSDF. Concerning reason for SDF -- maintaining security -- same as last year but fourth table -- future what role -- for national security - this is the first time. Page 4 compares 1969 and 1978. In 1978 68% favor MST, only 4% oppose. In 1968 12%. In 1978 young people greatly support; 84% they were the lowest in 1968. Big change.

Mr. McGiffert: Why is this?

Mr. Ikeda: I don't know. I'm too old.

Mr. Watari: They don't know about war and defects of old system.

Mr. Ikeda: Asahi(sp) Poll (not in the chart) in 1978 20 some percent said US will support Japan; 56% said US won't support.

Mr. Watari: I don't think we should put too much emphasis on this poll. Japanese have no experience in relying on someone else so people don't expect. Please don't understand

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MY COMMENT THAT I mean that presence of US isn't important.

Mr. Ikeda: Last chart is monthly Japanese poll. Dislike Soviet percentage becomes greater.

Mr. McGiffert: How is US?

Mr. Ikeda: Highly likely; China is second and Korea is not likely.

Mr. Watari: Korea doesn't like Japan either. Second after USSR. This is very delicate.

Mr. Nakajima: Mr. Watari's explanation was very comprehensive, so I can't add anything but Asahi poll was mentioned saying 56% said US won't support. My personal view is there is some point to it. Some people do wonder if a foreign country would help us if they had to shed their blood. Poll may not be precise but it should be ignored so we constantly try to explain to the people about the credibility of the Japan US security relationship and we are trying to make treaty operate more smoothly by solving base problems, working with Gen. Ginn.

Mr. McGiffert: Perhaps Asahi polls shows fears of Japanese peoples, others the hopes. We support the hopes.

Mr. Nakajima: We are telling the people we should make operation smooth.

Mr. Ikeda: Don't use the Jyi press poll public. It is copysighted.

Mr. Tamba: I would like to make brief comment. Time is short. I was protestor against Security Treaty.

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Mr. Watari mentioned changes. But buds are just coming up. We should not pour too much water. We need your help as before.

Mr. Sullivan: Education Ministry Poll is most interesting. Pro and con almost same till 1974 but then pro way up con down. Phase evaluation reason.

1) end of VN war; 2) normalization PRC; and 3) growth of Soviet power. How do you rate these?

Mr. Watari: The other day Mainichi(sp) introduced a chart mentioning what you say. They said 1973 was turning point and gap is ever increasing.

Mr. Okazaki: Can't say what is reason. Change of China attitude may have greatly influenced. May not agree with you that everything stable till 1974.

Mr. Nakajima: I think end of Vietnam war contributed Also oil shock alerted Japanese to dangers to security. Maybe not so much on Russian buildup as to change in 1974.

Mr. Watari: As you mentioned it is hard to single out individual factors, but everything you mentioned helped increase support.

Mr. McGiffert: How do you think over withdrawal from Vietnam contributed?

Mr. Nakajima: There was apprehension after your withdrawal and US was leaving all of Asia.

Mr. Okazaki: I personally feel there is a time lag. A few years ago there was view US was withdrawing from Asia.

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I feel we know this isn't true and I feel this may change in a few years.

Mr. Nakajima: Your leaders ensuring that you will not withdraw, eg., Secretary Brown speech in Los Angeles last February is very helpful to ensure us you are not withdrawing. Also Secretary Brown's posture statement was very helpful.

Mr. Watari: Please let me make a final comment -- please don't put too much credibility of what is in Japanese press. Believe us.

Mr. Watanabe/Mr. Okazaki: That is strictly off the record.

Mr. McGiffert: I think our staffs have agreed about press guidelines.

Mr. Watari: As far as these are concerned working level agreements are fine with me.

Mr. McGiffert: We feel this might have been very useful. Appreciate your candor. Like to meet again next year. I suggest our staffs arrange a date next spring or summer.

Mr. Watari: July there is upper house election. National Diet schedule is unknown. Therefore difficult to say what we would like. I have a general idea of about this time next year or January of the following. But since we can't predict we'd like to consult with you.

Mr. McGiffert: Fine.

Mr. Watari: I would like to enjoy with you that this meeting has been very useful. I know preparations were

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not easy, and I appreciate efforts of US personnel before and during the meeting. I am glad we could exchange views freely and frankly. I am happy for friendly relations with US. I think we can solve our problems together, and I would like to thank US participants headed by Mr. McGiffert.

Mr. McGiffert: Thank you. These discussions have been useful and very much appreciated by us. Please take Secretary Brown's greetings to Minister Yamashita and say we are looking forward to his visit.

Mr. Watari: Thank you.

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TALKING PAPER

J0016
RELEASE

FOR

FIRST SESSION - US-JAPAN SSC

C-245

JUNE 30 - JULY 2

1. INTRODUCTION

Since the last SSC there have been dramatic changes in the security landscape -- the discovery of Soviet combat forces in Cuba, increased Soviet buildup of forces in Japan's Northern Territories, the taking of American hostages in Iran; the Soviet invasion of Afghanistan; Secretary Brown's visit to the PRC and the return visit of Vice Premier Geng Biao to the US; the withdrawal of SALT II from consideration by the Senate; the death of Marshall Tito, and the assassination of President Park followed by the collapse of civilian rule in the Republic of Korea.

- In discussing developments we will be particularly interested in exploring implications for US-Japanese defense cooperation. I will talk about global concerns, emphasizing what we are doing in response to the Soviet invasion of Afghanistan, and I will be followed by Nick Platt who will talk about the situation in East Asia.

- I would like to discuss the two most important problems that we face in combatting worldwide Soviet strategy: the buildup of Soviet military capabilities and the many sources of instability in the Third World, particularly in the vital oil-producing region of the Persian Gulf.

-- One measure of the growth in Soviet military capabilities comes from the growth of their defense budget. While our knowledge of how the Soviets allocate their resources is imperfect, there are some obvious trends. During the last decade the total Soviet defense effort has grown at a real rate of approximately 4 to 5 percent per annum in rubles (3-4% in dollars). Because defense spending has grown at about the same rate as the economy as a whole, these expenditures have absorbed a relatively constant 11 to 12 percent of the Soviet Gross National Product.

-- Unlike in Japan and in the US, only a relatively small fraction of Soviet defense spending goes to manpower; most goes into hardware procurement, military construction, research and development, and other "investments" that contribute to the actual growth of Soviet military capability. What we have to worry about is the cumulative effect of many years of such "investment".

- This Soviet defense expenditure has resulted in a substantial expansion of Soviet military forces and an across-the-board improvement in the quality of weapons and equipment. The most significant increases have taken place in Frontal (tactical) Aviation and Ground Forces--especially in Central Europe and along the Sino-Soviet border -- in the strategic missile forces, and in the Soviet Navy.

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-- It is easy, to summarize the changes wrought by the last fifteen years of Soviet military build-up: they have increased their advantages in areas where they were already ahead and significantly reduced our advantages in areas where they were behind.

- The other important advantage the Soviets have is the dependence of ourselves and our major allies on oil from the Persian Gulf, a politically unstable area increasingly accessible to Soviet military power.

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-- The collapse of Iran as a stabilizing force has completely altered the military balance in the region and leaves the weaker countries in the area (which happen also to be most of the [redacted] more vulnerable than ever to both internal and external security threats. Iran's military weakness obviously renders that country ineffective as a barrier to the projection of Soviet military power into the Persian Gulf. Even more important perhaps, is the fact that Iran is no longer there to oppose indirect threats, e.g., by helping the smaller states.

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-- Moreover, the Soviet Union has also been projecting power in the region through its build-up in Afghanistan, South Yemen and the Horn of Africa.

-- This Soviet presence is already an instrument of pressure on neighboring countries like Saudi Arabia and Pakistan and could become a base for Soviet military operations against them or even us. For example, by blocking US access to the region through the Red Sea or the Straits of Hormuz.

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-- For all of these reasons, [redacted] countries are more dependent than ever on the United States to provide security from external threats. However, an American military presence that is too overt may make their internal security problem even more severe. Recognizing this difficulty, as well as the fact that the problem is both political and military, we plan to pursue a strategy that responds to both the internal and the external security problems.

- So much for our most urgent problems. But of course the Soviet Union too has problems, and they are perhaps more severe in the long run: While we believe that the defense spending of the USSR is likely to continue to increase over the next five years at or near the high rate of the past 15 years, the continued growth of Soviet capabilities is not inevitable. Our experts note that there are economic constraints as well as political factors which make it difficult to forecast Soviet defense programs and expenditures in the 1980s.

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-- Soviet economic growth has been slowing down and has recently fallen below the rate of growth estimated for defense expenditures. Energy problems and demographic problems are likely to lead to a further economic slowdown in the 1980s, so that defense activities could begin to consume an increasing share of Soviet resources. If so, continued growth in the defense sector could actually result in a cessation of growth or even a real decline in the Soviet standard of living. This would confront the Soviet leadership with some fundamental decisions, quite possibly at a time of a crisis over the political succession. It is impossible to predict how such a crisis might be resolved, but one may outline the good and the bad possibilities for the rest of the world.

-- Rather than resolve these contradictions, the Russians may simply press along the same path they have followed for the last 15 years, at the cost of greater internal strains and greater burdens on the Soviet people, but perhaps avoiding any decisive crisis;

-- Alternatively, the Soviets may be forced to question in a fundamental way the extent to which they can continue a policy that requires such a high level of military investment, and choose instead a strategy of greater accommodation and cooperation with competing regimes;

-- A third and sobering alternative is that the Soviet leadership, perhaps a younger and bolder leadership, might decide that it should move decisively to extract advantage from the huge investment made in the military forces. This could prompt aggressive Soviet military actions, even at a high risk of global conflict.

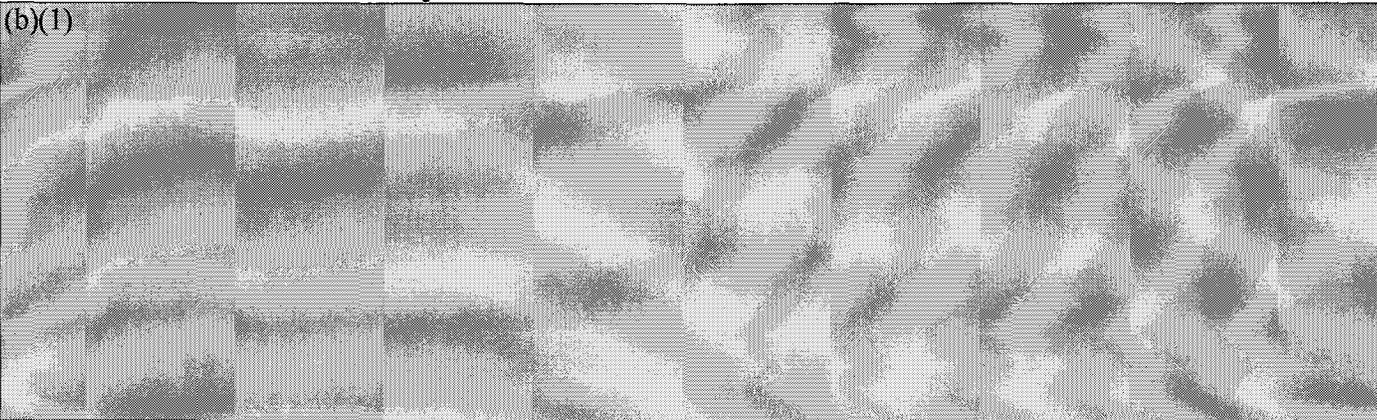
-- Against these prospects our strategy can be defined simply: We must create incentives, both positive and negative, for the Russians to choose the second alternative and we must have the military capability to protect ourselves in case they choose the third.

US Plans to Strengthen Its Forces

- Let me document our determination by reviewing our defense plans for FY 81.

- This budget provides for a real growth of 5.2% over the previous year. Over the next five years we plan for a real growth rate of 4.4% each year.

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-- That our Navy will continue to be the most powerful on the seas.

- To achieve these objectives we have:

-- Increased the procurement of equipment, other than ships, by 9.4% in real terms. This includes increased production of F-16 and F-18 aircraft as well as most other types of equipment.

-- Earmarked funds for 17 new ships and we plan to build 95 ships over the next five years. To obtain more efficient use of our carrier battle groups we are examining additional overseas homeporting which has worked so well in Yokosuka in other areas of the Pacific outside of Japan and in the Atlantic.

-- Improved force, readiness and combat effectiveness by increasing operations and maintenance funds by 5%.

-- Increased research, development, test and evaluation funding by 13.0%.

-- Under this budget, the quality of our strategic missile force will improve significantly. The research and development program for the MX missile is funded at \$1.5 billion and full-scale production of the Air Launched Cruise Missile will begin.

-- US ground forces will remain at 24 Army and 4 Marine Divisions with increased production of the XM-1 tank and the Infantry fighting vehicle improving the quality.

-- The Air Force continues to plan for 26 fully equipped fighter/attack wings in the active force with quality upgraded by the addition of new F-16 and A-10 aircraft. We will increase the number of Air Force Reserve and Air National Guard tactical fighter squadrons by about two and one-half squadrons.

- We are increasing defense spending and improving forces even though other portions of our government are drastically reducing their spending in an effort to halt inflation and balance the budget.

* * * * *

Response to Soviet Invasion of Afghanistan

- Let me now describe what we have done militarily and politically in response to the Soviet invasion of Afghanistan.

-- First, we have deployed naval forces in the Indian Ocean greatly superior to that of the USSR. We have two carrier battle groups there now, one from the Pacific and one from the Mediterranean. Our long-term plans call for maintenance of a significant military presence in the region on a permanent basis. After release of the hostages in Iran we may withdraw some of these forces but we will continue to maintain a level significantly higher than previous to the invasion of Afghanistan. We are also continuing to improve the facilities on Diego Garcia.

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-- Second, we are prepositioning military equipment in the region aboard special cargo ships. The equipment and supplies stored will be enough for several Marine Amphibious Brigades and Air Force Fighter Squadrons to operate until further logistical support can arrive from the US. When arrangements are complete we will be able to respond to a crisis in a matter of days.

-- Third, we are improving our strategic mobility forces. As of now we could put land-based tactical air in the region in hours, the first battalion of the 82nd Airborne Division could arrive in two days, and the entire division in two weeks. A full Marine Amphibious Force--one division and one air wing--could be deployed in four weeks. To improve this capability, we are accelerating purchase of aerial tankers, beginning a long-term program to procure a new "CX" transport aircraft, improving existing C-5 and C-141 aircraft, modifying the Civil Reserve Air Fleet, and acquiring high-speed civilian ships.

-- Fourth, we are progressing with negotiations to increase access to port, airfield and other facilities in Oman, Kenya, and Somalia.

-- Fifth, we made it clear to our allies that our increased responsibilities in the Persian Gulf, Indian Ocean area require increased efforts on their part.

- In May we told our NATO allies that the US strongly supports a "division of labor" in the alliance. While we count on our allies to join us in all feasible peacetime or emergency help to any threatened state in Southwest Asia, we accept that America will have to play the main role. By the same token, we urged our allies to make up for some of the required division of US resources by strengthening their own defense contributions to NATO.

- On balance, our NATO allies welcomed and responded quite favorably to this presentation, and NATO is now considering what can and should be done to implement this concept. They stated they would do their utmost to meet additional burdens for NATO security which could result from increased US responsibilities in Asia. In this regard all of the major NATO allies will meet their goal of a three percent increase in defense spending next year which is an improvement and they have agreed to the deployment of Pershing II's as a counter to Soviet capabilities in Eastern Europe.

- We have passed the same message to you at all levels of your government--urging you to accelerate completion of your force improvement plans, contribute more to the expenses of maintaining US forces in Japan, and provide economic aid to key countries, including Pakistan, Egypt, Turkey, Oman and the ROK. You have already responded favorably on the economic aid issues. You were one of the first to support an Olympic boycott and have instituted economic sanctions against Iran. We appreciate these actions very much.

- In the long run the significance of Japan's role will depend on the degree to which it can make steady and significant increases in its own self-defense capabilities, and larger contributions to

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the costs of maintaining US bases in Japan. The deployments that we have made in the Indian Ocean are in Japan's direct interest. The increases in the US defense budget are in Japan's direct interest. We would like you to join us in adding to the aggregate capability of our allies to cope with Soviet challenges in the 80's. The time to start is with the JFY 1981 defense budget. I look forward to your presentations.

- Contingency talking point If TAMBA or someone else on the GOJ side raises the issue of the DPC communique's reference to our promise to not take any forces permanently stationed in Europe for use in Southwest Asia to try to get a similar commitment not to move the Okinawa marines to the Gulf.

- "The forces referred to in the DPC communique are permanent ground forces positioned for NATO's defense. We have moved naval forces from the Sixth Fleet to the Seventh Fleet in the Indian Ocean as part of our response to the serious situation in that area of the world. The Okinawa marines are the Seventh Fleet's ready marine force which must be available to support US and Japanese interests anywhere in the Seventh Fleet's operating area."

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J0910
RELEASE

Unofficial Suggestions for Japanese Defense Improvements (4)

C-308

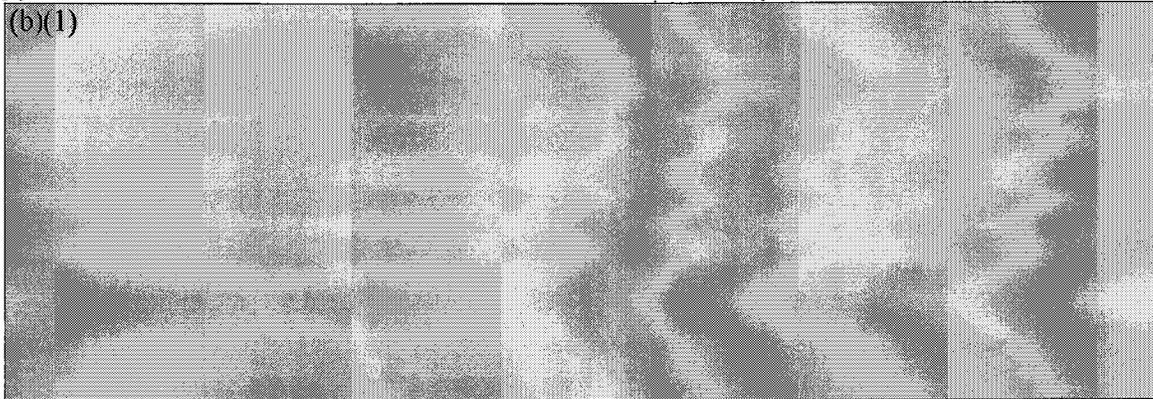
Priority 1. Ensure that the FY 80-84 Mid-Range Plan is fully funded.

a. Restore programs in the outyears that were cut from the JFY 80 budget request (e.g., 2,900 ton DD, F-1s, 35mm AA guns, etc.)

Priority 2. Improve the combat effectiveness of the existing force.

a. Common to All Mission Areas

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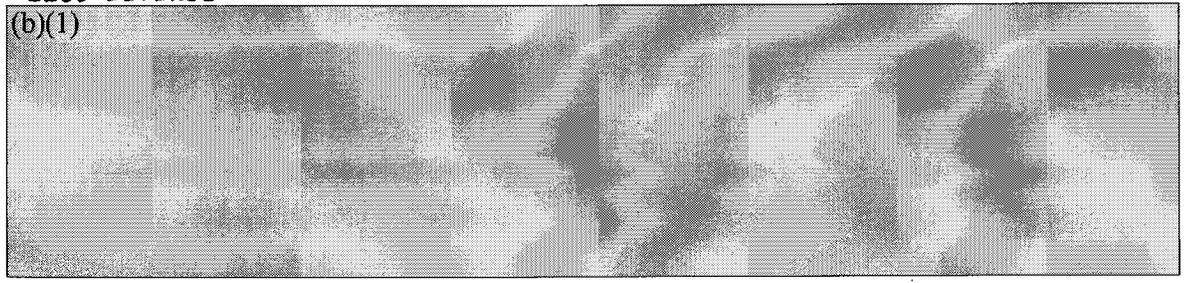
b. Ground Defense

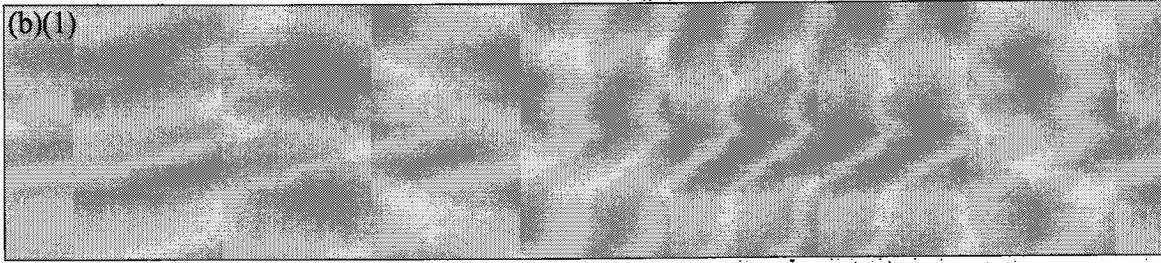
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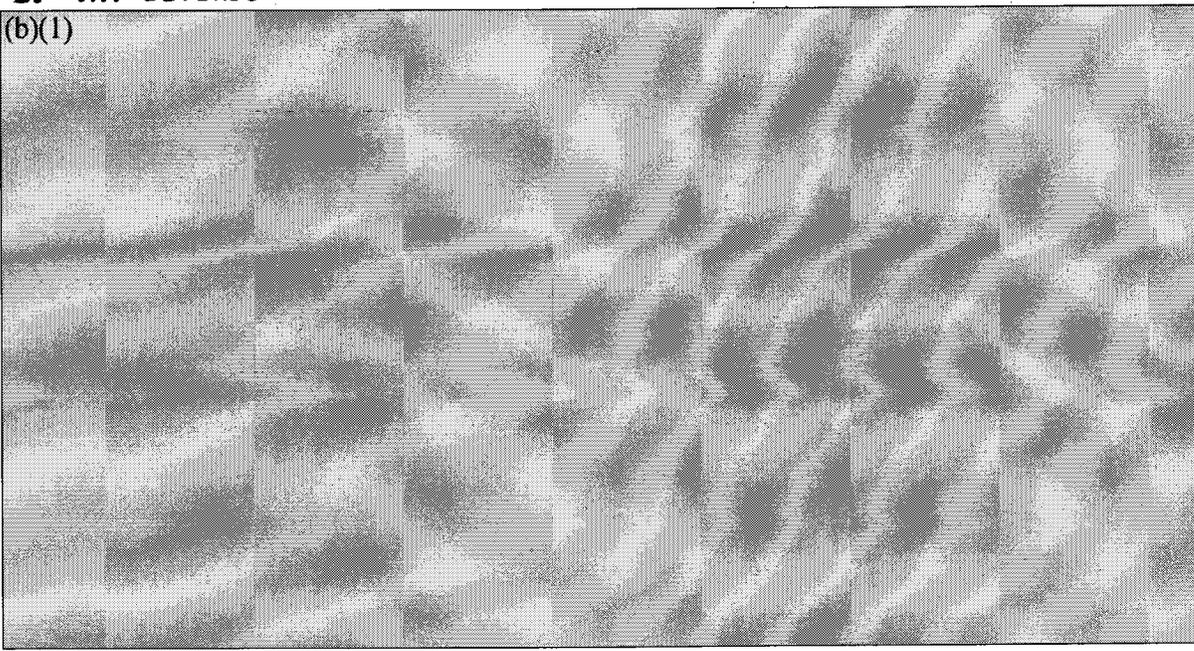
c. SLOC Defense

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d. Air Defense



Priority 3. Programming Initiatives (Reflect in JFY 81 Revision of Mid-Range Plan)

a. GSDF Ground Defense

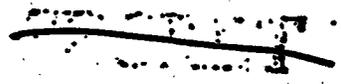
- (1) Focus on equipment modernization rather than personnel increases
- (2) Improve inter-island mobility

b. HSDF SLOC Defense

- (1) Emphasize shipboard AAW ^{2) increase escort inventories}
- (~~3~~) Move toward land-based air defense for the SLOC
- (~~4~~) Procure more passive ASW sensors (towed arrays, narrowband processors)

c. FSDF Air Defense

- (1) Increase fighter inventories
 - Consider retention of F-104s
- (2) Increase AEW aircraft numbers
 - 8 E-2s won't support 2 sustained orbits
- (3) *Improve AAA capabilities*



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Concurrent Initiatives

- Expand Japanese Host Nation support programs
- Develop a coherent structure for future programs that balances Japan's interest in industrial participation with U.S. concerns about technology transfer and efficient use of alliance resources.

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DEPARTMENT OF DEFENSE

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SECTION 01 OF 03
SSC XII PREPARATION (U)

A. JCS 182202Z APR 80

1. (U) REF A REQUESTED INFORMATION ON "ASSOCIATED ACTIVITIES" WITHIN BILATERAL PLANNING PROCFS, AND ON COST SHARING. REF A ALSO ASKED FOR RECOMMENDATIONS ON STRATEGY FOR JFY 81 COST SHARING, AND FOR INFORMATION USEFUL FOR US GOVERNMENT APPROACHES TO GOJ FOR INCREASED COST SHARING. RESPONSES BY TOPIC FOLLOW. SUBSTANTIVE CONTENTS OF PARAS 2, 3, 4, WERE COORDINATED WITH AMEMBASSY TOKYO BY COMUSJ.

2. (U) BILATERAL PLANNING AND ASSOCIATED ACTIVITIES.

A. (U) BACKGROUND: AT THE SEVENTEENTH MEETING OF SECURITY CONSULTATIVE COMMITTEE (SCC), 27 NOV 78, UNITED STATES AND JAPAN ADOPTED GUIDELINES FOR JAPAN-US DEFENSE COOPERATION TO IMPLEMENT PROVISIONS OF THE MUTUAL SECURITY TREATY (MST). THIS WAS THE CULMINATION OF TWO YEARS OF WORK BY THE SUBCOMMITTEE FOR DEFENSE COOPERATION (SDC). APPROVAL OF THE GUIDELINES ATTAINED TWO OBJECTIVES. FIRST, IT AUTHORIZED COMPREHENSIVE MILITARY TO MILITARY DEFENSE PLANNING. SECOND, IT SET IN MOTION CLOSER SUBSTANTIVE MILITARY COOPERATION IN SUPPORT OF THE MST. THE GUIDELINES PROVIDE FOR BILATERAL MILITARY PLANNING IN THREE AREAS: A DIRECT ATTACK ON JAPAN; CONTINGENCIES IN FAR EAST WHICH IMPACT ON THE SECURITY OF JAPAN; AND ACTIVITIES AND STUDIES ASSOCIATED WITH THE ABOVE PLANNING GOALS. THESE ASSOCIATED ACTIVITIES ADDRESS STUDIES ON A COMMON PREPAREDNESS CONDITION (PREPCON), JOINT COORDINATION CENTER, LOGISTICS AND LOGISTICS SUPPORT, INTELLIGENCE COOPERATION AND

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PAGE 2

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COMBINED EXERCISES AND TRAINING. ON 15 FEB 79, THE MEMORANDUM FOR CONDUCT OF JOINT STUDIES AND ASSOCIATED ACTIVITIES BY JSDF-USFJ WAS SIGNED BY COMUSJAPAN AND THE CHAIRMAN OF THE JOINT STAFF COUNCIL. THIS DESCRIBED THE AGREED METHODOLOGY, ORGANIZATION, AND PROCEDURES FOR PLANNING ACTIONS. THE MEMORANDUM ALSO ESTABLISHED THE HIERARCHICAL ORGANIZATION FOR PLANNING. IT UNDERScoreD INVOLVEMENT OF THE JOINT STAFFS (USFJ/JSO) AND THE SERVICES, AND IDENTIFIED ROLES AND TASKS FOR EACH. THE DIRECTION AND CONTROL WOULD COME FROM THE JOINT STAFFS, BUT THE SERVICES' FULL PARTICIPATION IN THE PROCESS AT APPROPRIATE POINTS IN THEIR AREAS OF TECHNICAL EXPERTISE AND INTEREST WAS ASSURED. A JOINT PLANNING DIRECTIVE (JPD) WAS SIGNED ON 13 JULY 1979. IT CONTAINED THE AGREED THREAT SUMMARY BASED ON THE DIA ASSESSMENT, A PRELIMINARY CONCEPT OF OPERATIONS, PLANNING GUIDANCE AND A MILESTONE SCHEDULE. FUNCTIONAL STAFF ESTIMATES HAVE BEEN COMPLETED IN ALL AREAS EXCEPT OPERATIONS. THE OPERATIONS ESTIMATE HAS BEEN HELD IN ABRAYANCE PENDING APPROVAL BY THE JCS OF THE LIST OF NOTIONAL U.S. FORCES AVAILABLE FOR PLANNING.

4. (S) DISCUSSION: BILATERAL PLANNING EFFORTS WITH THE JAPANESE ARE PROGRESSING IN SPITE OF THE CURRENT TEMPORARY DELAY IN RELEASE OF THE US APPROVED NOTIONAL FORCE LIST. USFJ CONTINUES TO MOVE AHEAD IN THE ASSOCIATED ACTIVITIES AND IS ALSO NEARING COMPLETION OF THE FIRST DRAFT OF [REDACTED] THE INITIAL DRAFT PLAN CAN THEN BE PASSED TO US SERVICE COMPONENTS FOR REVIEW AND COMMENT AND THEN TO JSO FOR COORDINATION. WHEN THE JOINT PLAN HAS BEEN FULLY COORDINATED AND APPROVED, SERVICE COMPONENTS WILL DEVELOP SUPPORTING PLANS IN COORDINATION WITH THEIR JAPANESE COUNTERPARTS. STATUS OF ASSOCIATED ACTIVITIES STUDIES IS AS FOLLOWS:

(b)(1)

(1) (U) LOGISTICS AND LOGISTICS SUPPORT. A LOGISTIC STAFF STUDY GROUP HAS BEEN FORMED. THE STUDY GROUP ACTS UNDER COMBINED DIRECTION AND SUPERVISION OF THE CHIEF, J4/JSO AND THE USFJ/J4. SENIOR LOGISTICIANS FROM BOTH USFJ COMPONENTS AND JSDF SERVICES COMPRISE THE STUDY GROUP MEMBERS. STUDY GROUP PROVIDES A FORUM FOR DISCUSSION AND SOLUTION OF MUTUAL LOGISTIC PROBLEMS AND AN OPPORTUNITY TO GAIN AN INSIGHT AS TO HOW EACH RESPECTIVE LOGISTIC SYSTEM FUNCTIONS. THE STUDY GROUP HAS DEVELOPED AND PUBLISHED A GLOSSARY OF LOGISTIC TERMS WHICH DEFINES OVER 100 COMMON LOGISTIC TERMS. FURTHER PROGRESS IN LOGISTICS AREA WILL BE SLOW UNTIL FINAL FORCE LEVELS ARE DETERMINED.

(2) (S) COMBINED EXERCISES AND TRAINING. PROGRESS IN THIS AREA HAS BEEN MEASURED BY GROWING AWARENESS ON THE PART OF THE JAPANESE MILITARY AS TO IMPORTANCE OF EXERCISING THE VARIOUS PROVISIONS OF THE PLAN. BROAD CONCEPTS HAVE BEEN DISCUSSED, BUT JAPANESE OPINION IS THAT CONCRETE OBJECTIVES CANNOT BE DETERMINED

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UNTIL THE PLAN IS FINALIZED.

(3) (S) PREPCON. THE COMMON PREPAREDNESS CONDITIONS STUDY IS EXAMINING COMMON LEVELS OF READINESS FOR BOTH JSDF AND USFJ TO ATTAIN IN ORDER TO REACT TO VARYING WORLD AND REGIONAL CONDITIONS. IT IS ANTICIPATED RESULTS OF THIS STUDY WILL BE INCLUDED IN THE PLAN.

(4) (S) COORDINATION CENTER. THE COORDINATION CENTER STUDY GROUP IS EXAMINING REQUIREMENTS FOR COMMAND AND CONTROL ON EACH SIDE AS WELL AS REQUIREMENTS FOR COORDINATION CHANNELS BETWEEN THE TWO FORCES. BASIC CONCEPT IS THAT EACH FORCE WILL OPERATE UNDER ITS OWN COMMAND STRUCTURE WITH INTERFACES AT EACH APPROPRIATE LEVEL OF COMMAND. IT IS CURRENTLY ENVISIONED THAT THESE INTERFACES WOULD BE SMALL CELLS WITHIN EACH COMMAND WHOSE PURPOSE WOULD BE LIAISON AND COORDINATION WITH COUNTERPARTS IN A SIMILAR CELL ON THE OTHER SIDE. THERE IS NO PLAN AT PRESENT FOR A COMBINED COMMAND STRUCTURE SUCH AS THE ONE IN KOREA.

(5) (S) INTELLIGENCE EXCHANGE. INTELLIGENCE EXCHANGE HAS BEEN ENHANCED BY THE DEVELOPMENT OF A GLOSSARY OF TERMS TO PROVIDE AND ASSIST IN MUTUAL UNDERSTANDING WHILE PREPARING THE INTELLIGENCE ANNEX, AND BY THE ESTABLISHMENT OF A SECURE COMMUNICATION CIRCUIT BETWEEN USFJ AND JSDF TO SUPPORT THE EXCHANGE OF INTELLIGENCE. CONTINUOUS AND INCREASED LEVELS OF INTELLIGENCE AND INFORMATION EXCHANGES, BOTH FORMAL AND INFORMAL, HAVE SUPPORTED BILATERAL MILITARY PLANNING EFFORTS. THE PROCESS OF DEVELOPING [REDACTED] (b)(1) HAS PROVIDED AN OPPORTUNITY FOR BOTH JAPANESE AND US PLANNERS TO REVIEW OUR MUTUAL OBJECTIVES AND OUR ABILITY TO MEET THEM. WE CAN SEE NEED FOR IMPROVEMENTS IN BOTH JAPANESE AND US CAPABILITIES.

3. (U) COST SHARING.

A. (U) LABOR

(1) (U) BACKGROUND. IN DECEMBER 1977, THE FIRST LABOR COST SHARING AGREEMENT WAS REACHED BETWEEN US AND GOJ WHICH SET A PRECEDENT FOR CONTINUED COST SHARING AND WHICH LED TO GOJ INITIATIVES ON FURTHER LABOR COST SHARING AND A SIZABLE PACKAGE IN THE FACILITIES AREA AS WELL. THIS FIRST AGREEMENT TOOK EFFECT FOR JFY 78 (1 APR 78 - 31 MAR 79) AND RESULTED IN GOJ CONTRIBUTING APPROXIMATELY \$30 MILLION IN INDIRECT LABOR COSTS (WELFARE AND ADMINISTRATIVE COSTS). A SECOND COST SHARING AGREEMENT COVERING JFY 79 (CONCLUDED IN DECEMBER 1978) DOUBLED THE AMOUNT CONTRIBUTED (LANGUAGE ALLOWANCE, USFJ DIFFERENTIAL AND PART OF THE RETIREMENT ALLOWANCE). GOJ LABOR COST SHARING REPRESENTS APPROXIMATELY 13 PERCENT OF THE TOTAL LOCAL NATIONAL LABOR COSTS. THE VALUE OF THESE ACCORDS WILL EXPAND AT ABOUT THE SAME RATE AS LABOR COSTS IN LOCAL ECONOMY.

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(2) (S) DISCUSSION. SENIOR GOJ OFFICIALS HAVE PUBLICLY SAID THAT LABOR COST SHAPING ARRANGEMENTS ARE AT MAXIMUM LEVEL

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SECTION 02 OF 03

PERMITTED UNDER SOFA; HOWEVER, GIVEN GOJ PROVEN ABILITY TO BE INVENTIVE ON THIS SCORE, WE WOULD NOT WISH TO RULE OUT CATEGORICALLY, FURTHER PROGRESS IN THE FUTURE. ANY NEW LABOR COST SHARING INITIATIVES CAN SUCCEED ONLY IF THEY ARE PERCEIVED AS JAPANESE INITIATIVES. CAUTION SHOULD BE EXERCISED SO AS NOT TO JEOPARDIZE CURRENT COST SHARING PROGRAMS, DETRACT FROM JAPAN'S OWN DEFENSE BUDGET, OR LEAD TO LOSS OF US MANAGEMENT CONTROL OVER ESSENTIAL FUNCTIONS.

A. (U) FACILITIES.

(1) (U) BACKGROUND. ALONG WITH THE AGREEMENT FOR LABOR COST SHARING FOR JFY 79, THE GOJ EXPANDED THEIR COST SHARING EFFORTS TO INCLUDE A NEW FACILITIES IMPROVEMENT PROGRAM (FIP) CURRENTLY DESIGNED PRIMARILY TO UPGRADE HOUSING FOR USFJ PERSONNEL. THE INITIAL CONTRIBUTION TO THIS PROGRAM AMOUNTED TO APPROXIMATELY Y22.7 BILLION (\$100 MILLION) WITH OUTLAYS TO BE SPLIT BETWEEN JFY 79 AND JFY 80.

(2) (U) DISCUSSION. FOR JFY 80, THE GOJ INCREASED THE FIP CONTRIBUTION 20 PERCENT TO APPROXIMATELY Y27.3 BILLION (\$120 MILLION) WITH OUTLAYS TO BE SPLIT BETWEEN JFY 80 AND JFY 81. HOWEVER, THERE WAS A PROPORTIONATE DECREASE IN THE MONIES ALLOCATED FOR RELOCATING US FACILITIES. IN ORDER TO COUNTER PERCENT CRITICISM THAT JAPAN WAS ENJOYING A FREE RIDE AND NOT DOING ENOUGH FOR ITS OWN DEFENSE, GOJ OFFICIALS HAVE INDICATED JAPAN WOULD PROVIDE SIGNIFICANT INCREASES IN THE FACILITIES COST SHARING PROGRAM IN JFY 81.

C. (U) COST SHARING OUTLAYS.

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IN BILLIONS OF YEN

(* IN MILLIONS AT \$1 225)

	JFY 7A	JFY 7B	JFY 8A
LABOR	5.2 (23)	13.0 (58)	13.7 (61)
LABOR ADMINISTRATION	3.6 (16)	3.2 (14)	3.3 (15)
FACILITIES IMPROVEMENT PROGRAM		14.0 (62)	22.7 (101)
AS COSTS RELATED TO USFJ PRESENCE, GOJ NORMALLY INCLUDES THE FOLLOWING ADDITIONAL ITEMS:			
BASE COUNTERMEASURES	27.5 (122)	34.9 (155)	40.4 (180)
LAND RENTALS	33.7 (150)	35.2 (156)	36.8 (164)
RELOCATION CONSTRUCTION	26.9 (120)	29.6 (132)	22.2 (99)
DFAA ADMINISTRATION	10.1 (45)	10.8 (48)	11.1 (49)
EQUIVALENT RENTAL FOR GOJ LAND (OPPORTUNITY COST)	41.5 (184)	40.0 (178)	40.0 (178)
OTHER	5.4 (24)	5.7 (25)	5.6 (25)

4. STRATEGY FOR JFY 81 COST SHARING.

A. RECENT US SUGGESTIONS FOR IMPROVEMENTS IN JAPAN'S DEFENSE POSTURE INCLUDE THE SECDEF'S PROPOSAL THAT JDA'S MID-RANGE DEFENSE PROGRAM BE ACCELERATED BY ONE YEAR. THIS COMMENT HAS BEEN WIDELY INTERPRETED BY THE JAPANESE AS A STATEMENT OF WHAT WOULD SATISFY THE US CALL FOR STEADY AND SIGNIFICANT FORCE IMPROVEMENT MEASURES. WE NEED TO MAKE IT CLEAR THAT THIS PARTICULAR PROPOSAL WAS NOT INTENDED AS SUFFICIENT IN ITSELF. ACCELERATION OF THE MID-RANGE PROGRAM IS A DESIRABLE MEASURE, BUT SHOULD BY NO MEANS RULE OUT OTHER ACTIONS AND INITIATIVES ON THE PART OF THE GOJ. IT SHOULD NOT BE CONSIDERED A "CEILING" WHICH, IF REACHED, WOULD SATISFY OUR DESIRE FOR INCREASED JAPANESE DEFENSE EFFORTS.

B. BOTH WORKING LEVEL AND SENIOR OFFICIALS OF GOJ HAVE CONTINUALLY EMPHASIZED THAT ANY DEFENSE ENHANCEMENT, COST SHARING, OR REALLOCATION OF RESOURCES APPEAR AS A GOJ INITIATIVE, RATHER THAN APPEAR AS A REACTION TO OVERT US PRESSURE. THE USG SHOULD HONOR THIS REQUEST, SO AS TO FACILITATE GOJ WORKING THE PROBLEM WITHOUT THE ADDITIONAL BURDEN OF ACCUSATIONS BY THE OPPOSITION OF US INTERFERENCE.

C. THE US SIDE SHOULD DEEMPHASIZE THE USE OF A PERCENT OF GNP AS A MEASURE OF MERIT FOR JAPANESE DEFENSE EXPENDITURES AND INsofar AS POLITICALLY PRACTICABLE, ENCOURAGE THE GOJ TO RELATE THEIR DEFENSE BUDGET TO REQUIREMENTS VALIDATED BY THE REALITIES OF THE INTERNATIONAL SITUATION AND BILATERAL PLANNING.

D. IN COST SHARING TALKS, OUR INTENT SHOULD BE TO SHOW A US REQUIREMENT FOR CONTINUED, INCREASED COST SHARING IN ALL ASPECTS OF US FORCE PRESENCE. AN UNINTENTIONAL EMPHASIS ON ANY ONE COST SHARING PROGRAM MAY BE MISINTERPRETED AS A MUTUALLY EXCLUSIVE

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REQUEST AT THE EXPENSE OF OTHER PROGRAMS. A BALANCED REQUEST FOR INCREASED COST SHARING IN LABOR, OTHER O&M AREAS, FACILITIES, AND MISSION RELATED PROJECTS WOULD KEEP ALL AREAS OF CONSIDERATION OPEN ENDED AND POTENTIALLY PRODUCTIVE.

E. ~~(S)~~ SPECIFIC DOLLAR AMOUNTS SHOULD NOT BE CITED INASMUCH AS GOJ MAY BE CONTEMPLATING SPENDING MORE.

F. ~~(S)~~ OVERALL STRATEGY SHOULD BE TO PROVIDE THE JAPANESE SEVERAL OPTIONS, ALL OF WHICH WOULD SHOW A STEADY AND SIGNIFICANT INCREASE AND ALL OF WHICH CAN BE PUBLICLY PROCLAIMED AS JAPANESE INITIATIVES.

5. ~~(S)~~ USG APPROACHES FOR INCREASED COST SHARING. FOLLOWING SUGGESTED INFORMAL TALKING POINTS ARE OFFERED:

A. ~~(S)~~ MISSION RELATED COST SHARING:

(1) ~~(S)~~ AS BILATERAL PLANNING FOR THE DEFENSE OF JAPAN PROGRESSES OPERATIONAL EQUIPMENT REQUIREMENTS TO CORRECT INTER-OPERABILITY SHORTFALLS WILL BE IDENTIFIED. FOR EXAMPLE, IT MAY BE NECESSARY TO PROCURE E3A-BADGE (Y) INTERFACE EQUIPMENT TO INSURE EFFECTIVE C2 COORDINATION. WE WOULD EXPECT THE JAPANESE SIDE TO ACCEPT FIRST RESPONSIBILITY FOR PROCURING EQUIPMENT TO SATISFY THESE INTEROPERABILITY REQUIREMENTS.

(2) ~~(S)~~ THE BILATERAL PLANNING PROCESS WILL IDENTIFY REQUIREMENTS OR POTENTIAL FOR PREPOSITIONED MATERIAL TO SUPPORT AUGMENTING US FORCES. WE WOULD EXPECT THE JAPANESE SIDE TO PROCURE AND STORE MOST OF THIS MATERIAL. EXAMPLES ARE POL, AMMUNITION, TRAP, VEHICLES, SPARES, AGE.

(3) ~~(S)~~ DUE TO THE AIRLIFT SHORTFALLS, THE GOJ SHOULD PLAN ON PROVIDING THE SUPPORT FORCES (EG; MPIS, COOKS, AERIAL PORT PERSONNEL) NECESSARY FOR REDDING DOWN AND EMPLOYING US FORCES IN THE EARLY STAGES OF A CONFLICT. JSDF RESERVE FORCES MAY BE APPROPRIATE FOR THIS.

(4) ~~(S)~~ IN ORDER TO AVOID DELAYS IN THE BILATERAL PLANNING PROCESS, PRELIMINARY VIEWS ON THE ABOVE SHOULD BE SHARED NOW.

B. ~~(S)~~ HOUSING. THE GOJ IS WELL AWARE OF THE NEED FOR FIP ASSISTANCE TO AID IN THE SOLUTION OF NAVY HOUSING SHORTFALLS IN THE KANTO PLAIN AREA. WE HAVE PROPOSED TO THE GOJ A 1300 UNIT PROJECT AT IKEGO TO ANSWER OUR NEEDS AT BOTH YOKOSUKA AND ATSURI. WE BELIEVE IKEGO IS THE BEST SOLUTION. WE UNDERSTAND, HOWEVER, THAT THERE ARE PROBLEMS IN OBTAINING THE POLITICAL CONSENSUS TO ALLOW THE IKEGO PROJECT TO PROCEED. NONETHELESS, THE NAVY PROBLEM IS ACUTE AND MUST BE SOLVED IN A TIMELY MANNER. YOKOSUKA HIGH RISES WILL NOT SOLVE THE PROBLEM BECAUSE THIS BASE IS SERIOUSLY OVERCROWDED ALREADY. WE ARE OPEN TO GOJ VIEWS ON HOW TO SOLVE THIS CRITICAL PROBLEM. WE NEED TO DO SO QUICKLY.

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C.

(1) ~~(S)~~ O&M AND LAROP COST SHARING:
(1) ~~(S)~~ CONGRESS EXPECTS THAT INCREASING GOJ COST SHARING

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FINAL SECTION OF 03
WILL OFFSET SOME CURRENT DOD EXPENDITURES IN JAPAN. UNDOUBTEDLY
THIS EXPECTATION FOR SAVINGS WILL CONTINUE AND RECEIVE PUBLIC
ATTENTION WITH PUBLICATION OF THE GAO REPORT NOW BEING WRITTEN.
LIBERAL INTERPRETATION OF THE APPROPRIATE SOFA PROVISIONS AND
DIRECT O&M CONTRIBUTIONS WOULD BE VERY USEFUL IN SATISFYING THIS
CONGRESSIONAL AND PUBLIC CONCERN. WE ARE PREPARED TO WORK WITH YOU
TO FIND MUTUALLY ACCEPTABLE NEW INITIATIVES. UTILITIES EXPENSES
LOOK PROMISING.

DECL: 30 APR 86

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WORKING PAPER
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I. Background paper for SSC XII.

II. SUBJECT: US-Japan Bilateral Planning (CONPLAN 5098)

III. MAJOR POINTS:

A. The bilateral planning process derives from the Mutual Security Treaty (MST) and the Guidelines for Japan-US Defense Cooperation.

- MST (Article V) stipulates the US will help to defend Japan against aggression in accordance with constitutional provisions. Also (Article VI) states that Japan will grant use of its bases by US forces for the maintenance of peace and security in the Far East for the purpose of contributing to the security of Japan (TAB A).
- Guidelines are more specific in provision that US forces will come to the aid of JSDF to defend Japan when Japan is not capable of repelling attack alone (TAB B).
 - Also refers to use of Japan's "facilitative assistance" for other situations in the Far East which will have an important influence on the security of Japan.
- Guidelines also call for planning studies (bilateral plans) to be conducted.

B. Planning process is visualized to be conducted in three phases.

- Phase I. Isolated all-out direct attack against Japan by Soviets.

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- Phase II. Other scenarios in Asia.

- Phase III. Defense of Japan in a general war.

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CLASSIFIED BY DIRECTOR, J-5
DECLASSIFY ON 23 JUNE 1986

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- C. While Phase I scenario may seem an improbability to some US planners, the Japanese perceive the threat as very valid, particularly in view of Soviet Pacific buildup in recent years and the portents of this escalating trend.
- In order to progress to Phase II, a more important contingency for the US, credible Phase I planning must be accomplished.
 - Planning process serves larger purpose than mechanics of formulating a plan.
 - Communications process with Japanese.
 - Manifests US resolve to meet commitment.
 - Signals Japanese of our unequivocal intention that they contribute more for their own defense.
 - Separate planning phases and subsequent iterations of each plan will identify new missions and requirements for Japanese.
 - Anticipate annual reviews.
- D. Original target date for completion of Phase I planning study (CONPLAN 5098) was 31 December 1979.
- Difficulties arose in:
 - Agreeing on threat.
 - Developing acceptable force list.
 - ECD now is 31 October 1980.
- E. Preliminary discussions/coordination between COMUSJAPAN and JSO/JDA planners envisioned moving into Phase II planning immediately after completion of Phase I. Now, however, because of recent articles on bilateral planning in the Japanese press, which outlined in some detail ongoing and future bilateral planning activities, there is likely to be a delay between Phase I and Phase II.
- RADM Katagiri, J-3, JSO has stated privately that there will be a delay between Phase I and II because:
 - US release of planning information was damaging to internal GOJ bureaucratic processes, i, e.,

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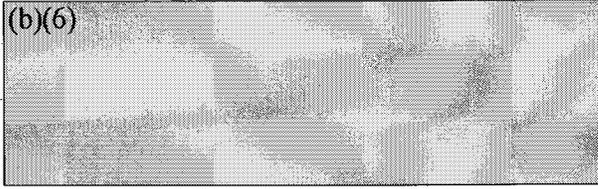
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- Press articles have caused additional problems between MOFA and JDA.
- MOFA has indicated that guidelines for bilateral planning may have to be reinterpreted.
- Since it is an internal matter, the Japanese are not likely to bring the subject up in open sessions but JDA/JSO representatives may well express their concerns in private discussions with their OSD/JCS counterparts.
- COMUSJAPAN and CINCPAC can be expected to raise the issue during unilateral US meeting before SSC XII convenes.

Prepared by:

(b)(6)



Attachments:

TAB A - Article V and VI

TAB B - Guidance for Japan-United States Defense Cooperation

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THE JOINT CHIEFS OF STAFF

MEMORANDUM

Date 22 May 1980

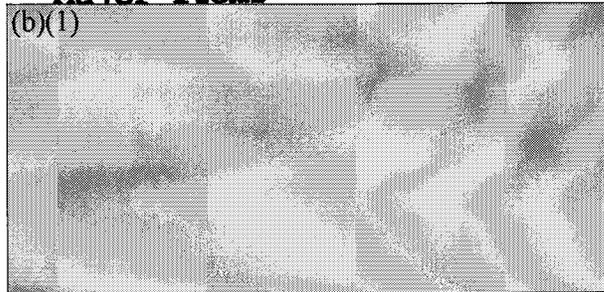
To: DIRECTOR, JOINT STAFF

Subject: CONPLAN Force List (U)

Following force list for bilateral plan
was released to Japan's Joint Staff
Office 20 May.

Major Items

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U.S.-Japan Defense Cooperation 1984-1995 (U)

12th Security Subcommittee Meeting

June 30 - July 2, 1980

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Introduction

(U) My subject today is planning forces to meet our long-term requirements, that is our requirements for the late 80's and early 90's. My remarks today represent a personal view of our long-term needs. It is not an official view. One advantage of talking about the period beyond your Mid-Range Defense Plan and our own Five-Year Defense Program is that we have not yet taken official decisions on the allocation of defense resources for that time period. Hopefully we can use the flexibility that permits us in order to begin harmonizing our views about where we should be heading. Then, by the time we begin to develop Mid-Range Plans and FYDPs that cover out to the late 1980's and early 1990's, we can better understand our common needs and more efficiently divide the labor between us in ways that best exploit our individual strengths.

Definition of Defense Requirements for the Long Range (U)

(S) At the outset let me emphasize the distinction between military force structure planning and military contingency planning. Although the words sound similar, and the two processes must be closely coordinated with each other, there is a substantial difference between them. Force structure planning is the process of deciding the kinds and size of military forces we want to have in the future. Contingency planning, in contrast, is the preparation made by military commanders for the possible use of the forces that would be available to them in a military contingency. The bilateral planning currently underway by the uniformed military of our two countries is an example of the latter category of contingency planning.

(U) The planning I will be talking about today is long-term force structure planning, an example of the first type of planning that I mentioned; that is, evaluating the types and numbers of units that will be needed in future force structures. It is important to note that the forces available to our military commanders today for operational planning are, in many cases, products of decisions made in the 1960's or the early 1970's at the latest. The forces that our countries will have at the beginning of the next decade will be the results of budget decisions that we make, guided by broader policy decisions over the next several years.

(S) What we should try to do is to identify the future shape of the international environment, the military requirements that flow from it, and the major shortfalls that will exist in our common defense posture in the 1990's so that we can take steps together to correct the deficiencies. Hopefully, we will correct these deficiencies in a coordinated way so that our efforts complement one another in a balanced way and do not leave major gaps unfilled. Given the pace of Soviet military developments and the seriousness of the threat we already face, we have very little margin for error or for unnecessary duplication if we hope to maintain a collective security framework in which we and the other democracies can continue to thrive peacefully in the 1990's.

DASD (Regional Programs)
OASD (Program Anal. & Eval.)
FINAL DRAFT
30 June 1980

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(U) In evaluating future force needs we need to make long-term predictions, first about the circumstances in which military forces might be needed to defend our common interests and second about the future capabilities of potential opponents. In Pentagon jargon, the first of these forecasts concerns potential "contingencies," the second concerns potential "threats."

(U) It is particularly difficult to anticipate the contingencies for which we should plan our future force needs. I will go further and say that the scenarios that will seem most important in 1990 are very likely to include some that we hardly think about today. In 1960, few anticipated the Sino-Soviet split and almost no one foresaw the magnitude of the changes in the international security environment of the 1970's that were to result from it. More recently, our failure to anticipate in 1970 the problems that we confront today in the Persian Gulf is a dramatic example of the practical difficulty of forecasting future military needs with the precision needed for resource allocation decisions. Our problem ten years ago was not a failure to appreciate how important Persian Gulf oil would be in 1980 or any large error in our predictions about the growth of Soviet forces. Rather it was our failure to predict either the growing instability in the Persian Gulf region or the boldness with which the Soviets and their Cuban proxies would use their military forces. We may have similar difficulties today predicting the most important military problems of the 1990's.

(U) This difficulty of predicting the future is one reason why we must build as much flexibility as possible into our military forces, so that they can deter war and protect our vital interests in as wide a range of circumstances as possible. Nevertheless, even with highly flexible military capabilities, there is no way to evaluate the adequacy of forces and identify deficiencies except within the context of specific contingencies. We can deal with the problem of uncertainty about the future by considering a number of different contingencies that place different demands on our military capabilities and by reminding ourselves frequently of the things we are not considering. In the latter category I would note that there are several contingencies that might well loom important in the 1990's to which we give very little explicit consideration at present in our long-term force planning. Among them are the possibility of a major Sino-Soviet war, the possible acquisition of nuclear weapons by some of the less-developed countries, or the possible use of Vietnamese or North Korean proxies in Soviet probes in the Third World.

Soviet Threat (U)

(U) Unfortunately, one prediction that we can probably make with some confidence for 1990 is that the Soviet Union will continue to be the major military threat to the free world. Furthermore, the Soviet threat continues to grow with no signs that this growth will stop. This threat is increasing worldwide -- in the Persian Gulf, the Far East, and in Europe. In each of these vital regions, the Soviets can support their forces directly with relatively little reliance on lengthy and vulnerable sea or air lines of communication. They also have the flexibility to expand the threat in any of these areas by shifting forces within the Soviet Union. In addition, the Soviets seem to be intent on increasing their ability to project military forces or to support proxy forces in areas remote from their borders. While their capability to operate over long sea and air lines-of-communication is still much less than the capability of the United States, it has been growing at a disturbing pace in recent years. Because of the nature of the Soviet threat, we will be hard-pressed to meet our collective security needs and it is important that our efforts complement each other as efficiently as possible.

Cases for Long-Term Planning: Persian Gulf, Korea and direct defense of Japan (U)

(U) My main focus today will be on long-term planning for the direct defense of Japan, but I want to begin by talking first more briefly about some contingencies that could arise in more distant areas. I do so for two reasons.

(c) First, military contingencies in these areas, even if they never spill over directly to the territory of Japan or the United States, would have immediate consequences for our common security. For example, I need hardly elaborate for this group the importance of protecting the flow of Persian Gulf oil from Soviet control or from prolonged interruption.

(c) Second, long-term planning for the direct defense of Japan must take account of the likelihood that an attack on Japan would be part of a much broader confrontation that could involve U.S. and Soviet forces elsewhere in the world as well. This would affect both the magnitude of the direct threat to Japan and the availability of U.S. reinforcements.

(c) Therefore, I will briefly address the questions of long-term planning for the Persian Gulf and Korea, both as areas where we have vital interests in common and as areas that could be threatened simultaneously with a threat to Japan.

Persian Gulf (U)

(c) A contingency in the Persian Gulf is one that all the major democracies must be prepared to contend with. It is not a problem only for the U.S. or only for those countries who choose to become involved directly. Actions in the Persian Gulf region [redacted] must concern us all. (b)(1)
Although the political problems are at least as important as the military ones, I will mention here only our military needs.

(c) Although our present capabilities to project forces to the Gulf are less than we would like, they are far from insignificant even today and will increase substantially by the mid-80's. Our primary problem is not a lack of forces but the need to be able to move the forces that we do have more rapidly and to support them adequately in that remote and difficult part of the world. We will be spending literally billions of dollars to improve our capability in those respects, including major programs to preposition combat equipment afloat (the Maritime Prepositioning Ship or MPS program), to acquire fast sealift ships (the SL-7 program), to acquire a new large airlift aircraft capable of lifting the largest items of combat equipment (the C-X), and to upgrade the facilities to which our forces would need access, both en route (for example in Diego Garcia and Portugal) and in the region itself (for example, in Oman).

(c) These programs will substantially increase the mobility and supportability of our forces by the mid-80's. Nevertheless, a number of important deficiencies will remain that should be addressed in our longer-term planning to protect access to the Persian Gulf [redacted]

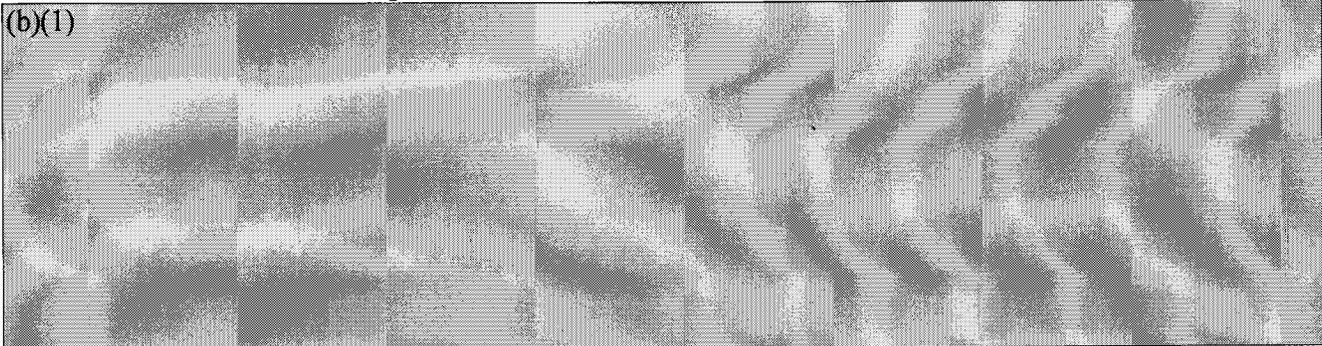
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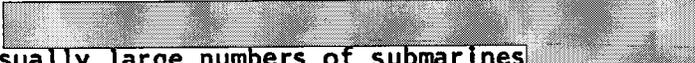
- Improvements, to the extent possible, in the ability of countries in and near the region to defend themselves. Despite the great wealth of some of these countries, in the case of several with the greatest ability to make a difference with their own military forces -- for example Turkey, Egypt, Pakistan -- the great obstacle to realizing that potential will be the weak condition of their economies.
- A need for stronger and more sustainable ground forces for the defense of key areas on the Persian Gulf littoral in the event of a major Soviet use of force.
- Possibly expanded access to regional facilities, if the political climate permits, or expanded prepositioning at sea.
- Improved protection for military forces and resupply ships and facilities in the Indian Ocean.
- Improved protection of military shipping through the Pacific and the Atlantic/Mediterranean to the Indian Ocean, by strengthening our ability to contain the Soviet Pacific and Northern fleets.
- Capability to deal with a simultaneous Soviet threat elsewhere -- in the Far East or Europe.

Korea (U)

(S) Korea is another area where the military balance is of great importance to our common security, even though a Korean contingency would not necessarily pose an immediate threat to Japanese territory. Our greatest present concern is the imbalance of ground forces on the peninsula. Based on last year's

(b)(1)



(S) Even though North Korea has an  numbers of jet aircraft and has unusually large numbers of submarines  that could be used to mine ports and attack resupply shipping, we are relatively confident in both these areas that U.S. reinforcements can very quickly prevent

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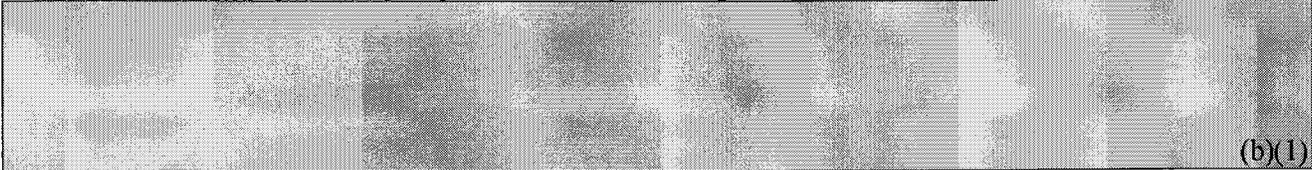


(b)(1)

(S) The seriousness of (b)(1) is mitigated to some extent by the advantage that ROK and US forces would enjoy of fighting from well prepared defensive positions. Nevertheless it remains the area of greatest concern. Although the ROK (b)(1) in all three Services, the

(b)(1) is by far the most serious and hardest to rectify.

Thus, near-term efforts by the ROK emphasize improved equipping of forces. Among the most important steps being taken to improve



(b)(1)

(S) Even if the ROK economy were to grow for example, at rates that might be considered reasonable, at 7% per year, and defense were to get 6% of GNP, there would still not be adequate resources to reduce the North Korean overall ground force advantage to 50% by 1985.



(b)(1)

Direct Defense of Japan (U)

(S) As noted earlier, the size of the threat to Japan is not invariable and would depend on Soviet actions elsewhere, particularly in the Persian Gulf and Central Asia or along the Chinese border. The ability of the U.S. to support Japan would also depend on whether the U.S. was forced to deploy forces elsewhere, for example to the Persian Gulf, Korea or Europe. However, the principal areas of deficiency across a range of possible scenarios can be identified. I will treat air defense, sea lane defense and ground defense. I wish to emphasize that this is not an order of priority. Given the shortage of resources we must pay close attention to priorities, but we should identify priorities program by program, seeking the areas of greatest marginal return, rather than prioritizing in simple functional terms.

- Air Defense (U)

(S) Much like the situation of Great Britain in World War II, the outcome of the air battle could hold the key to the defense of Japan because of the important role that air power can play in both the ground and naval defense

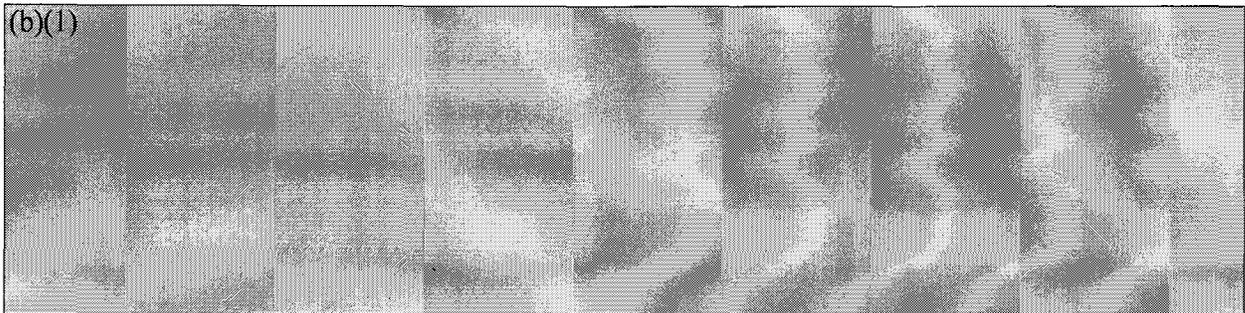
of islands against invasion. Although the threat will vary depending on other scenarios, a Soviet 3:1 superiority in the Northern Air Defense Sector is not unlikely. The threat is even more dangerous



(b)(1)

~~(S)~~ As in the Battle of Britain, the key to successful air defense would be the defender's sustainability. Aircraft must be able to survive on the ground. Key logistic facilities must be survivable and ammunition stockpiles must be sufficient to support repeated sorties. Command and control systems must be able to function despite electronic jamming or direct attack. Combat experience also indicates that training is critical: most fighter pilots who are lost go down in their first 10 missions. Finally, interceptor numbers are important to allow you to absorb attrition. They will become much more important if the Soviets begin escorting bombers later in the decade, as they could do if they choose, since much higher attrition rates would then be encountered in air-to-air combat.

~~(S)~~ Japan's efforts to improve air defense should show marked results by 1985 with the addition of more airborne early warning aircraft, higher performance fighters, improved ground-based air defense (SAM's), and increased stocks of air-to-air missiles. However, many more improvements are needed before there can be a confident defense, particularly against a Soviet air threat that is likely to grow by the 1990's, both because of the increasing range of their fighters and the possibility that they will develop bomber escort doctrine. Even with the progress that we expect to have made by the mid-1980's, further steps will be necessary to remedy remaining deficiencies and to meet new ones that will emerge as the threat grows.



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- SLOC Defense (U)

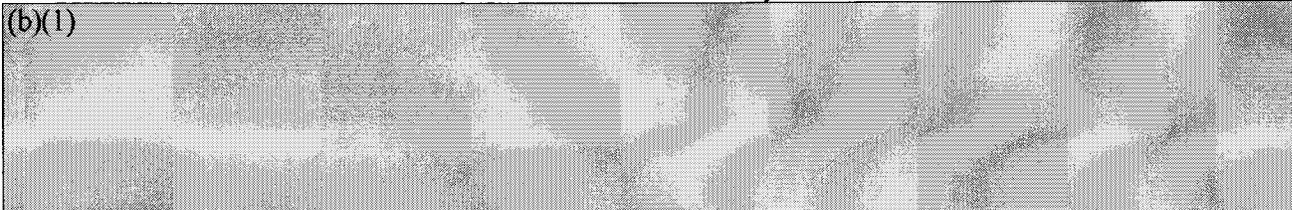
(U) As with the air defense, the sea interdiction threat from Soviet forces is variable, depending on Soviet needs elsewhere.

~~(S)~~ The priority of SLOC interdiction for the Soviets is unknown as their naval forces may give higher priority to territorial protection,

protection of their SSBNs, or roles in other theaters, e.g., the Persian Gulf.

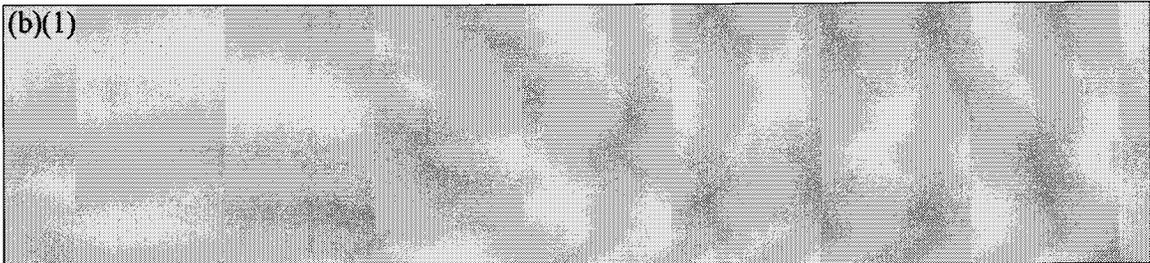
~~(S)~~ Nevertheless, the Soviets have a sizeable potential Pacific Naval threat that by 1990 will probably have about 100 submarines, 2 KIEV-class carriers, 75 surface combatants, and about 120 long-range bombers. The 50 Backfires expected to be in Pacific NSA when armed with ASMs will present a new source of concern for SLOC defense and the lack of air defense is probably the MSDF's most serious weakness.

~~(S)~~ Current trends in ASW capability, if continued should make it possible for a combined U.S.-Japanese effort to bring the Soviet submarine threat under control within 90-120 days. Among the most significant improvements that will take place by the mid 80's, will be the introduction of P-3Cs by the MSDF, upgrading of mining capability, increase in ASW helicopters aboard MSDF ships and the introduction of towed arrays.



~~(S)~~ One possible solution to the air threat to the SLOC is the use of land-based air defenses. An expanded AEW network, supported by F-15s, could inflict significant losses on Backfire raids in all areas from the home islands to the Philippine Sea. It is not necessary to extract much attrition from the SNA bomber force to make a bomber campaign against merchant shipping unattractive. However, a successful anti-air campaign as well as elimination of the Soviet submarine threat is necessary to insure that vital shipping will reach Japan.

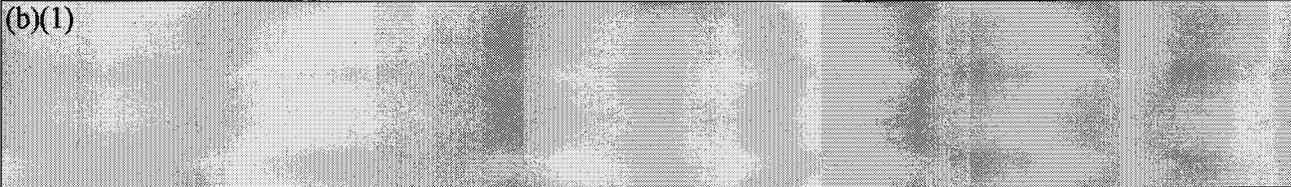
~~(S)~~ Thus, despite improvements in SLOC defenses expected by the mid-1980's, much more needs to be done in the long-term to insure success against Soviet capabilities that will grow with time:



Ground Threat (U)

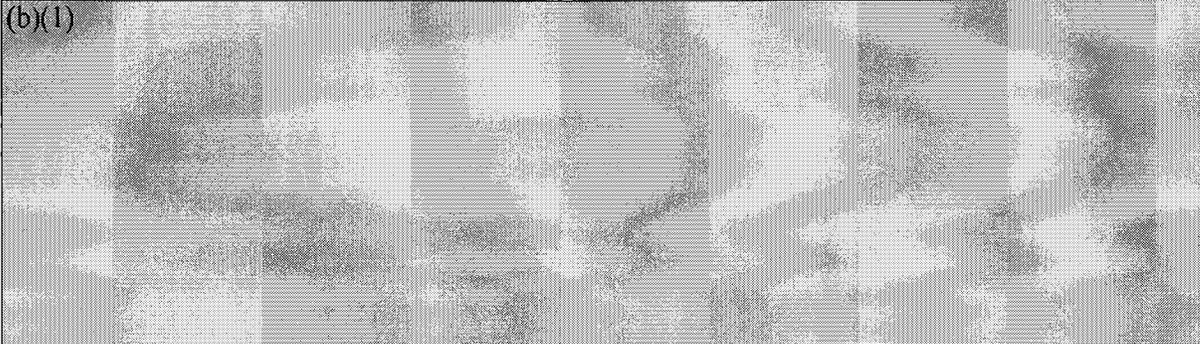
~~(S)~~ The Soviets have 46 divisions that threaten China, Korea and Japan. About 8 divisions can be expected to be added to this force by 1980. Of immediate concern to Japan has been the expanded Soviet threat in the Northern Territories. These forces, including tanks, artillery and infantry, from part of the 3.5 to 5 division threat to Japan agreed to by Japanese and U.S. military contingency planners. The 5 division threat would have about 2:1 force level superiority over the GSDF Northern Army. The forces could be lifted by a combination of amphibious ships and merchant marine shipping. The Soviets also have the assets to airlift or airdrop as part of the threat force.

(b)(1)



~~(S)~~ Steps are being taken that will improve GSDF capabilities by the mid 1980's:

(b)(1)



~~(S)~~ However, continued rapid modernization of Soviet forces is expected to match these improvements, so that the Soviets will probably still have a 2:1 initial ground force advantage in 1990's. A development of particular concern is the introduction of the much more capable IVAN ROGOV-class of amphibious ships and Roll-on/Roll-off merchant ships suitable for military use. By 1985 the Soviets will have, with these ships, the ability to move a full 5-division force at one time. That capability will grow still further by 1990. Much more has to be done to improve the chances of success against the Soviet ground force threat.

(b)(1)



~~(S)~~ We acknowledge frankly that -- while our own air and naval forces have long experienced in problems similar to those faced by the ASDF and MSDF -- the problems of our ground forces are quite different from yours in many respects and our relative lack of experience in developing ground forces for coastal defense may lead us to overlook some of the most promising areas for long-term ground force improvement. For example, ground-mobile anti-ship missile units might have an important place in your ground force structure in the future, although there is no counterpart in our own.

Conclusion

(U) In the preceding discussion I have not tried to address explicitly the question of how we can most efficiently divide the long-term tasks between us, although some assumptions may be implicit. It would be good, I think, to consider first what our common long-term needs are. With that basis, we can more easily decide how we should each specialize and whether the present distribution of roles in joint planning should be continued or changed in the future.

(U) The great economist Lord Keynes is famous for having remarked -- in disdain for the easy generalities of long-term economic predictions -- that "in the long-run we are all dead." Hopefully, the long-run outlook for our two countries and for successful security cooperation between them is much brighter than that. But we must work hard and in a spirit of cooperation, in the face of trends that give deep cause for concern, or the long-run could become very grim indeed, for our nations and for the peace of the entire world.

(U) We would be most interested to hear your views on the preceding discussion.

~~SECRET~~

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release

U.S.-Japan Defense Cooperation 1984-1995 (U)

12th Security Subcommittee Meeting

June 30 - July 2, 1980

Long-term Planning and Contingency Planning (U)

(C) In talking about long-term U.S.-Japan defense cooperation, I want to emphasize the difference between long-term planning and operational planning or contingency planning. Long-term planning is the process of deciding the kinds and size of military forces we want to have in the future. Operational planning, however, is the preparation made by military commanders for the possible use of forces that would be made available to them in a military contingency. The bilateral planning currently under way by the uniformed military of our two countries is the latter category of operational planning.

(U) The planning I will be talking about today is long-term planning, the first type that I mentioned; that is, evaluating the types and numbers of units that will be needed in future force structures. It is important to note that the forces available to our military commanders today for operational planning are, in many cases, products of decisions made in the 1960's or the early 1970's at the latest. The forces that our countries will have at the beginning of the next decade will be the results of planning decisions we make in the next several years.

(C) Our meeting here should aim, in part, at identifying the major shortfalls that will exist in our common defense posture in the 1990's so that we can take steps to correct the deficiencies. Hopefully, we will correct these deficiencies in a coordinated way so that our efforts complement, rather than duplicate one another. Given the pace of Soviet military developments and the seriousness of the threat we already face, we have very little margin for duplication or waste if we hope to maintain a collective security framework in which we and the other democracies can continue to thrive peacefully in the 1990's.

Planning Scenarios and Threat (U)

(C) In evaluating future force needs we need to make long-term predictions, first about the circumstances in which military forces might be needed to defend our common interests and second about the future capabilities of potential opponents. In Pentagon jargon, the first of these forecasts concerns potential "scenarios," the second concerns potential "threats."

(C) It is particularly difficult to predict the scenarios for which we should plan our future force needs. I will go further and say that the scenarios that will seem most important in 1990 are very likely to include some that we hardly think about today. In 1960 almost no one anticipated the Sino-Soviet

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FINAL DRAFT
June 28, 1980

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split or the changes in the international security environment of the 1970's that resulted from it. More recently, our failure to anticipate in 1970 the problems that we confront today in the Persian Gulf is a dramatic case in point of the difficulty of forecasting future military needs. Our problem ten years ago was not a failure to appreciate how important Persian Gulf oil would be in 1980 or any large error in our predictions about the growth of Soviet forces. Rather it was our failure to predict either the growing instability in the Persian Gulf region or the boldness with which the Soviets and their Cuban proxies would use their military forces. We may have similar difficulties today predicting the most important military problems of the 1990's.

(S) This difficulty of predicting the future is one reason why we must build as much flexibility as possible into our military forces, so that they can deter war and protect our vital interests in as wide a range of circumstances as possible. Nevertheless, even with highly flexible military capabilities, there is no way to evaluate the adequacy of forces and identify deficiencies except within the context of specific contingencies. We can deal with the problem of uncertainty about the future by considering a number of different contingencies that place different demands on our military capabilities and by reminding ourselves frequently of the things we are not considering. In the latter category I would note that there are several contingencies that might loom important in the 1990's to which we give very little explicit consideration at present in our long-term force planning. Among them are the possibility of a major Sino-Soviet war, the possible acquisition of nuclear weapons by some of the less-developed countries, or the possible use of Vietnamese or North Korean proxies in Soviet probes in the Third World. It is useful from time-to-time to check that the forces we plan for major contingencies -- such as the defense of Japan, Korea, NATO or the Persian Gulf -- have the flexibility to deal with other scenarios should the need arise.

Soviet Threat (U)

(U) Unfortunately, one prediction that we can probably make with some confidence for 1990 is that the Soviet Union will continue to be the major military threat to the free world. Furthermore, the Soviet threat continues to grow with no signs that this growth will stop. This threat is increasing worldwide--in the Persian Gulf, the Far East, and in Europe. In each of these vital regions, the Soviets can support their forces directly without relying on lengthy and vulnerable sea or air lines of communication. They also have the flexibility of being able to expand the threat in any of these areas by shifting forces within the Soviet Union. Finally, the Soviet ability to project military forces or to support proxy forces in areas remote from their borders--while still much less than the capability of the United States--has been growing at a disturbing pace. Because of the nature of the Soviet threat, we will be hard-pressed to meet our collective security needs and it is important that we not duplicate each other's efforts in some areas, leaving large unfilled gaps in others.

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Cases for Long-Term Planning: Persian Gulf, Korea and direct defense of Japan (U)

(U) My main focus today will be on long-term planning for the direct defense of Japan, but I want to begin by talking first more briefly about some contingencies that could arise in more distant areas. I do so for two reasons.

(C) First, military contingencies in these areas, even if they never spill over directly to the territory of Japan or the United States, would have immediate consequences for our common security. For example, I need hardly elaborate for this group the importance of protecting the flow of Persian Gulf oil from Soviet control or from prolonged interruption.

(C) Second, long-term planning for the direct defense of Japan must take account of the likelihood that an attack on Japan would be part of a much broader confrontation that could involve U.S. and Soviet forces elsewhere in the world as well. This would affect both the magnitude of the direct threat to Japan and the availability of U.S. reinforcements.

(C) Therefore, I will briefly address the questions of long-term planning for the Persian Gulf and Korea, both as areas where we have vital interests in common and as areas that could be threatened simultaneously with a threat to Japan.

Persian Gulf (U)

(b)(1) (C) A contingency in the Persian Gulf is one that all the major democracies must be prepared to contend with. It is not a problem only for the U.S. or only for those countries who choose to become involved directly. Actions in the Persian Gulf region that [REDACTED] Although the political problems are at least as important as the military ones, I will mention here only our military needs.

(C) Although our present capabilities to project forces to the Gulf are less than we would like, they are far from insignificant even today and will increase substantially by the mid-80's. Our primary problem is not a lack of forces but the need to be able to move the forces that we do have more rapidly and to support them adequately in that remote and difficult part of the world. We will be spending literally billions of dollars to improve our capability in those respects, including major programs to preposition combat equipment afloat (the Maritime Prepositioning Ship or MPS program), to acquire fast sealift ships (the SL-7 program), to acquire a new large airlift aircraft capable of lifting the largest items of combat equipment (the C-X), and to upgrade the facilities to which our forces would need access, both en route (for example in Diego Garcia and Portugal) and in the region itself (for example, in Oman).

(b)(1) [REDACTED]

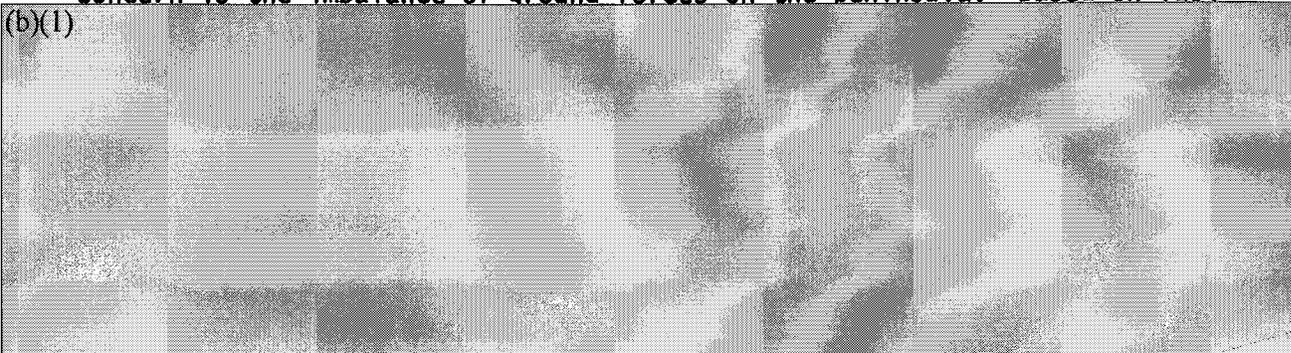
[Possible Slide #1 at this point.]

- Improvements, to the extent possible, in the ability of countries in and near the region to defend themselves. Despite the great wealth of some of these countries, in the case of several with the greatest military potential -- for example Turkey, Egypt, Pakistan -- the greatest obstacle will be the weak condition of their economies.
- A need for stronger and more sustainable ground forces for the defense of key areas on the Persian Gulf littoral in the event of a major Soviet use of force.
- Possibly expanded access to regional facilities, if the political climate permits, or expanded prepositioning at sea.
- Improved protection for U.S. forces and resupply ships and facilities in the Indian Ocean.
- Improved protection of military shipping through the Pacific and the Atlantic/Mediterranean to the Indian Ocean, by strengthening our ability to contain the Soviet Pacific and Northern fleets.
- Capability to deal with a simultaneous Soviet threat elsewhere-- in the Far East or Europe--(as mentioned earlier by Mr. McGiffert we are already considering in NATO what our European allies can do in a "division of labor" among the alliance).

Korea (U)

(S) Korea is another area where the military balance is of great importance to our common security, even though a Korean contingency would not necessarily pose an immediate threat to Japanese territory. Our greatest present concern is the imbalance of ground forces on the peninsula. Based on last

(b)(1)



(b)(1)

(S) Even though North Korea has an initial [redacted] numbers of jet aircraft and has unusually large numbers of submarines [redacted] that could be used to mine ports and attack resupply shipping, we are relatively confident in both these areas that U.S. reinforcements can very quickly prevent any North Korean gains and would in fact be able to deliver substantial close air support [redacted]

(b)(1)

~~(S)~~ The seriousness of (b)(1) is mitigated to some extent by the advantage that ROK and US forces would enjoy of fighting from well prepared defensive positions. Nevertheless it remains the area of greatest concern. Although the ROK (b)(1) in all three (b)(1) Services, the (b)(1) is by far the most serious and hardest to rectify. Thus, near-term efforts by the ROK emphasize improved (b)(1). Among the most important steps being taken between now and 1985 are improvements

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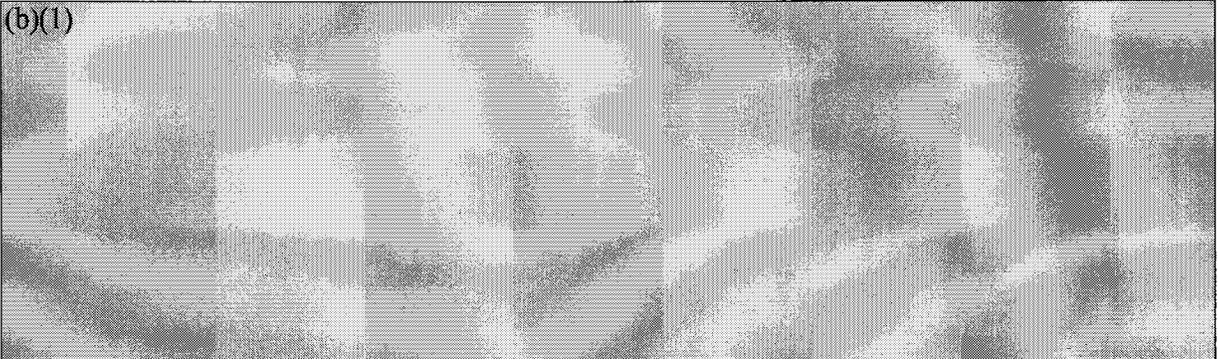
~~(S)~~ Even if the ROK economy were to grow at 7% per year and defense were

(b)(1)



Other deficiencies that will remain in the mid-80's and that should be considered in our long-term planning include:

[Possible Slide #2 at this point.]



Direct Defense of Japan (U)

~~(S)~~ As noted earlier, the size of the threat to Japan is not invariable and would depend on Soviet actions elsewhere, particularly in the Persian Gulf and Central Asia or along the Chinese border. The ability of the U.S. to support Japan would also depend on whether the U.S. was forced to deploy forces elsewhere, for example to the Persian Gulf, Korea or Europe. However,

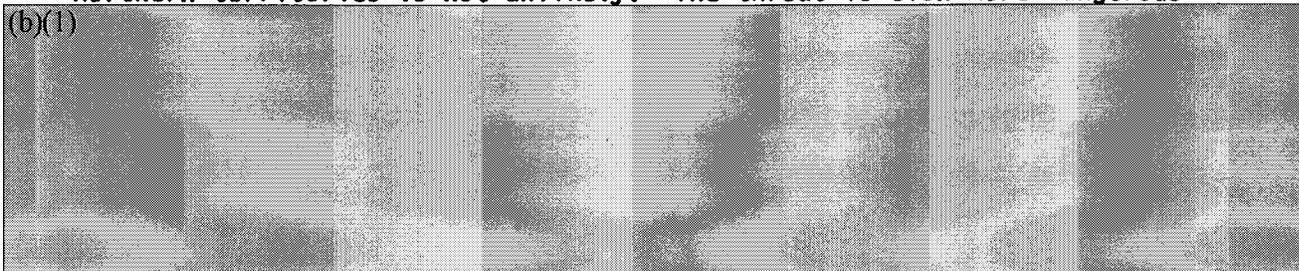
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- Air Defense (U)

~~(S)~~ The Soviet air threat probably holds the most direct danger to Japan's security. Much like the situation of Great Britain in World War II, the outcome of the air battle could easily be crucial for the defense of Japan because of the important role that air power can play in both the

ground and naval defense of islands against invasion. Although the threat will vary depending on other scenarios, a Soviet 3:1 superiority in the Northern territories is not unlikely. The threat is even more dangerous



~~(C)~~ As in the Battle of Britain, the key to successful air defense would be the defender's sustainability. Aircraft must be able to survive on the ground. Key logistic facilities must be survivable and ammunition stockpiles must be sufficient to support repeated sorties. Command and control systems must be able to function despite electronic jamming or direct attack. Combat experience also indicates that training is critical: most fighter pilots who are lost go down in their first 10 missions. Finally, interceptor numbers are important to allow you to absorb attrition. They will become much more important if the Soviets begin escorting bombers later in the decade, as they could do if they choose, since much higher attrition rates would then be encountered in air-to-air combat.

~~(S)~~ Japan's efforts to improve air defense should show marked results by 1985 with the addition of more airborne early warning aircraft, higher performance fighters, improved ground-based air defense (SAM's), and increased stocks of air-to-air missiles. However,  (b)(1) before there can be a confident defense, particularly against a Soviet air threat that is likely to grow by the 1990s, both because of the increasing range of their fighters and the possibility that they will develop bomber escort doctrine. Possible Slide #3. Among the greatest long-term needs will be: Possible Slide # 4.



- SLOC Defense (U)

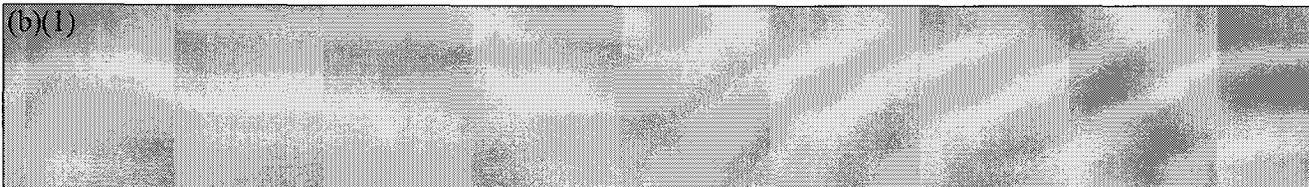
(U) As with the air defense, the sea interdiction threat from Soviet forces is variable, depending on Soviet needs elsewhere. However, we do have the capability to prevent Soviet access to and from the Pacific Ocean, particularly for the major portion of the Soviet Pacific Fleet based at Vladivostok.

~~(S)~~ The priority of SLOC interdiction for the Soviets is unknown as their naval forces may give higher priority to territorial protection,

protection of their SSBNs, or roles in other theaters, e.g., the Persian Gulf.

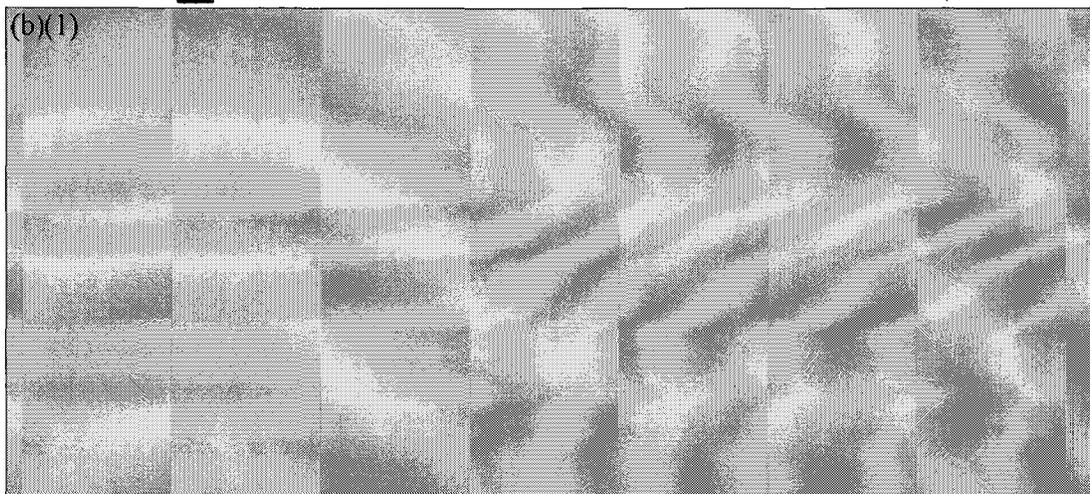
~~(S)~~ Nevertheless, the Soviets have a sizeable potential Pacific Naval threat that by 1990 will probably have about 100 submarines, 2 KIEV-class carriers, 75 surface combatants, and about 120 long-range bombers. The 50 Backfires expected to be in Pacific NSA when armed with ASMs will present a new source of concern for SLOC defense and the lack of air defense is the MSDF's most serious long-term weakness. [Possible Slide #5.]

~~(S)~~ Trends in ASW should make it possible for a combined U.S.-Japanese effort to bring the Soviet submarine threat under control within 90-120 days. Among the most significant improvements will be the introduction of P-3Cs by the MSDF, upgrading of mining capability, increase in ASW helicopters aboard MSDF ships and the introduction of towed arrays.



~~(S)~~ One possible solution to the air threat to the SLOC is the use of land-based air defenses. An expanded AEW network, supported by F-15s, could inflict significant losses on Backfire raids in all areas from the home islands to the Philippine Sea. It is not necessary to extract much attrition from the SNA bomber force to make a bomber campaign against merchant shipping unattractive. However, a successful anti-air campaign as well as elimination of the Soviet submarine threat is necessary to insure that vital shipping will reach Japan.

~~(S)~~ Thus, despite improvements in SLOC defenses, much more needs to be done in the long-term to insure success against Soviet capabilities. [Possible Slide #6.]



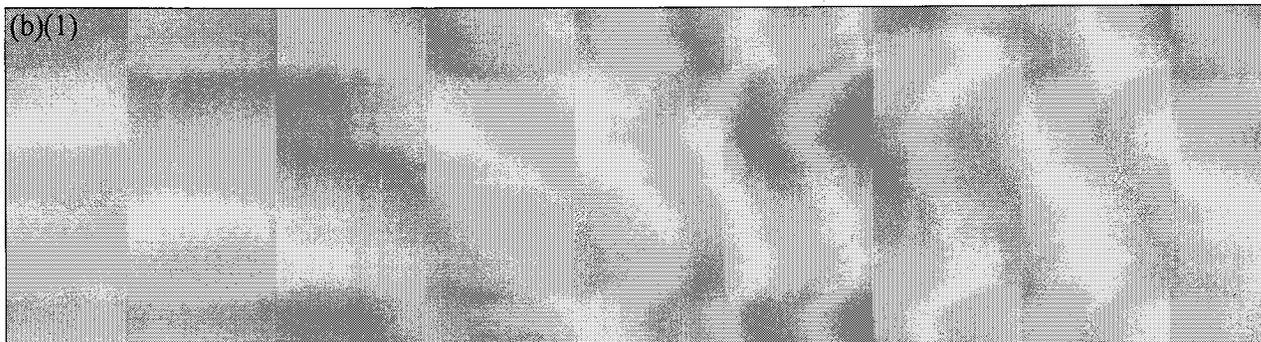
Ground Threat (U)

~~(S)~~ The Soviets have 46 divisions that threaten China, Korea and Japan. About 8 divisions can be expected to be added to this force by 1980. Of immediate concern to Japan has been the expanded Soviet threat in the Northern Territories (Kurils). These forces, including tanks, artillery and infantry, form part of the 3.5 to 5 division threat to Japan agreed to by Japanese and U.S. military contingency planners. The 5 division threat would have about a 2:1 force level superiority over the GSDF Northern Army. The forces could be lifted by a combination of amphibious ships and merchant marine shipping. The Soviets also have the assets to airlift or airdrop a part of the threat force.

~~(S)~~ The ground threat to Hokkaido is particularly important since Soviet

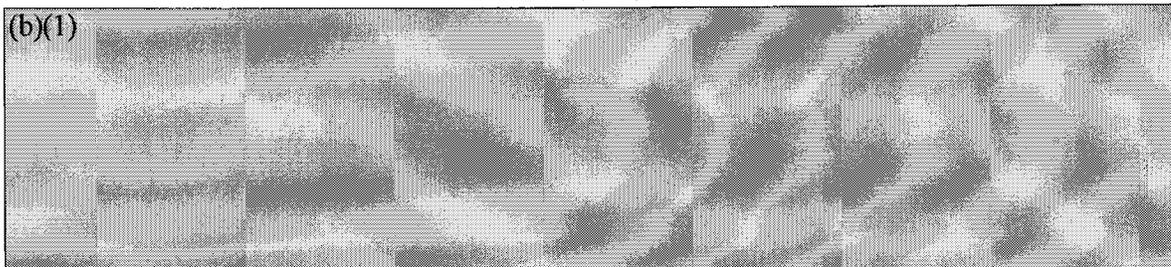
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~~(S)~~ Steps are being taken that will improve GSDF capabilities by the mid-1980's:

(b)(1) 

~~(S)~~ However, continued rapid modernization of Soviet forces is expected to match these improvements, so that a 2:1 disadvantage in force capabilities on Hokkaido will probably still face Japanese forces in 1990. A development of particular concern is the introduction of the much more capable IVAN ROGOV-class of amphibious ships and Roll-on/Roll-Off merchant ships suitable for military use. By 1985 the Soviets will have, with these ships, the ability to move a full 5-division force at one time. That capability will grow still further by 1990. Much more has to be done to improve the chances of success against the Soviet ground force threat. Possible Slide #7.

- Continued emphasis on equipping the GSDF with additional and more modern equipment. Given the present investment in GSDF manpower, a great deal can be accomplished at relatively low cost and without substantial force structure increases simply by equipping that manpower better.

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(b)(1)

for coastal defense may lead us to overlook some of the most promising areas for long-term ground force improvement. For example, ground-mobile anti-ship missile units might have an important place in your ground force structure in the future,

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Conclusion

(U) The preceding discussion represents one person's view of our long-term needs. It is not an official view. One advantage of talking about the period beyond your Mid-Range Defense Plan and our own Five-Year Defense Program is that we have not yet formed official views for that time period. Hopefully we can use the flexibility thus available to begin to harmonize our views about where we are heading. Then, by the time we begin to develop Mid-Range Plans and FYDPs that cover out to the late 1980's and early 1990's, we can better understand our common needs and more efficiently divide the labor between us in ways that best exploit our individual strengths.

(U) In the preceding discussion I have tried carefully to avoid that question of division of labor. It would be good, I think, to consider first what our common long-term needs are. With that basis, we can more easily decide how we should each specialize and whether the present distribution of roles in joint planning should be continued or changed in the future.

(U) The great economist Lord Keynes is famous for having remarked -- in disdain for pious generalities about long-term economic prospects -- that "in the long-run we are all dead." Hopefully, the long-run outlook for our two countries and for successful security cooperation between them is much brighter than that. But we must work hard and in a spirit of cooperation, in the face of trends that give deep cause for concern, or the long-run could become very grim indeed, for our nations and for the peace of the entire world.

(U) We would be most interested to hear your views on the preceding discussion.

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MDO Japan Statement on the Need for a Long Term Defense Program

(S) In general we cannot help but conclude that technology is the key to many other aspects of defense cooperation. The JDA is aware of its shortcomings in the areas of training, war reserve stocks, and logistics in general. It has had to make hard choices however, and has opted to give top priority to the establishment of a quantitative and qualitative equipment base. The SDF's aircraft and the full range of its land, sea and air-launched missiles are almost entirely of US design. To maintain this happy situation against a myriad of pressures for domestic development, we must develop a comprehensive technology policy which will bring about cooperation in the pre-production phase. The tie-up with Rolls-Royce on engines, Messerschmitt on helicopters, and the domestic development of various aircraft EW and torpedoes show that we can no longer afford to make technology decisions on an ad-hoc basis. We can and should insist that our technology relationship be a two-way street. On the other hand, we must expect to give more than we get as the price of forestalling domestic development and maintaining standardization.

(S) Japan is the only Pacific nation which has a sufficient quantity and quality of air and naval forces to offer the potential to assume missions, e.g., ASW patrols, currently performed by US forces and, thus, release ours for utilization elsewhere. Thus, it is in our interest to provide Japan our best technology, negotiating agreements to prevent commercial spin-off where necessary. Indeed, the JDA will be increasingly less inclined to wait indefinitely for technology releases and will be increasingly more inclined to make uneconomic investments in domestic development that are not compatible with US systems. It goes without saying that coproduction will be a prerequisite for any system JDA acquires in quantity.

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(S) We believe it is time to consider the possibility of a long-term cooperative development plan for Japan. In earlier years, Japan was probably not ready politically for such a step, but now it would provide a DOD-JDA complement to the joint military planning currently under way. It would regularize access to the key JDA civilian decision-makers in the systems acquisition field which is missing from the joint planning process, and would enable us to systematically attack the equipment deficiencies of the Alliance. In the RSI area, an ongoing organizational framework would enable us to develop a comprehensive technology policy which might enable us to make trade-offs in different technological areas which are impossible in the highly compartmented data exchange agreement process, which is currently our only means of pre-production cooperation. The consultations growing out of the Perry initiative may provide an opportunity to discuss the pros and cons of such an approach.

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THE MILITARY BALANCE IN EUROPE

Context

(U) It is important to look at the military balance in three different ways:

-- First, we need to assess the balance from different perspectives --

- o Using deterrence as a frame of reference and understanding Soviet assessments of the balance;
- o Considering the balance if deterrence fails, during crises and the transition from peace to conflict; and,
- o Considering Allied perceptions of the balance.

-- Second, it is important to integrate the different geographic regions of Europe and their effects on the overall balance -- Northern Europe, the Central Region and the Southern Region -- and to incorporate the influences of factors such as access to oil, instability in the Middle East and Soviet power projection.

-- Third, we need to consider the balances of all the relevant military forces -- intercontinental and theater nuclear, chemical, conventional and unconventional -- in each region as they influence perspectives of the balance under likely future scenarios.

Trends

(S) Force modernization trends contribute to changing perceptions of the military balance in Europe.

-- Relative ground force combat potential in the Central Region has grown more favorable for the Pact over the past 10 years.

- o In gross terms, since 1970 ground firepower trends have shown a 39% growth for NATO and a 50% growth for the Pact, resulting in an increased advantage in ground combat potential from 1.9:1 to 2.1:1 in favor of the Pact.

- o The greatest disparity in combat potential growth has been in anti-armor systems (ATGM, AT guns and light AT weapons) where NATO potential has increased 96% but Pact capabilities have increased 246% since 1970.

-- Air combat capabilities for both NATO and the Pact have grown steadily since 1970. Although the Pact has an overall advantage today in deployed combat aircraft (1.7:1) and in gross air combat potential (1.6:1), NATO modernization trends have resulted in a 76% improvement in aircraft combat potential for deployed forces, compared to 55% improvement for the Pact.

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o However, Pact air combat advantages are exacerbated by the growing NATO requirements for cross air support to offset disadvantages in ground combat potential, and comparative NATO disadvantages in target locating capabilities.

-- TNF modernization trends favor the Pact in available warheads and launchers, control & release procedures, and capabilities for operations in a nuclear environment.

o The ratio of TNF warheads was a [redacted] NATO advantage in 1968, and is projected to shift to a [redacted] Pact lead by 1988. (b)(1)

o TNF delivery system comparisons show a [redacted] Pact advantage today, which is expected to remain through 1988. (b)(1)

o "Quasi-dynamic" comparisons (warheads, megatons, target kill potential) under a variety of scenarios show Pact advantages generally between [redacted]. Inclusion of available refires raises Pact advantages to between [redacted]. (b)(1)

(b)(1)

(S) Long term competition favors the Soviets. Their military advantages continue to grow steadily, compared to NATO capabilities. Although the Soviet need for military pressure or force to secure their interests in Europe is declining, their global commitments are increasing -- Afghanistan, Vietnam, Ethiopia, etc.

Asymmetries

(S) The Pact has advantages in all categories of conventional weapons when quantity and quality are considered.

(S) The Soviets have advantages in capabilities, employment doctrine and release procedures for theater nuclear operations.

(S) Pact superiority in chemical warfare munitions, protective equipment, doctrine and training have NATO forces at an operational disadvantage if these weapons are used in conflict. A recent study indicates that the Pact could gain a fivefold increase in the ratio of combat casualties in Central Europe by using chemical weapons in the offense.

Uncertainties

(S) How do the Soviets assess the military balance in Europe -- what are their analytical methods, and what results do they get from them?

(S) What would be the effects of operational factors -- surprise, deception, leadership, training effectiveness, C³ capabilities, sustainability -- on conflict outcomes?

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US - JAPAN

DEFENSE COOPERATION

IN

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EXECUTIVE SUMMARY

(S) To create a more favorable balance of military power during the 1980's vis-a-vis the USSR and its allies, Japan needs to improve its force posture within the context of an increasingly close and cooperative mutual security relationship with the U.S. Japan should build-up significantly its capability to defend the home islands and patrol a wider radius of airspace and SLOC. This will add to the totality of allied power in the region and free U.S. assets for other roles in East Asia, the Indian Ocean, and the Persian Gulf. Later in the decade, when the Japanese domestic political climate is more favorable, we want to encourage the Japanese to contribute more directly to Asian regional security, without awakening old fears or creating new ones among our other allies in the region.

(U) In slow evolution since the total defeat of World War II, Japan's security consciousness and defense policy have developed with increasing rapidity during the 70's, catalyzed by the fall of Saigon, the buildup of Soviet military capabilities in East Asia, and most recently, the invasion of Afghanistan. At roughly \$10 billion in FY 80, the Japanese defense budget is the world's eighth largest. Its 239,000 man Self-Defense Force is well trained, well-motivated, and equipped with sophisticated conventional weapons.

(S) There has been a substantial broadening and deepening of defense cooperation with Japan over the past few years. Guidelines for joint military planning have been agreed and planning

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discussions are moving ahead. Recent Japanese initiatives on labor cost sharing and facilities construction have augmented significantly the level of GOJ financial contributions to the maintenance of U.S. forces in Japan (from approximately \$500 million in 1975 to about \$1 billion in 1980). Accelerated procurement of advanced U.S. weapons systems has increased the interoperability of our forces and equipment.

~~(S)~~ Welcome as these forward steps have been, the growing Soviet challenge and changed international circumstances since Afghanistan require that considerably more be done. Japan is the only one of our allies in the region capable of significant budget increases. Its defense spending remains low in relation to GNP and compared to the level of effort by other free world states. Not only can more be done, more needs to be done. The Japanese defense establishment has clear weaknesses and is capable of defending itself only against a very limited attack. The state of U.S.-Japan cooperation is embryonic when compared to mature relationships like NATO.

~~(S)~~ Given the political, constitutional, and economic constraints under which Japan operates in the defense field, the U.S. faces dilemmas in deciding: what specifically to request of the Japanese and how to apply pressure that will elicit a positive response rather than a nationalistic backlash.

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We recommend that the U.S.:

- Start pressing the Japanese now to accelerate and complete in JFY 1983 full funding of their own mid-range force improvement plan currently projected to require \$14 billion in equipment procurement and over \$50 billion in total expenditures by the end of JFY 1984.

- Convince Japan to provide as soon as possible a complete capability for rapidly laying and maintaining mine fields and other measures to reduce Soviet naval capabilities to operate from Siberian bases.

- Encourage continued steady increases in host nation support, including considerably increased labor cost sharing and mission-related construction projects that will enhance combat readiness.

- Propose that in 1985 the Japanese begin to assume responsibility for air defense and SLOC patrol in Northeast Asia (i.e. in the Sea of Japan and in the Pacific area west of Guam and north of the Philippines which is within a 1000-mile distance from Japanese territory), and to expand air defense and reconnaissance coverage to the same sea. To do so will clearly require substantially increased combat capabilities and much improved sustainability.

- Suggest that Japan consider, in addition to bilateral contingency planning already underway, developing a Long-Term Defense Plan (LTDP) with the U.S. beginning as soon as possible.

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(S) This approach has the advantage of focussing pressure on fulfillment of those self-defense responsibilities on which the Japanese have already developed a consensus while making implicit preparations for a wider regional role to be assumed when the Japanese and other Asian countries are politically ready for it. The approach avoids abrasive discussion of the Japanese one percent GNP spending limit -- their sacred cow, not ours -- while emphasizing capabilities that will require significant budgetary increases if they are to be met.

(S) The U.S. should apply pressure to the Japanese relentlessly and frankly in private sessions, focussing first on affecting the size of the 1981 defense budget. Public pressure would incite a nationalist reaction and delay achieving our goals. We should not expect the Japanese to do everything we ask right way. Over time, however, we can expect incremental improvements that will gradually add up to a more favorable balance of power for the U.S. and its allies.

(S) Parallel to placing such pressure on the Japanese, we should demonstrate our strength, competence, flexibility, and commitment to East Asian security by maintaining and augmenting as appropriate our deployed force levels (homeporting a second carrier in WESTPAC) and continuing force improvement plans. We should also treat our Japanese ally as a partner fully equal to our NATO allies. Specifically we should (1) accept that Japan must license produce many items she buys from us and no longer submit each application to agonizing delays, (2) place Japan on the same basis as our NATO allies for the cost of military training and research and development, and (3) increase combined training.

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A. Purpose and Setting

~~(S)~~ The purpose of this paper is to examine how the U.S.-Japan security relationship can be developed during the 1980s to contribute to a better overall balance of military power vis-a-vis the USSR and its allies. Taking into account the history of the relationship, the political and constitutional constraints that apply, and the different objectives of the partners, the study will make specific recommendations as to how:

- Japan's military power can be expanded within the context of an increasingly cooperative mutual security relationship with the U.S.

- Japan's responsibility for defense of the home islands and nearby sea lanes of communication can be enhanced, freeing U.S. assets for other roles in East Asia, the Indian Ocean, and the Persian Gulf.

- Japan's operational contribution to Asian regional security can be improved and enlarged without causing apprehension in other Asian countries.

~~(S)~~ Recognizing that we are dealing with basic changes in the way a large and complex society views its security environment and responds to it, the recommendations of the study are geared to the decade of the eighties, with the focus on the middle years. The process of achieving these goals must begin now, however. The study

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will therefore make specific recommendations aimed at the Japanese budget review for JFY 81 (April 1981-March 1982) and provide some guidance on the most effective tactics to be used for encouraging a positive Japanese response.

(U) The review represents the combined efforts of the Joint Staff and the Office of the Secretary of Defense.

Setting

~~(S)~~ The United States-Japan security relationship is in transition from a client protectorate to a working alliance. At the moment the relationship involves elements of both but is still more of the former than the latter. The transition is driven by several interrelated trends:

- a gradual though still incomplete Japanese recovery of national self-confidence following total defeat in World War II.
- phenomenally successful economic growth which has propelled Japan in three decades from a prostrate, third rate economy to the second largest in the world.
- growing awareness of Japanese vulnerability since the oil shocks of 1973 and the fall of Saigon in 1975 and of the need for a more competent self-defense capability.

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- the buildup of Soviet military power in the Pacific and the Asian mainland with the consequent sense of threat to Japan.

- the relative decline in U.S. power in the Pacific from the power monopoly of the 1950's to near parity in the late '70s.

- Japanese concern -- fueled by the fall of Saigon and the 1977 decision to withdraw ground troops from Korea -- that the U.S. lacks the will to remain engaged in Asia.

- U.S. pressure on Japan to develop a more close-knit military-to-military relationship, strengthen its defense capabilities, and increase host nation support.

B. Current JSDF Posture

1. The Evolution of Defense Policy

(S) The development of Japan's self-defense posture to current levels has been slow and intermittent -- held back by traditional Japanese insularity, war-born pacifism, and constitutional constraints imposed by the U.S. occupation -- and pushed ahead by spasmodic reactions to U.S. decisions that fed Japan's sense of vulnerability. The process began in 1950 with the formation -- at least in part at U.S. behest -- of the Self-Defense Forces (SDF) from the National Safety Force. (The U.S. wanted a land force of

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350,000, but Japan finally obtained U.S. acquiescence for a goal of 180,000.) The slow growth of force levels dates from the First Defense Buildup Plan for FY 1958-1960, after U.S. personnel stationed in the main islands had been sharply reduced (from 260,000 in 1952 to 77,000 by 1957). Japan's first defense White Paper did not appear until 1970, shortly after the proclamation of the Nixon Doctrine. Stating that Japan should work to "cope with aggression primarily by our own resources" complemented by the security treaty with the U.S., the White Paper marked a fundamental change in Japanese defense think

~~(S)~~ The second White Paper in 1976 was a classic reflection of conflicting pressures generated by the powerful Japanese bureaucracy on the one hand and opposition political parties on the other. Comi after the Nixon shocks of the early 1970s, the oil embargo of 1973, and the fall of Saigon, the White Paper demonstrated concern over the unreliability of the U.S. and the vulnerability of Japan. However it also established a limit for future defense growth. In November of 1976 the Cabinet ratified a long-sacred but informal political guideline by decreeing that the defense budget would not exceed one percent of GNP for the time being.

~~(S)~~ The Fukuda government placed more emphasis on defense than any of its predecessors and accelerated significantly the consensus building process within Japan on security matters. Influenced by the U.S. decision to withdraw ground forces from Korea, in late 1978 the Cabinet approved the "Guidelines for Japan-United States Defense Cooperation." These gave, for the first time, official sanction to

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US-Japan military planning for the defense of Japan.

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In July 1979,

the Japan Defense Agency (JDA) announced its new "Mid-Term Operation Estimate" (or "Defense Improvement Program") for 1980-1984 -- a program designed to improve significantly the quality of Self-Defense Forces at current authorized force levels (267,770) without exceeding the 1% GNP guideline.

(U) Although SDF levels have remained constant at 239,000 personnel for several years, defense spending has increased steadily with the growth of the economy. Since 1970, the defense budget has increased an average of 7.6% per year in real terms. JFY 1979 defense expenditures of about \$10 billion were the world's eighth largest. These expenditures were within Japan's 1% GNP guidelines even though Japan's defense budget is about 1.1% of GNP if computed in NATO terms. It compares unfavorably with U.S. FY 80 outlays (5.1% of GNP), and those of other major allies - the UK 5%; France 3.6%; Germany 3.4%. Nor does Japan's 6% of the national budget spent for defense stand up to the more than 20% spent by the U.S., Germany and France, and 11.2% by the United Kingdom.

2. Force Posture and Capabilities

(U) Japan has applied its defense expenditures to:

- Maintain over 239,000 men and women in uniform; including approximately 155,000 in the 13 division Ground Self-Defense Force,

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40,000 in the Maritime Self-Defense Force, and 45,000 in the Air Self-Defense Force.

- Equip its forces with well maintained, technologically sophisticated weapons systems including:

-- 580 aircraft, (compared to 490 for the Seventh Fleet, U.S. Forces in Japan, U.S. Forces in Korea and U.S. Forces in the Philippines combined, and compared to 280 for the ROK Air Force.)

-- 174,000 tons of naval ships including 45 destroyers equipped with missiles and helicopters (compared to 80,000 tons for the ROK Navy and 15 destroyers for the Seventh Fleet).

-- 40 minesweepers compared to 3 in the entire active fleet of the U.S. Navy. The Japanese navy's anti-mining force is the best in the free world.

-- 14 submarines, some of which are the most technologically advanced, quiet diesel submarines in the world.

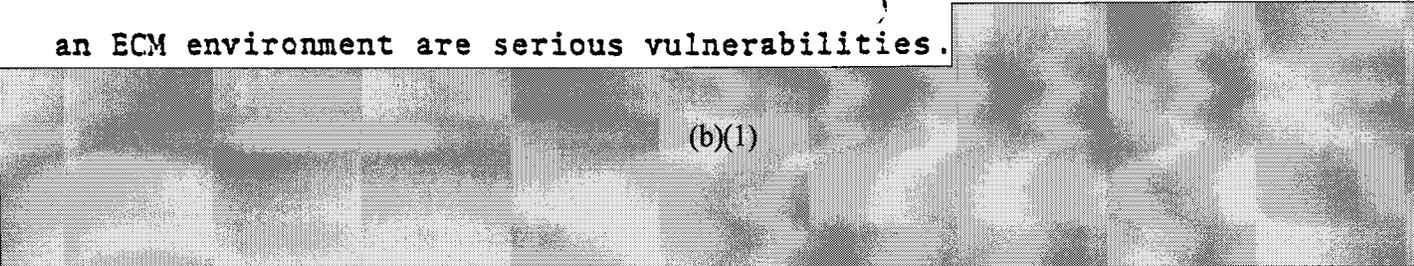
~~(S)~~ Nevertheless, like U.S. services, the SDF also faces handicaps which would limit its effectiveness in an emergency. All three services are understrength. All have some obsolescent equipment which would be only marginally effective against a Soviet attack. There are across-the-board logistic weaknesses and shortages of all types of war consumables particularly ammunition, POL, and spare parts.

GSDF and MSDF reserve forces are inadequate to fulfill the needs of emergency mobilization; the ASDF has no reserve force. Japan's defense forces are particularly vulnerable to surprise attack. The SDF is generally capable, with adequate warning, of defending Japan, its contiguous waters and airspace, against a small-scale conventional attack. Without substantial U.S. assistance, however, the SDF could not repel a major attack of the magnitude that could be launched by the USSR or conduct defensive operations in a protracted war.

(S) The manning shortages of the GSDF result in an emphasis on developing frontline combat units at the expense of the logistical and service support systems.



(S) Although one of the strongest and best equipped non-Communist Asian air forces, the ASDF could not cope with a full scale air attack by the Soviet Union. A large percentage of the fighter interceptors are older F-104Js, and the fighter force is deployed at only eight of Japan's 21 jet-capable airfields. Low altitude limitations of early-warning equipment and intercept limitations in an ECM environment are serious vulnerabilities.



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(S) The MSDF is the largest and most modern non-Communist navy among Western Pacific states. The ships are well-equipped and are generally comparable in performance to similar Soviet warships.

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Although surface ASW capabilities are good, airborne operations are

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C. Present State of U.S.-Japan Defense Cooperation

(S) Defense cooperation between the two countries has grown steadily closer in recent years in pace with Japanese concern over its own vulnerability and worry that the U.S. might be loosening its links to Asia. Primary elements of effective combined defense efforts include (1) maintenance of closely-aligned, interoperable U.S.-Japanese

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defense forces, (2) bilateral military planning, (3) Japanese support for the costs of maintaining U.S. forces in Japan, and (4) combined military exercises. Although the state of the U.S.-Japanese relationship is rudimentary by comparison with NATO, security cooperation is now the closest it has ever been in each of the above four elements. The relationship promises to become over time a genuine working alliance with shared operational responsibilities.

(U) Since 1950, Japan's defense investment has been geared to the procurement and licensed-production of U.S.-designed equipment carefully selected to ensure interoperability with U.S. defense systems. Over 40 of Japan's modern destroyers, for example, are equipped with predominately U.S.-designed, sophisticated anti-submarine warfare weapons systems and sensors, and some have U.S.-compatible missile systems.

~~(S)~~ Intensive bilateral military planning began in January 1979, under provisions of the Guidelines for Defense Cooperation. Through the bilateral planning process and other previously established U.S.-Japan consultative forums, studies of requirements, roles, and missions for each nation's defense forces in the Pacific Command area are underway.

(U) Under the security treaty, U.S. bases are provided rent-free by the Japanese government. In addition, although the Status of Forces Agreement (SOFA) explicitly stipulates U.S. responsibility for maintaining the bases, the Japanese have in recent years provided increasing amounts of budgetary assistance to reduce the burden of

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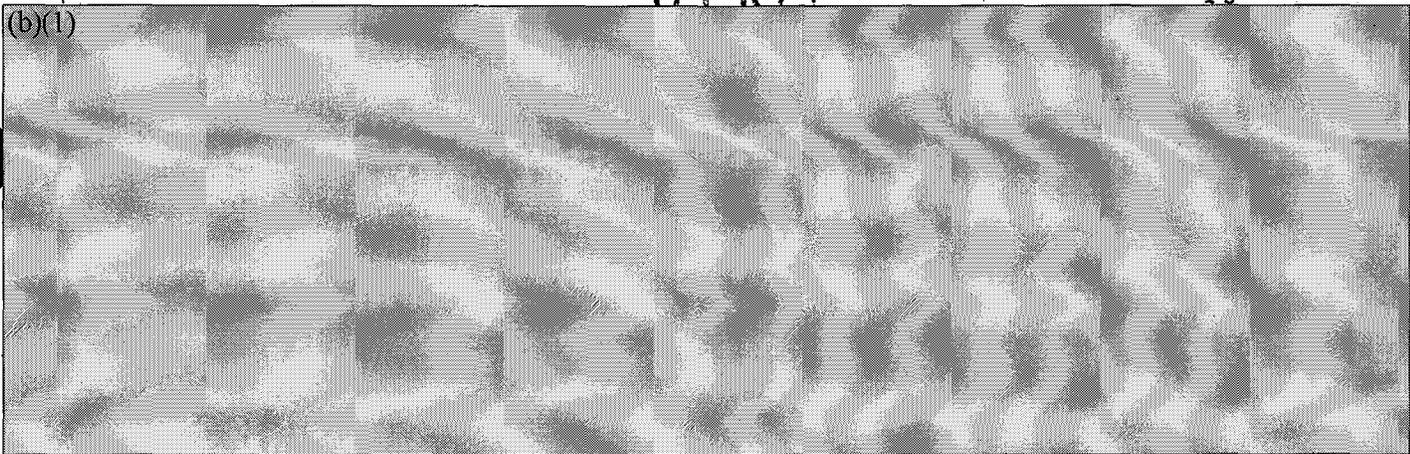
keeping U.S. forces in Japan. Since 1978, this assistance has included labor compensation and the renovation and construction of housing and other military facilities without the turn-in of comparable older facilities. Total Japanese support reached ¥200 billion in 1978 and the annual figure is projected to reach ¥220 billion this year. The 1979 figure approximates \$1 billion at an exchange rate of ¥200:\$800 million at ¥250:1. Present U.S. costs in Japan beyond GOJ support and including the salaries of U. S. personnel are approximately \$1.4 billion.

(U) Combined U.S.-Japanese military exercises have taken place for years, particularly between both navies. In the late 1970s, exercises grew steadily more sophisticated, involving units of Japanese naval and air defense forces participating in complex exercise scenarios with U.S. aircraft. Combined naval, air, and ground exercises are anticipated in the future, as well as exercises involving more than one service from both countries participating in tests of studies developed in the bilateral planning process.

~~(S)~~ As our cooperation has improved, Japanese attitudes towards the US use of military bases have also changed and gradually broadened. Originally, any use construed as not related at least indirectly to the defense of Japan was taboo. Subsequently the GOJ supported the view that any usage in the "Far East" was within our prerogative despite the unpopularity of the Vietnam war in Japan. Post Afghanistan, the government has widened its view to support global usage short of direct deployment from Japan into combat. Spirited Diet debate can still be and is initiated over base usage questions yet Japanese understanding has matured considerably.

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D. U.S. Security Objectives

~~(S)~~ Our Asian relationships have long played an important role in offsetting Soviet capabilities and maintaining the balance of power. The security link with Japan ties Asia's most advanced technology and most powerful economy firmly to the U.S. and provides a network of bases that enables us to project our power throughout the region. Our commitments to Korea protect Japan and are the foundation for a stable balance on the peninsula. The security link with the Philippines gives us continued use of our largest overseas bases, located at the strategic hinge between Southeast and Southwest Asia. Roughly 30% of Soviet forces are deployed near the border of China, with whom the U.S. is now clearly aligned after normalization.

~~(S)~~ The growth of Soviet power in Asia in the 1970's and the stark demonstration in Afghanistan of Soviet will to use that power have made imperative and urgent a larger allied contribution to the balance of military power. Of our Asian allies, only Japan is financially capable of significant increases in effort. Our objective will be to encourage a strengthening of Japanese military capability while keeping the United States and Japan firmly lashed together by an increasingly cooperative mutual security relationship. At the same time we want the Japanese to lay the groundwork for a regional security role beyond their borders when this becomes politically feasible.

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(S) In devising policies to achieve these goals, we cannot take for granted that the Japanese have no other options. Defense partnership with the United States is far and away the option most preferred by

(b)(1) the Japanese.

Only a small minority support this position, but it has status and respectability in the Japanese establishment. Its cause has been aided by recent economic friction with the United States which has aroused a strong undercurrent of nationalistic

(b)(1) resentment. Furthermore, this minority is sufficient influential to frighten the moderate majority who fear a revival of prewar Japanese militarism, and who therefore have a considerable stake in the successful development of the US-Japanese partnership.

(U) The achievement of US goals will also require taking into account the constraints that have inhibited the growth of Japan's military capabilities over the years:

- a constitution that forbids the development of offensive military forces.

- a network of legal measures that prevents the sale of Japanese military equipment abroad.

- a body politic that persists in regarding Japan as weak and defeated.

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- budgetary stringency imposed by slowing economic growth and an uncomfortably high rate of deficit financing (30-40% of the Japanese budget is financed by bonds, compared to 7% for the U.S.).

(U) These constraints exist even though public concern over the Soviet invasion of Afghanistan and military deployments in the Northern Territories have improved the climate of acceptance in Japan for a more capable defense.

1. Acceleration of the Japanese Mid-Range Plan

(S) For the first several years of the decade, the U.S. can encourage significant increases in defense spending without asking the Japanese to exceed any of their legal or constitutional guidelines, divert their focus from defense of the home islands, or temper their aversion to a regional military role. Specifically, in the 1981 budget we would like to see Japan make-up the shortfall in the 1980 budget and exceed the target figure for 1981. We would like this trend to continue and the Mid-Term estimate to be completed in 1983. Full funding and acceleration of Japan's own plan will significantly improve its self-defense capability and add to total allied power in the region. The budgetary implications of this request would mean an average increase of 12% real growth in defense spending in JFY 81, 82, and 83 and an average of about 1.2% of GNP for defense in each of the final three years.

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(S) Japanese defense planners are well aware of SDF shortcomings. Defense objectives, formalized in the mid-term estimate for 1980-84, focus on improvements in air defense, anti-submarine warfare, and command and control (see table next page). The plan is extensive and well-balanced -- especially when taken in conjunction with follow-on actions planned for the late 1980's. On the whole, the projected improvements address most present SDF weaknesses, but we want the Japanese to address these weaknesses sooner than they currently project.

(S) Taken together the improvements compare favorably with several NATO initiatives. For example, by 1985 at the current rate, Japan will have as many I-Hawk batteries (108) as the U.S. has in the 5th and 7th Corps areas of NATO's Central Front. If Patriot is acquired on schedule later in the decade, Japan should have one of the best SAM networks in the world by 1990. The MSDF's patrol aircraft force, already the largest of any of our allies and 90% the size of CINCPAC's patrol force, will be modernized by P3Cs.

(S) While the \$50 billion plus mid-range plan will significantly enhance current combat capabilities, improvements are principally replacement rather than additive. A number of deficiencies will remain in the areas of:

- general combat readiness and sustainability
- numbers of fighter aircraft

Category	Objective	Estimated Major Procurement Items (JFY 80-84)	Estimated Cost JFY 80-84 (% of Total Procurement) (Million Yen & \$ Bill.)	Programs Under Discussion/Development (1985-1990)			
GSDF Equipment	<ul style="list-style-type: none"> --Increase Ground Firepower and Mobility --Improve Anti-Tank Capabilities --Improve Air Defense --Improve Battle-field Surveillance 	<ul style="list-style-type: none"> --300 Type 74 Tanks --112 APCs --180 SP Howitzers --15(est) SP 130mm multiple rocket launchers --2,300 New A-T Weapons --Upgrade 2 HAWK Groups to J-HAWK --24 TAN-SAM Launchers (Short Range) --Introduce Shoulder-Launched SAMs --3-0 Mobile Radars 	\$ 1,275 (13%)	<ul style="list-style-type: none"> --Introduce new MSTs --Possible ICVs --Continue artillery modernization including PGMs and anti-ship missiles --New Japanese ATGMs (DMU-MAT) --Replace 4 HAWK Groups with Patriot --New SP AA Guns (Aii-X) --RPVs 			
		GSDF Aircraft	<ul style="list-style-type: none"> --Introduce Attack Helicopters --Upgrade Trans/Obs Units 	<ul style="list-style-type: none"> --32(est) AH-1s --44 HU-1hs --Introduce New Transport Helos (CH-X) --58 OH-6Ds 	\$ 295 (3%)		
			MSDF Ships	<ul style="list-style-type: none"> --Improve Fleet Defense --Modernize ASW Force --Improve Anti-Surface Capabilities --Modernize Mine Force --Expand UNREP Capabilities 	<ul style="list-style-type: none"> --2 4,400 Ton DDGs --SAM or Sea Sparrow and Phalanx on all new escorts --10 2,900 Ton DDs with Helicopters --4 1,400 Ton DEs with Helicopters --5 2,200 Ton SSs --All new escorts/subs have Harpoon --Introduce PHM --11 440 Ton MSCs --Production of 2 new mines --1 5,500 Ton AOE 	\$ 3,150 (31%)	<ul style="list-style-type: none"> --Possible Fleet Air Defense Fighter --New Torpedo in R&D --Widespread Use of Towed Arrays --Possible through-deck cruisers with V/STOL
				MSDF Aircraft	<ul style="list-style-type: none"> --Modernize ASW Capabilities --Improve Mine Warfare --Improve Anti-Surface Capabilities 	<ul style="list-style-type: none"> --37 P-3Cs --50(est.) HSS-2Bs --7(est.) RH-X Minesweeping Helicopters --6(?) C-130 Minelayers --Fit P-3s with Harpoon 	\$ 2,190 (22%)
ASDF Equipment	<ul style="list-style-type: none"> --Modernize Interceptor Force --Increase Warning/Reduce GCI Vulnerability --Upgrade ECM/ECCM Posture --Improve Ground-Based Air Defense --Modernize Training Base --Improve Air-to-Surface Capabilities --Improve Mobility Forces 	<ul style="list-style-type: none"> --77 F-15s with AIM-7F --4 E-2Cs --Extensive EW Development --Complete 6th MIKE J unit --Add Vulcan/Short-Range SAMs --Begin Sheltering Aircraft --23 (est.) New Trainer Aircraft --13 F-1s with ASM-1 --2 (est.) C-1 Transports --17 (est.) Medium/SAR Helos 			\$ 3,260 (32%)	<ul style="list-style-type: none"> --Up to 100 Additional F-15s --6 Vulcan per Radar/GCI site --Possibly more E-2s --ALCC Upgrade --Replace MIKE J with Patriot 1985-95 --Goal is 16 Vulcan per Airbase plus Stinger and Short-Range SAMs --F3-1 under study: possible V/STOL. 	
	Total Major Procurement Items (Million FY 79 \$)		\$10,170				
	Total Major Procurement Items (Million Then-Year Dollars (Average 6% Inflation) 8/)		\$11,695				
	CONFIDENTIAL						

1/ Percent totals do not add due to rounding.
 2/ Total procurement under the JFY 80-84 program is reported in the \$13-14 billion range. Rest of the additional

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- SAM stockpiles
- numbers of surface ships, submarines, and patrol and fighter aircraft for SLOC defense.

~~(S)~~ In addition to accelerating the mid-range plan, we should simultaneously urge the Japanese to establish a complete capability for laying and maintaining mine fields and other measures to reduce Soviet naval capabilities to operate from Siberian bases. The successful and speedy acquisition of this capability could be essential to quick and relatively easy naval supremacy in the Northwest Pacific. Not to have the ability is to ensure a long, difficult, and extremely costly battle of attrition.

2. Broader Capabilities Later in the Decade

~~(S)~~ Accordingly, the next priority in our security consultations with the Japanese should be discussions on how to remedy the deficiencies which remain after the mid-range plan is completed. We should propose that the Japanese increase their combat capabilities, particularly those necessary to provide:

- full responsibility for ASW surveillance and patrol by Japan in the Japan Sea, and in the Pacific area west from Guam and north of the Philippines which is within a 1000-mile distance from Japanese territory and which can be supported from Japanese bases in the main islands, in Iwo Jima, and in Okinawa;

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enhanced air defense and reconnaissance expanded to the same area as above, including new defense systems -- a modernized, fully-automated BADGE system, hardened air bases, and a modernized SAM system.

We should urge the Japanese to begin now to make plans for the procurement of aircraft and naval vessels needed to fulfill this function in the outyears. Broadened Japanese capabilities would release significant U.S. forces for other roles as demonstrated by the following table.

Effects of Increased Japanese Roles on U.S. Forces (S)

<u>Japanese Action</u>	<u>Potential U. S. Forces Released</u>	<u>1985 Japanese Forces Needed</u>
1. Expand area of responsibility to Northeast Asia	2 CV (ASW) 1-3 URGs 24 Escorts 19 Convoy Escorts	CV (ASW) 50 escorts a/ 6 VP squadrons a UNREP Ships
2. Mine Sea of Japan exists to 50% threat b/	4-6 SSN	SS Increase Mine Stocks from 95-- tp
3/ Air Defense of the SLOC	2 CV (AAW) 1-3 URG 24 Escorts	Add up to 27 AEW aircraft, CV (AA or DDGS or additional radars on islands, develop base at Iwo Jima dedicate about 3 F-15s to the SE zone; exercise F 15s in Kyushu an Okinawa in maritime roles.

a/ Forces expected to be on hand.

b/ 50 percent probability of killing a transiting submarine. This is the estimated effectiveness barriers consisting of mines and SSNs.

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(S) We would introduce these general ideas formally during the next Security Subcommittee Meeting this summer and rely on bilateral planning channels to work out the specifics of Japanese roles and missions.

3. Increased Host Nation Support

(U) Compared to the situation four to five years ago, the Japanese have made considerable progress in providing support costs for the US forces over the past three years. They have overcome a number of political as well as legal obstacles in providing a structure for increasing cost sharing in the coming years.

(S) Given the high and increasing cost of United States bases in Japan, there is still a considerable shortfall, particularly in O&M expenses. The U.S. should encourage steady increases in host nation support, including urging the Japanese to assume a much larger percentage of labor costs and to invest in construction projects with mission-related importance such as revetments for the new F-15s that we now station in Okinawa. As the decade proceeds, we may be required to consider either (a) revision of the SOFA or (b) adjustments in our thinking about such concepts such as joint use of bases in order to get the GOJ to assume a larger portion of our costs in Japan.

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~~(S)~~ At present there is discussion but no consensus on new approaches. There is a general view that additional direct support for labor costs is most difficult, given the SOFA agreements. But other approaches which would provide essentially similar types of operation and maintenance expenses are possible. One such approach which is going forward is a SDF base in Iwo Jima, specifically designed for use by both U.S. and Japanese forces and to be maintained by the Japanese. This will establish a precedent for Japanese maintenance of other jointly used facilities.

~~(S)~~ Another approach being considered is special Diet legislation, which would provide a direct subsidy to U.S. forces, making clear, however, that this was outside and separate from existing SOFA commitments. Such a budgetary provision might be related to labor cost sharing since the labor unions with an interest in preserving their jobs at the bases could be used to pressure the Socialists to support or at least acquiesce with such legislation.

~~(S)~~ Quiet exploration of these and other possible approaches is not only feasible but desirable and is presently on-going.

4. A Long-Term Defense Program

~~(S)~~ We should explore with the Japanese the benefits of an integrated planning program that offsets long-range planning goals for both countries. Our bilateral planning apparatus is working, but its focus is contingencies and its approach piecemeal. In many respects

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between the U.S. and Japan than it was within NATO. The relationship is bilateral rather than multilateral; many weapons systems are already interoperable; and levels of technology are roughly equivalent. Although many of the steps already taken by NATO might not be feasible with Japan due to differences in the relationships, a decade-long LTDP-type approach would be both an important symbol and a useful way to improve mutual defense capabilities. In particular, it offers a systematic and integrated way to address increased Japanese spending on the basis of need rather than arbitrary percentages of GNP. Constructed carefully, a U.S.-Japan LTDP could provide the framework for a regional planning approach which could be broadened later to include other Asian states when feasible or necessary. We would have to take care in presenting this idea to the Japanese to emphasize the bilateral nature of the process and to avoid any institutional implications either with NATO or other Asian nations.

See para 2
~~(S)~~ Annex A contains a list of suggested actions that could be included in a US-Japan LTDP. Detailed projects and priorities would have to be worked through bilateral discussions. Some programs will not be feasible immediately but could be developed by the end of the decade. In all cases initiatives should seek maximum compatibility with NATO programs since future NATO weapons presently under discussion or development would otherwise exclude Japan. We should float the idea of a U.S.-Japan LTDP at the next SSC meeting.

E. U.S. Actions - Substance

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~~(S)~~ U.S. persuasion of the Japanese to accelerate defense expenditures and assume new functions will be successful only to the extent that we remain convincingly committed to their defense and credibly engaged in Asia. They must see our pressure on as a complement to a greater US and allied effort rather than as a supplement to compensate for declining American strength. Fully adequate PACOM force levels are vital to the development of Japanese confidence and confirmation of our security arrangements. Any steps that we can take to augment these levels, including homeporting an additional carrier in the Pacific and deploying more tactical air will reinforce our efforts to get the Japanese to do more. Tokyo accepts the argument that PACOM deployments in the Indian Ocean/Persian Gulf are in Japan's interest. Assurances that these forces will not leave the Pacific Command are what the Japanese seek.

~~(S)~~ In working out contingency planning goals and force missions, we should make sure that we preserve joint responsibility for some of the most sensitive and dangerous anti-Soviet functions; i.e., closure of the exits to the Japan Sea, and ASW and anti-Backfire patrols throughout Northeast Asia during wartime.

~~(S)~~ To get the most mileage out of U.S.-Japan defense cooperation during the next decade, the U.S. needs to rationalize several policy anomalies that have inhibited our relationship in the past. Technology transfer is one problem area. As the sophistication of Japan's technology grows -- along with its capabilities to develop and manufacture advanced systems -- the limits of our current ad hoc

approach to technology transfer issues become more obvious. There have already been a number of cases where, rightly or wrongly, the Japanese perceive second class treatment compared to NATO countries. Vacillation between allowing coproduction and insisting on direct sales of weapons causes additional confusion. The integration of U.S. equipment into the self-defense forces which promotes standardization, interoperability, and interdependence on the part of the Japanese is a primary goal.

~~(S)~~ The most serious deficiency in the Japanese defense industry is the inability to double or triple output on short notice, a requirement that could arise in the event of an attack against Japan. Shortages of components, skilled workers and expertise would make significant increases in output impossible for 12 to 18 months. Thus, for the short term, the SDF would depend on the US (whose surge capability also is limited) to maintain a steady flow of weapons and equipment to Japan. The impediments to increase defense industry output in Japan are formidable, and place a responsibility on the US to increase its output of weapons for export or to permit more coproduction projects for Japan.

(U) The U.S. is not always able to supply the parts for weapons systems Japan buy directly or license-produces. We have had a number of issues arising, most recently availability of engines for the F-15. If we are to promote U.S. systems, we must be able to meet schedules.

~~(S)~~ On the other hand, to demand that the Japanese purchase U.S. weapons exclusively is to ensure that they will develop domestically their own non-interoperable systems. This is a political fact. The Japanese, like other major industrial nations are determined to

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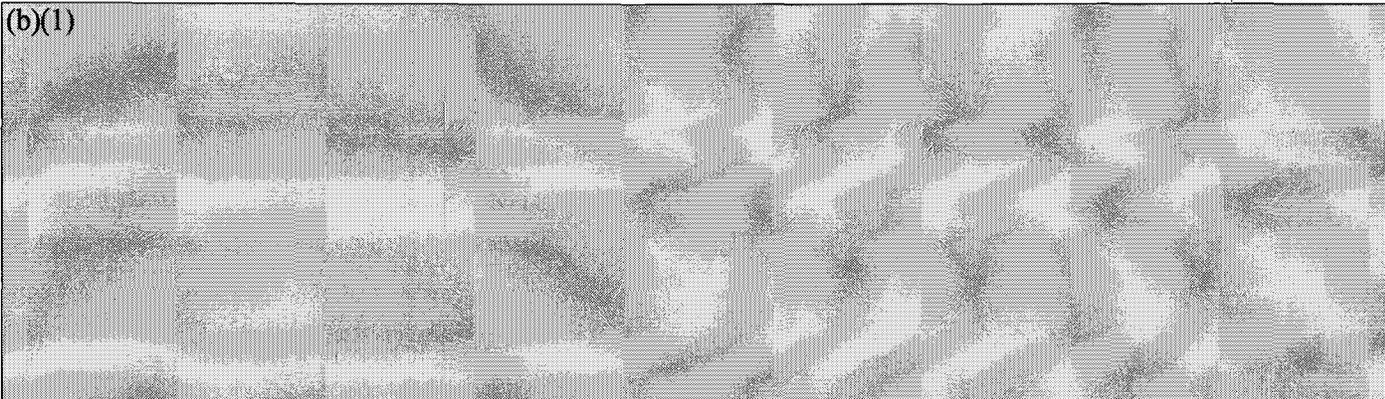
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to maintain some independent weapons producing capability. U.S. policy on technology transfer, consistent with public statutes and manufacturer's rights, should allow the Japanese the latitude of choosing the means by which they secure U.S. equipment.

In fact the U.S. earns almost as much from licensed-production as it does from direct sales. U.S. manufacturers are comfortable that licensed-production keeps Japan far enough behind in state-of-the-art technology to prevent threatening the U.S industrial lead. In the long run, our policy should be shaped by the knowledge that limitation on coproduction will limit interoperability and Japan's ability to build-up its forces or support us during hostilities. One of our problems in developing a rational integrated policy on these issues is the lack of a centralized decision mechanism within the DOD on coproduction. We should establish one, vesting coordination/responsibility and power of final approval in a single office with OS

~~(S)~~ The Japanese are treated differently from our NATO partners in other areas such as FMS training and research and development costs. The difference in treatment is interpreted by the Japanese as sign of lower regard and political inferiority.

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~~(S)~~ Rationalization of costs would require congressional action. In its current mood, Congress will be reluctant to take any measure

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which grants financial relief to Japan. A long-term effort should be made, however, to explain that the price differential is not significant financially, but damages the relationship politically and inhibits security cooperation. The revenue we gain by charging the Japanese high prices for training is small and would be much more than offset by increased Japanese outlays for U.S. equipment that would logically result from expended U.S. training of their most able officers.

~~(S)~~ We should also move to increase bilateral training. More combined training exercises, small unit exchanges, and personnel exchanges are needed. Large-scale multilateral combined naval exercises like RIMPAC should be repeated. Ultimately, a deployment/combined exercise in the manner of TEAM SPIRIT would help demonstrate U.S. credibility.

F. U.S. Actions - Tactics

~~(S)~~ Form is at least as important as substance to the Japanese, placing tactics on a par with content. For best results with the Japanese, the U.S. should:

- Avoid direct, public demands. These will inspire nationalistic reactions among the public and opposition parties and make it harder for the government to respond positively. U.S. criticism of Japanese performance during the early phases of the Iran hostage crisis, for example, brought some short-term results, but left lasting antipathies. Our campaign to increase Japanese defense cooperation is a long term effort requiring broad public support.

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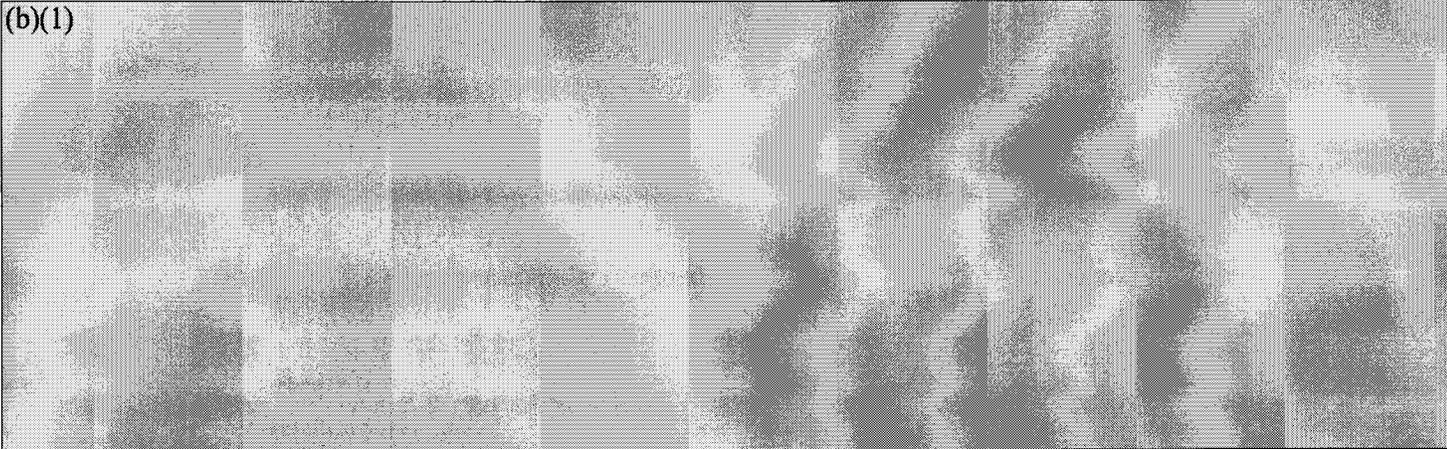
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- Be blunt in private. The Japanese have come to regard candor as a benchmark of the relationship and will react positively as long as our recommendations are presented to them as suggestions between allies rather than requirements from a superior.

- Maintain steady, relentless pressure across the board. Lose no opportunity in talks between officials to reiterate the U.S. position, even if the message seems redundant. Constant repetition at all levels and to representatives of all the ministries concerned is an essential element in moving the consensus in Japan forward.

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G. Asian Relationships

(U) This approach to U.S.-Japan cooperation over the next decade is consistent with the interests and concerns of other Asian nations with whom we are allied or aligned. Peking understands the vital importance of the US-Japan security relationship, and has lost no opportunity to tell either the Japanese or the United States that Japan should significantly strengthen its defenses. The Chinese

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are not advocating nuclear rearmament for Japan, nor do they want, at least at this point, Japan to develop a capability to project offensive power beyond its own borders. They are, however, keenly aware of the increased contribution Japan can make to improving the balance of power in Asia, and they would support a significant growth in Japan's self-defense capability, including wider responsibilities for maritime and air defense.

(S) Lasting and intense animosities toward the Japanese notwithstanding, the Koreans would be reasonably comfortable with the increased capabilities and enhanced missions discussed here. They would balk at Japanese acquisition of any capability to send ground forces abroad -- even to aid South Korea in an emergency -- but they would certainly welcome the benefits of increased Japanese competence in air defense and intelligence. During the last year we have seen cautious initial steps in the development of a ROK-Japanese dialogue on security issues, beginning with the visit of JDA Minister Yamashita to Seoul in the fall of 1979. An exchange of visits between high ranking military officers was to follow but has been interrupted by the assassination of President Park.

(U) The ASEAN and ANZUS countries remain skittish about the growth of Japanese military power, but they will not react negatively as long as Japanese regional capabilities remain defensive and are primarily focussed in Northeast Asia. As maritime nations, they will of course approve of any strengthening in overall allied capability to protect the SLOC.

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H. The Soviet Factor

~~(S)~~ The approach outlined above will be compatible over the long run with a more explicit and active regional military role for Japan, even though such a role is currently unthinkable in Tokyo and unacceptable in the rest of Asia. The need for more formal arrangements and the political conditions that would make these arrangements acceptable in the region will depend more on Soviet behavior than any other factor. The more the USSR expands its influence and takes hostile or threatening actions, the more comfortable other Asian countries will be with a larger Japanese military presence and more explicit collective security ties. More importantly, public opinion within Japan will move more quickly to support more comprehensive defense arrangements.

~~(S)~~ In the meantime, while the Soviets will complain about increased Japanese defense expenditures, there is little in the recommended approach that will provoke Moscow to more threatening action.

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ANNEXES

- A. US-JAPAN LONG RANGE COOPERATIVE DEFENSE PROGRAM (LRCDP)
- B. GUIDELINES FOR DEFENSE COOPERATION.
- C. ARTICLE IX OF JAPAN'S CONSTITUTION.
- D. TREATY OF MUTUAL COOPERATION AND SECURITY:
EXCHANGE OF NOTES ON "PRIOR CONSULTATION"
- E. ARTICLE XXIV OF SOFA

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ANNEX A

US - JAPAN

LONG RANGE COOPERATIVE DEFENSE PROGRAM (LRCDP)

(S) The outline below is intended to suggest some actions that might be included in a U.S.-Japan LRCDP. The category headings are the same as those in the NATO LTDP (less TNF), and specific proposals parallel NATO initiatives where applicable. Detailed projects and priorities would have to be worked out through bilateral discussions. Some programs will not be feasible immediately, but could be developed by the end of the 1980s. In all cases, initiatives should seek maximum compatibility with NATO programs. ROK force developments also should be considered. Security relations with the PRC are too tenuous, and sensitive, to be included at present, but should be reevaluated as the situation evolves.

1. Readiness (U)

- (S) - Increased Training. Both the U.S. and Japan should continue to increase the level of realistic combat training, including the expenditure of live ordnance. Ways should be sought to alleviate the constraints on maneuvers and live firings by the SDF. The preferential training rates charged to NATO should be made available to Japan.
- (S) - Increase War Reserve Stocks. Ammunition procurement should be increased immediately in order to reach at least 30-day stockpiles by 1985, based on existing national consumption rates. Threat-related ordnance should be stocked to an 80% confidence level in the same period.
Concurrently, the bilateral planning process should develop new standards for stockpile planning guidance in the latter half of the decade.
- (S) - Interoperable Munitions Program. This program should complement the previous initiative by reviewing the interoperability of U.S. and Japanese munitions in all categories and examining the prospects for the cooperative development of future families of weapons. A collateral project should consider

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- (U) - Defense Against Chemical Warfare. Increased emphasis should be placed on the acquisition (and development, if necessary) of standardized protective equipment, integrated NBC defense training, and the organizational changes needed to upgrade current capabilities.
- ~~(S)~~ - Ammunition Loading Program. The goal of this program should be to improve ammunition handling procedures and to modernize ammunition handling and storage facilities. In light of Japan's explosive safety-distance restrictions, the U.S. should consider making storage available for Japanese ammunition at U.S. PACOM facilities, while Japan upgrades her own storage. However, there are conflicting reports of the availability of U.S. magazine space in the Pacific. In addition, the reserve component of the SDF's ammunition distribution system needs to be identified and exercised.
- ~~(S)~~ - Improved Alert Responses. As the Japanese joint operational command structure develops, measures should be proposed to synchronize alert conditions and to transfer authority to combined commands. It is recognized that many of these measures involve sensitive political issues that may not be susceptible to early resolution.

2. Reinforcement (U)

- (U) - Prepositioning. The U.S. and Japan should develop stocks of items (a la POMCUS) that could be prepositioned in Japan [REDACTED] 1.6X6.

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- ~~(S)~~ - Increased Use of Civilian Mobility Assets. Steps should be taken to identify suitable merchant ships and civil aircraft, and to resolve the political, technical and legal problems involved in making them available for reinforcement in a crisis. The lack of emergency legislation in Japan, coupled with long-standing animosities between Japan's Defense Agency and the Transportation Ministry, indicate that this will be a long-term process. Involvement of the U.S. Departments of Commerce and Transportation also may be helpful.

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- (S) - Civil Reserve Air Fleet. The U.S. should push to have Japanese transport aircraft modified to carry military cargo. In addition, new orders from Japanese airlines to U.S. manufacturers, plus products of Japan's burgeoning aerospace industries, could be specifically tailored to CRAF requirements.

3. Reserve Mobilization (U)

- (S) - Coordination and Synchronization Measures. A way needs to be found to link Japan's reserve call-up to national alert systems. Lack of Japanese mobilization legislation will continue to be a problem.

- (U) - Improvement of Reserve Standards. In addition to quantitative shortfalls, both the U.S. and Japan have qualitative deficiencies to correct in their reserve structures.

- (S) - Additional Reserve Units. Japan has a significant paramilitary organization in the National Police Force. Already organized into battalions, companies, platoons, etc., the police would more than double the size of the Self-Defense Forces if called to active duty. Call-up procedures and crisis uses for the Police Force should be clarified.

4. Maritime Posture (U)

a. Maritime Command, Control and Communications (U)

- (S) - Secure Communications. Development of suitable equipment and framework to facilitate secure communications interoperability should be given highest priority.

- (S) - Other. A common message language for tactical circuits and should be developed. ECM-resistant communications and SATCOM facilities should be fitted as appropriate, along with modern systems for communicating with submarines.

b. Air Defense (U)

- (U) - Point Defense Missile System (PDMS). In the near term, the MSDF should be encouraged to continue its PDMS installation program. In the long term, advanced systems should be considered, including the U.S.-FRG-Danish Rolling Airframe Missile (RAM).

- (S) - Long Range Air Defense. Lack of long range air defense is a serious MSDF weakness. Long term solutions should include consideration of AEGIS-type missile systems, early warning equipment, and possibly

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fleet air defense fighters. Cooperation with USAF and ASDF fighters also needs more attention.

c. Anti-Submarine Warfare (ASW) (U)

- ~~(S)~~ - Shallow-Water ASW. Both allies should build on Japan's shallow water ASW to encourage the development of weapons, sensors, and tactics suitable for this region.
- ~~(S)~~ - Passive ASW. The distribution of sensitive U.S. acoustic signal intelligence information will have to be reviewed carefully to ensure that Japan is able to make effective use of the advanced ASW sensor systems she is procuring. Additional Japanese passive coverage should be encouraged, possibly through mobile arrays. Narrow band processing for Japanese submarines is urgently needed.
- ~~(S)~~ - ASW Weapons. Present MSDF reliance on MK-37 and MK-44 torpedoes undercuts nearly all other initiatives that have been taken to improve ASW readiness. In the near term, a solution must be found to balance MK-46 releasability against Japanese co-production demands. In the long run, Japanese participation in the Advanced Light Weight Torpedo (ALWT) program should be examined.

d. Mine Warfare (U)

- ~~(S)~~ - Readiness. The first priority should be to reduce the six-month lead time needed to ready Japan's present mine stocks. This will include the construction of new storage sites, provision of batteries, and possible Japanese legislative changes. U.S. and Japanese plans need to be synchronized, and air cover provided for minelaying near the Soya Strait. Japanese minesweeping participation in the event of a Korean conflict also should be studied.
- ~~(S)~~ - New Developments. Cooperative development of a new generation of medium and deep water mines should be considered. Both nations' Mine Countermeasures (MCM) capabilities should be improved concurrently. There are parallel initiatives in NATO's LTDP.
- (U) - Retaining MCM Ships in Reserve. The MSDF replaces about two older minesweepers a year with new construction units. The older ships average about 16 years of age--younger than many first-line NATO counterparts. Those not reclassified for auxiliary missions still could be capable of many wartime duties if retained in reserve.

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e. Surface Warfare (U)

- ~~(S)~~ - Improved Anti-Surface Ship Missiles (ASSMs). Japan already has extensive plans to introduce air, surface, and submarine-launched Harpoon as well as her own air-launched ASM-1. In the longer term, a ground-launched version of the ASM-1 will be developed for invasion defense. Cooperative efforts should concentrate on over-the-horizon targeting (OTH-T), and possibly a follow-on missile similar to that being studied by NATO's project group 16 (PG-16).

5. Air Defense (U)

- ~~(S)~~ - Deployment of Additional Air Defense Assets. Next to general combat readiness, the Soviet's growing numerical aerial superiority over Northern Japan will continue to be the most serious weakness in Japan's defense posture through the 1980s. Likely U.S. reinforcements and redeployments from other air defense districts can redress only a part of this shortfall. Despite the extensive procurement programs now planned or underway (F-15, E-2C, Patriot, etc.), additional efforts should be made to improve Japan's integrated air defense capabilities by the end of the decade.

- ~~(S)~~ - Infrastructure Protection. Short range air defenses for air fields and key logistic installations have been discussed, but underfunded. Aircraft shelters, facilities hardening, and runway repair kits are almost non-existent. Each of these areas needs improvement.

- ~~(S)~~ - Improved IFF. Although the release to Japan of Mode 4 of the MK-XII IFF will improve our ability to fight together, a better system is needed in the long term. This work should be coordinated with the NATO Tri-Service Group on Communications and Electronics Equipment (TSGCEE) that has begun work on a future NATO IFF system.

- ~~(S)~~ - Air Command and Control System (ACCS) Upgrade. Japan already plans to update the BADGE system in the mid-to-late decade. Cooperative efforts should ensure that there are adequate interfaces with USN and USAF C³ systems. Steps also should be taken to

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6. Communications, Command and Control (U)

- (U) - Interoperable Communications Equipment and Standardized Operating Instructions.
- (U) - COMSEC ^{interoperable shall be} consistent with CPICK (COMSEC Plan for Interoperable Communications in Korea).

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- (U) - Standardized Teletype Rates.
- (U) - Expansion of Japan's Defense Microwave Links.
- ~~(S)~~ - Links between JDA Command Center (when finished) and U.S. Headquarters.
- (U) - Interfaces between AUTOVON and Japanese Communications Links.

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- ~~(S)~~ - Contingency COMSAT Use.

7. Electronic Warfare (U)

- (U) - Make maximum use of Japanese electronic capabilities.
- (U) - Programmable Threat Warning Indicators.
- (U) - Jammers.
- ~~(S)~~ - Doctrine for Direct EW Support of Combat Operations.

8. Rationalization (U)

- ~~(S)~~ - There will be numerous procurement choices available to the U.S. and Japan over the next decade. In many cases, the cost/benefit trade-offs will be complex and highly politicized. However, both nations will be better able to rationalize future acquisitions if they are addressed in a comprehensive framework.

9. Logistics (U)

- ~~(S)~~ - Host Nation Support. Increased reliance should be placed on Japanese civil and military logistic resources, including CRAF, sealift, ground transport, cargo handling, medical, and maintenance facilities. Japanese O&M support could be increased through Colocated Operating Bases (COBs). Legal impediments to mutual support should be reduced.
- (U) - War Reserve Stocks. Ammunition stock levels should be established as discussed above under Readiness, and storage areas developed accordingly. Procedures for reallocation of war reserve stocks (POL and ammunition) in an emergency need to be established.
- (U) - Protection of Key Logistic Installations. SHORADS and hardening are needed for principal ammunition, POL, and supply facilities. Such installations should be diversified where possible.

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- (U) - Underway Replenishment (UNREP). The MSDF should increase its underway replenishment assets. Efforts also should be made to make use of containerized transfer systems for merchant ships when political problems can be overcome.
-  - Procedural and Organizational Improvements. The Army has discussed its Wartime Supply Support System for Foreign Armed Forces (WSSSAF) with the GSDF. This would allow wartime Japanese requisitions for selected items to be processed within the same priority structure as U.S. requisitions. Similar arrangements should be set up for other Services. Organizational changes should try to improve logistic cooperation among the individual services of the SDF.
- (U) - Interoperability. Possible initiatives include: aircraft cross-servicing, fuel standardization, ammunition interchangeability and common operating instructions.

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ANNEX C

Article IX of Japan's Constitution

"Aspiring sincerely to an international peace based on order and justice, the Japanese people forever renounce war as a sovereign right of the nation and the threat of force as a means of settling international disputes.

In order to accomplish the aim of the preceding paragraph, land, sea and air forces, as well as other war potential, will never be maintained. The right of belligerence of the state will not be recognized."

ANNEX E

STATUS OF FORCES AGREEMENT BETWEEN US
AND JAPAN

ARTICLE XXIV

1. It is agreed that the United States will bear for the duration of this Agreement without cost to Japan all expenditures incident to the maintenance of the United States armed forces in Japan except those to be borne by Japan as provided in paragraph 2.

2. It is agreed that Japan will furnish for the duration of this Agreement without cost to the United States and make compensation where appropriate to the owners and suppliers thereof all facilities and areas and rights of way, including facilities and areas jointly used such as those at airfields and ports, as provided in Articles II and III.

3. It is agreed that arrangements will be effected between the Governments of the United States and Japan for accounting applicable to financial transactions arising out of this Agreement.

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TALKING POINTS FOR SESSION #2

Convening the Session (Mr. McGiffert)

-- During this session we will discuss U.S. force posture and defense policy in the Pacific. The topics to be presented are the relationship of Pacific defense policy to global strategy, planned changes in our force posture, the Korean withdrawal plan, and arms limitation issues. I will ask U.S. delegates to lay out our basic views in a short presentation, 15 minutes or so, and then I propose we open the meeting for free discussion. Is this acceptable Mr. Tahashima?

** After Mr. Tahashima's response, you can ask Mr. Abramowitz to present, in overview, the first topic.

Relationship Between our Pacific Force Structure and our Global Strategy
(Mr. Abramowitz, Mr. Armacost, Mr. Gombert are prime U.S. discussants)

-- Let me begin by reviewing the process by which we analyze and determine our force posture.

-- The process starts with a review of the basic foreign policy goals we want to achieve, an evaluation of the worldwide environment and its influence on achievement of these goals, and a review of the role military forces should play.

-- Special interagency studies are done on topics of particular interest; for example, arms transfer, nuclear proliferation, and the like.

-- The results of these reviews are published in the Secretary of Defense Annual Report to the Congress.

-- At the same time, the Defense Guidance is issued. It contains the force sizing rationale to be used by the Services in determining their structure for the next five years. The defense guidance is scenario based. Various contingencies are evaluated and the most demanding ones selected as the basis for force sizing. The resulting force structure will then be adequate for all lesser scenarios as well.

-- The most demanding contingency for U.S. forces in East Asia is a Korean conflict.

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-- Our defense planning for Korea assumes a North Korean attack with logistical support from the Soviets and/or the Chinese. Our strategy calls for a defense north of Seoul to be made by ROK ground forces augmented by U.S. forces. Until their withdrawal over the next four to five years is completed, U.S. ground combat forces will be held in reserve. However, our tactical air, air defense, naval and logistical forces would likely be involved at the outset of the war. Logistical guidance calls for war reserve materiel to sustain US-ROK forces for a period of 180 days before drawing on NATO stockpiles. We would not expect to use ground combat forces to reinforce in Korea, although we are prepared for this possibility. Other existing PACOM forces can be used for a Korean contingency depending upon how the regional and global situation is developing at the time.

-- The resulting force structure is adequate to handle less demanding contingencies.

-- During a worldwide conventional conflict, the Defense Guidance assumes that Western Europe will be the focus of Soviet attack. It also assumes however, that a war in Europe will be accompanied by war in Asia, principally by Soviet attacks on worldwide LOCs. In this event the guidance requires the defense of LOCs to the U.S., and allied LOCs as the situation warrants and allows, initiation of attacks on Soviet forces under certain conditions, and the capitalization on any PRC actions threatening to the Soviets.

-- The Defense Guidance deals with Japan contributions by looking for an increase in their self-defense capabilities, particularly air defense and antisubmarine warfare (ASW), with the aim of developing a more significant Japanese contribution to protecting Japanese sea lines of communications (SLOCs), blocking Soviet passage from the Sea of Japan and defending Japanese home islands against air and naval attack and invasion.

-- U.S. planning for Korea assumes that our bases in Japan would be available for transit and logistics support. And, following the required consultation with your government, for combat operations as well.

-- During a worldwide conventional conflict with the USSR, we may wish to seek:

-- Japan concurrence with any U.S. initiation of hostilities against Soviet forces and bases in the Pacific; and

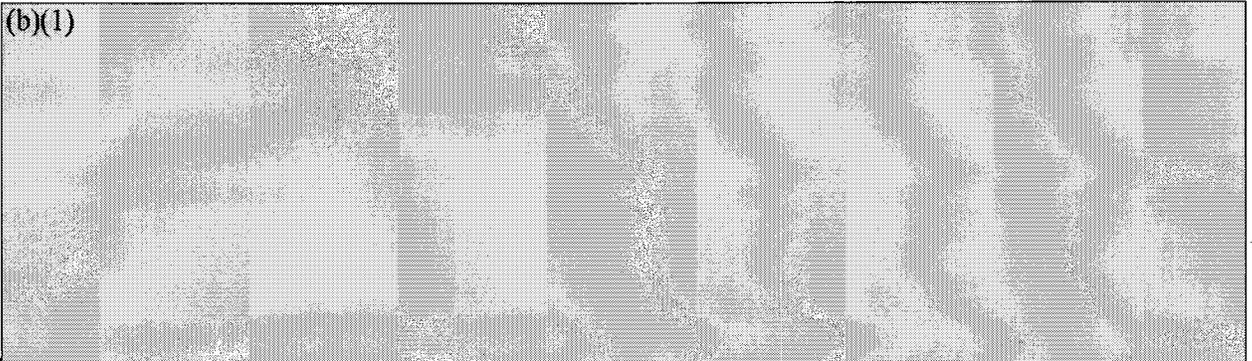
-- A Japanese contribution to the mutual defense effort and the provision of conventional military forces to defend the Japanese islands against air attack and seaborne invasions as well as assistance in sea control operations.

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oo After any Japanese reaction, Mr. McGiffert may wish to ask Mr. Armacost and Mr. Gompert to add their views.

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we should make clear that we are talking about planning for wartime operations, a required analysis because the consequences are so serious. We should not allow the fact that we plan for war be interpreted as an indication that we believe that such an event is more likely today than before. We should point out that the primary purpose of our forces is deterrence.

The Swing Strategy

Should this topic be raised by the Japanese - should respond along the following lines:

** A worldwide conflict will be intensely demanding. We must retain flexibility to shift our forces as critical conditions dictate.

** Nonetheless certain facts should be recognized:

* We have important interests to protect in the Pacific.

* We expect hostilities in the Pacific as well.

* We do not know how a NATO war would evolve. Under a blitzkrieg there would scarcely be time to allow a significant shift of forces.

* Forward deployed forces are difficult to disengage. Rearward based forces would be used as the flexible reserve.

** When the discussion has run its course, Mr. McGiffert can ask General Braswell to describe the future force: changes in PACOM.

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Changes in our Force Posture 1978-1983 (General Braswell, Admiral Weisner are prime U.S. discussants).

oo General Braswell will present a description of the significant force changes in PACOM as outlined at Tab 2.2. He will ask Admiral Weisner to add his views at the end of his presentation.

** The ensuing discussion should convey that significant improvements will be made. Heaviest Japanese reaction can be expected to those changes to be made to our forces in Japan, and we should be prepared to assure the Japanese that these are planned and will not be implemented without close consultation with the GOJ.

Implications for the Defense of Korea (Mr. Abramowitz, Admiral Weisner and General Tighe are prime U.S. discussants).

** About 1 1/2 hours into this session we should transition to our discussion of Korea. Mr. McGiffert can initiate this by asking General Tighe to give his assessment of the current balance on the peninsula.

oo General Tighe's 15-20 minute presentation will cover the material outlined at Tab 2.3.

** After the discussion of General Tighe's assessment, Mr. Abramowitz will use the following Talking Points to describe the status of Korean withdrawal actions.

-- Work on the Korean withdrawal program since the 10th SCM in late July has focused on two areas: Congressional consultations and definition of the equipment transfer requirements.

-- We began last August with a briefing at the White House for approximately 15 Congressional leaders. At that time the results of the SCM were presented and the essentiality of Congressional support for the withdrawal plans and programs was stressed. The reaction to this presentation was at best lukewarm and the climate in Congress does not appear to have improved since. The primary reasons for this lack of support in Congress for the Korean program fall into two categories:

-- Some are uneasy and have doubts about the wisdom of withdrawing, in part because they perceive that the decision was not reached in a careful, methodical way.

-- Some oppose more defense aid for South Korea for a variety of largely unrelated reasons; e.g., human rights concerns, fear of association with the Korean scandals, outright opposition to foreign aid of any kind, or as a means of expressing opposition to the withdrawal itself.

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-- The net result of all this is that there is some congressional opposition to any assistance package for Korea. We have yet to evaluate how the latest developments in the Tong Sun Park affair will affect this climate. We have also embarked on a concerted campaign to educate and persuade Congressmen and their staffs that our program is sound and workable. It is too early to tell if this effort is bearing fruit. An accurate reading on our proposed legislation must wait until the climate is more favorable.

-- The development of a mutually agreed list of equipment for transfer to the ROK has progressed very well. Starting from an equipment proposal which was prepared in Korea by a joint ROK/US group after the SCM, we have developed a carefully considered list of the most critically required items.

-- Meanwhile we have also set in motion a series of post-SCM follow-up actions designed to implement other decisions reached in Seoul. Among the more significant of these are:

-- An effort to assist the ROK in their program to develop an indigenous tank.

-- Preliminary steps toward the establishment of an 8" howitzer rebuild program in the ROK.

-- Initial work toward enhancing and expediting the development of the ROK's defense program management capability.

-- Further staff planning for the creation of a Combined Command in Korea.

-- Preparation of detailed plans for increasing the USAF tactical air presence in South Korea, as just described by General Braswell.

-- A major effort pertaining to increasing the scope and frequency of exercises in the ROK by US forces based elsewhere.

-- Several undertakings designed to enhance the war reserve material posture in the ROK and improve the wartime logistic support arrangements as well.

-- All of these projects are expected to be completed before the first US withdrawals occur in the fall of 1978.

oo Following Mr. Abramowitz's presentation, Mr. McGiffert can ask Admiral Weisner to add his assessment of the Korean situation.

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** We do not expect extensive discussion on Korea. The GOJ has been kept well informed. During the discussion, however, we should raise the issue of Japan's economic relations with South Korea and future trends in that relationship. We would like to see Japan recognize that they have a responsibility here which is particularly important in the event of any delay in the equipment transfer effort.

Arms Limitation Issues (Mr. Gompert, General Braswell and General Tighe are prime U.S. discussants).

oo This last topic will begin with a presentation by Mr. Gompert on SALT, the Indian Ocean Arms Limitation Talks, MBFR Talks, CTB Negotiations and Chemical Weapons Limitations. (Content described at TAB 2.5)

oo General Braswell may wish to add JCS views of these talks.

oo General Tighe may wish to add the perspectives of the Intelligence community.

** We hope that the open discussion will bring out the Japanese view of the implications of these Strategic Issues for Japan.

** We also want to ask about GOJ plans for resuming its efforts to highlight the need to examine international traffic in conventional arms.

Conclusion

** This session should end at 1700 to allow an adequate interval before the evening reception. Topics not covered can be carried over to tomorrow morning's session. Items for possible informal discussion with Japanese counterparts at social events are at Tabs C.1 and C.2.

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Background Paper

Subject: Japanese Logistic Capabilities (U)

PROBLEM:

- Despite the massive capabilities of the world's third largest economy, not only are the Japanese Self Defense Forces (JSDF) in an extremely weak logistical posture now, but there is little on the horizon to indicate that this situation will improve in the foreseeable future.

DISCUSSION:

- War Reserve Munitions are at minimal levels ranging from three sorties for air-to-air missiles to 7-12 days for major ground munitions.

- POL supplies are adequate for 2 to 5 days, with no procedure for requisitioning civilian stocks.

- Japanese procurement programs are heavily end-item oriented and little is being done to fill War Reserve Materiel (WRM) shortages.

- The logistic force structure is very limited, for example only 11% of Ground Self Defense Force troops are logistics personnel.

- The JSDF rely heavily on the availability of US owned WRM stored in Japan, despite the fact that none is intended for Japanese use. Recent shipments of ground munitions to Korea from Japan have concerned the JSDF.

- US logistic facilities in Japan are important to our WESTPAC strategies. If returned to the GOJ the JSDF does not have sufficient political strength for their retention in military use.

CONCLUSIONS:

- JSDF WRM shortages are so great that they would not be able to mount an effective defense of Japan.

- The GOJ is not procuring adequate WRM and is implicitly relying on US stocks intended for US and ROK forces but stored in Japan. This fiction is of great psychological importance to them.

- US retention of logistic facilities in Japan are as important to the long term plans of the JSDF as they are to the short and mid-term plans of the United States. Only US use keeps these facilities from being permanently lost to a military that one day may need them.

Prepared by:

[Redacted Name]

16 December 1977

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AUTOMATICALLY DOWNGRADED AT
2 YEAR INTERVALS
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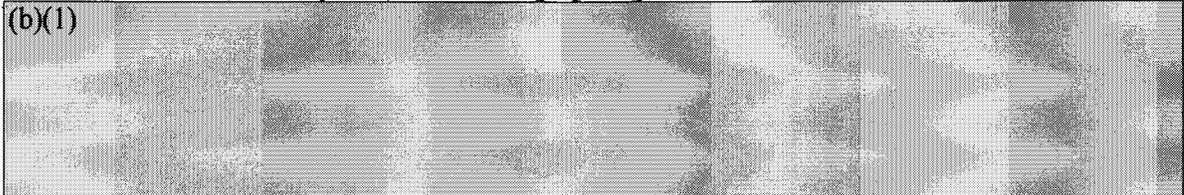
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Subject: WESTPAC III - Impact on Japan (U)

PROBLEM: (S)

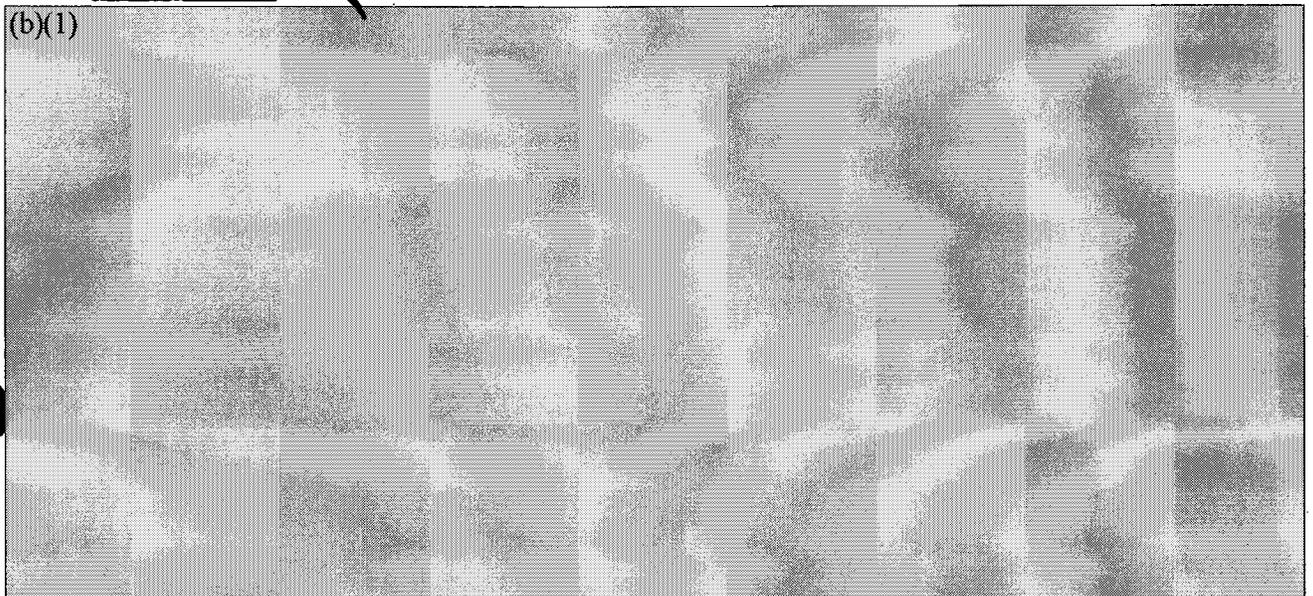
- WESTPAC III, the US Army program to consolidate its presence

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DISCUSSION: (S)

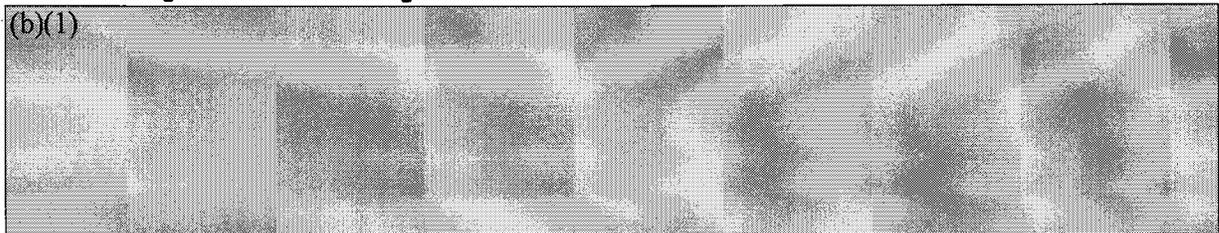
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CONCLUSIONS: (S)

- Residual US Army munitions levels in Japan were determined based upon US requirements for [redacted] and (b)(1) independent of Japanese concerns.

(b)(1)



Prepared by: [redacted]

(b)(6)

19 December 1977

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~~Classified by Director, J-4
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EXCEPT ON 31 DECEMBER 1985~~

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TAB

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Specific Recommendation for Improvements of JSDF
Capabilities

1. Logistic Shortfalls

Japanese Self-Defense Forces currently have the capability to fight [REDACTED] (Based on [REDACTED] (b)(1) a JCS assessment of WRM stocks predicated on projected use rates.) The air defense mission is particularly critical as the WRM for it is judged capable of supporting [REDACTED] (b)(1) by each interceptor. While we do not propose expansion of the JSDF, we consider it of importance that greater attention be placed on more rapid progress toward attaining WRM using the Japanese goal of a 90-day stock level as a target. Realization of such a goal would represent a significant improvement in JSDF capabilities. In fact, ASW and air defense capability improvements should not be made at the expense of developing and adequate logistics posture for all JSDF services. Significant improvement of WRM stocks is essential since those stocks are required to realize the combat potential of the JSDF. FYI: in an attack situation, the US could not establish effective resupply operations from CONUS in sufficient time (approximately 60 days) to compensate for Japanese logistic deficiencies. End FYI.

2. Air Defense

The ongoing production of F-4EJ interceptors is significantly improving Japan's air defense capability. WRM (see above) remains a problem. ASDF outyear planning appears oriented toward an AEW capability (E2C) and a new interceptor (F-15). Such efforts should be encouraged. Besides improvements mentioned above, there are also other areas where high payoff improvements may be possible. The US should encourage the Japanese to consider: 1) improved intercept capability in an ECM environment; 2) hardening

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and point defense measures to improve post-strike survivability and 3) augmentation of the early warning system. Continued progress on major air defense items should be encouraged on a priority bases.

3. Antisubmarine Warfare

Current Japanese defense planning recognizes the need for qualitative improvements in ASW. Japan should give increased priority to procurement of a new ASW aircraft. Present Japanese capabilities are almost ten years behind the state-of-the-art. Current status of the P-3C buy is dealt with at tab F3. A production run of 40 aircraft is necessary for the Japanese aircraft industry to be interested in domestic manufacture. Besides encouraging procurement of the P-3C, other areas to improve ASW should include: 1) production of mines and adequate delivery systems for ASW barriers to help deny Soviet access to the Pacific from the Sea of Japan; 2) continued acquisition of improved weapon and sensor technology for both aircraft and ships; and 3) increased spending on munitions, spare parts, and other consumables for protracted ASW operations.

4. Command, Control and Communications

The JSDF Joint Staff Council is legally powerless to react effectively in an emergency. A detailed structure, utilizing a well defined chain of command to facilitate cooperative joint efforts among the three Japanese staffs, or in concert with US forces does not exist. Integrated operations and centralized control are in an embryonic state of development. Press reports of 9 June 1977 indicate that the JDA has plans to establish a consolidation committee to make preparations for the establishment of a central command. Fiscal Year 1982 (1 April 1982) is the reported target date to integrate command and operations of the Ground, Maritime and Air Self-Defense Forces. Such steps need to be encouraged; hardening of facilities, and capabilities for greater interservice "crosstalk" are examples of areas of needed improvement.

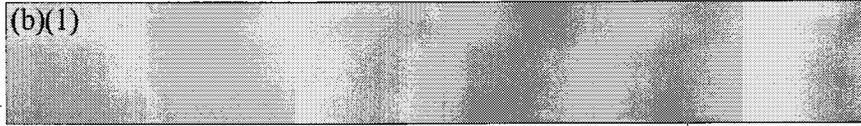
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5. Second Line Priority Items

Whereas all items for improvement listed above were considered first line priority items and undifferentiated, the following requirements are considered somewhat secondary in nature:

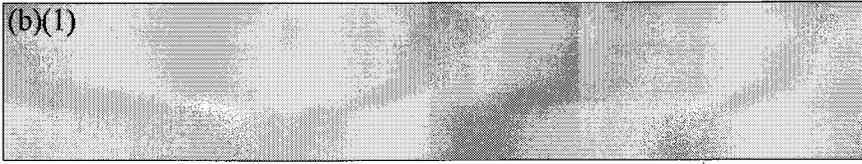
- a. Training maneuver areas and ranges which are severely restricted in a crowded country.

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- c. A larger military R&D budget. Currently the JSDF spends about 1% of the defense budget on R&D, even though they have all of the other ingredients available for a larger, more effective program.

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- e. Acquisition of a Civil Reserve Airfleet (CRAF) capability.

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SUBJECT: US-Japan Bilateral Defense Planning (U)

BACKGROUND

- Bilateral planning with Japan supports the US-Japan Treaty of Mutual Cooperation and Security of 19 Jan 60. Article V of the Treaty provides that "Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes."
- To fulfill this commitment USFJ and Joint Staff Council prepared a Coordinated Joint Outline Emergency Plan (CJOEP) "FORMAL MIST." However, bilateral planning between JSDF and USF was not officially and publicly sanctioned by GOJ until 27 November 1978 (Encl 1). (Yellow Tab).
- Security Consultative Committee sanction of bilateral planning guidelines (Encl 2) was the culmination of approximately two year effort by the Subcommittee for Defense Cooperation (SDC) and its subordinate working panels. Key SDC members on US side: DCM AmEmbassy, Tokyo, C/S USFJ, and CINCPAC J-5.
- GOJ Defense Minister's Directive, 11 Dec 78, cleared way for JSDF to officially engage in bilateral planning with US. However, before actual work could begin the JSDF insisted that a Memorandum for Conduct of Joint Studies and Associated Activities by JSDF and USFJ be signed (Encl 3).

CURRENT STATUS

- COMUSJ staff has begun planning effort with JSDF counterparts using previously approved CINCPAC proposed assumptions and objectives (Encl 4).
- COMUSJ is currently staffing a message which will request CINCPAC review and/or reaffirmation of assumptions and objectives contained in Encl 4. Changes required, if any, will be submitted to JCS/OSD for approval.
- COMUSJ projects bilateral plan will be ready by 1 Jun 80. At that time it will be submitted to the JCS for review and approval under JOPS.

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GOVT RPT
(JCS)

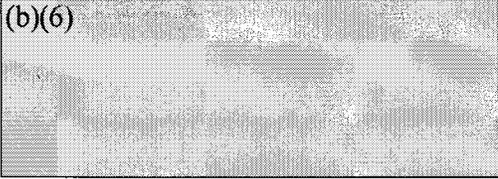
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- Enclosure 1 - AmEmbassy Tokyo msg to State Dept, A-253,
15 Dec 78
- Enclosure 2 - AmEmbassy Tokyo msg to SECSTATE, 030554Z Jul 78,
JCS IN 54734
- Enclosure 3 - Memorandum for Conduct of Joint Studies and
Associated Activities by JSDF - USFJ, signed
15 Feb 79
- Enclosure 4 - SECSTATE msg to AmEmbassy Tokyo, 100135Z Nov 73,
JCS IN 13699

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RETURN TO:

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THE JOINT STAFF

~~SECRET NOFORN~~
THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20301



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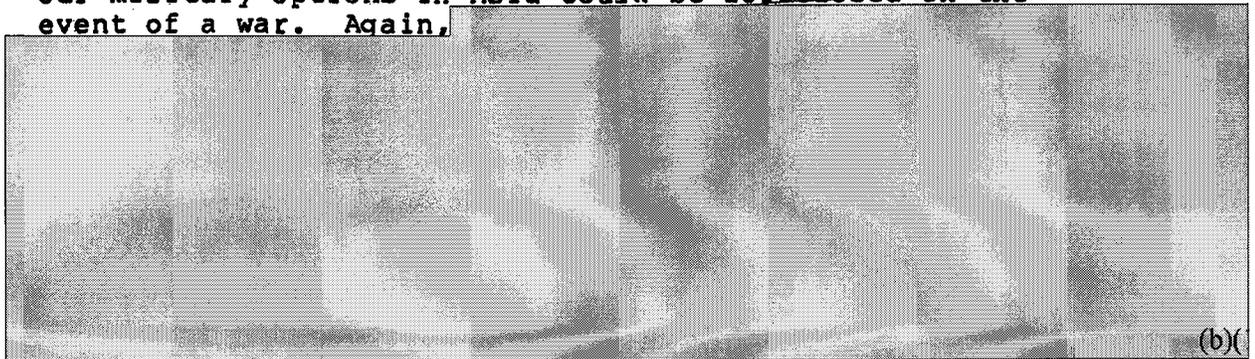
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Recommendation
Stanley Paul
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MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE
(EAST ASIA, PACIFIC, AND INTER-AMERICAN AFFAIRS)
(INTERNATIONAL SECURITY AFFAIRS)

Subject: U.S.-Japan Security Relationship (U)

1. ~~(S/NOFORN)~~ Enclosed is our review of the U.S.-Japan Security Relationship which addresses a number of questions we have been asking for some time. The two big questions, of course, are what is the most desirable Japanese defense posture from a U.S. view, and what measures should be taken to influence the Japanese toward that status. There are also some recommendations which would establish a framework of specific policies within which we can direct our efforts toward recognized goals. Below, I have summarized the key points and recommendations; however, I commend to your reading the entire review.

2. ~~(S)~~ We see Japan as key to U.S. economic and security interests in the Asian-Pacific region. In order to protect those interests and maintain influence in the region, and indeed maintain our credibility throughout the world, a peacetime military presence as a demonstration of resolve is requisite. Moreover, without the peacetime influence our military options in Asia could be foreclosed in the event of a war. Again,



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3. ~~(S/NOFORN)~~ In order to secure Japan's commitment they must first be convinced that the United States intends to remain a Pacific power. No absolute guarantee is possible regarding Japan's ultimate commitment but we can improve the probability of Japanese security decisions favorable to the United States by intertwining American and Japanese forces, policies and plans. It would be prudent to focus on a goal of defense interdependence as an overarching principle toward which all separate policy actions are directed. This would entail the promotion of a concept of collective security which enshrouds the principles of complementarity, standardization and interoperability.

4. ~~(S)~~ In moving toward a goal of interdependence, I feel we are not too far away. Our defense relationship with Japan has never been better and yet there is room for improvement, and it is within Japan's capacity to devote more resources toward security efforts. Indeed, Japan's Mid-Range Defense Improvement Program, 1980-1984, is ambitious, and if fully funded will be a major step toward rectifying a number of shortcomings in their force structure. Nevertheless, we find that the Japan SDF, even beyond their programmed improvements, will still suffer shortcomings in critical areas, particularly in the areas of force readiness and sustainability. We should do everything we can, and still maintain the harmony of the relationship, to encourage the Japanese to make up their shortfalls. Moreover, as mentioned earlier, we should promote a true complementarity and interoperability between Japanese and U.S. forces which would support collective security. As U.S. assets reach a finite level, the shortfall that occurs must be made up by allied forces. The supplement of improved Japanese forces should enable PACOM to execute additional responsibilities in the Indian Ocean.

5. ~~(S)~~ The process by which we arrive at our goals should be collaborative with the Japanese. They should participate as full partners in the consultative and planning bodies which will determine new missions and requirements for collective defense. There are also a number of constructive measures and confidence building steps that can be taken to reinforce the whole enterprise, only some of which are combined exercises, technological transfer and cheaper

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FMS training. Ultimately, however, because of the Japanese Government decisionmaking process, the final decisions as to how far they go or how much they will spend rest within the powers of their civilian side of the government. This involves not only the Cabinet and the Diet but also the ministerial bureaucracies which are a powerful element in the government. For this reason, we will need to enlist the concurrence and cooperation of our civilian side of government.

6. ~~(S/NOFORN)~~ Broad policy objectives have been enunciated by the President and the Secretary of Defense which state that U.S. power will be maintained in the Pacific. Also, the Joint Strategic Planning Document establishes Japan as a vital interest to the United States. Among our recommendations for a specific security policy regarding the U.S. relationship with Japan are:

- o Establish the goal of defense affiliation and interdependence as an overarching principle toward which all separate policy actions are directed.
- o Encourage Japan, in the near term, to maintain its defense spending at the present share of GNP.
- o Encourage Japan to fulfill its goals established in the JDA Mid-Range Defense Improvement Program, 1980-1984.
- o Encourage Japan to increase the defense spending share of GNP to a level which, in the longer term, would facilitate a more rapid assumption of increased self defense capabilities.
- o Establish as a goal the standardization and interoperability of U.S. and Japanese forces.
- o Endorse the philosophy that the achievement of mutual goals will be through a collaborative and mutually supportive process.
- o Establish the current bilateral planning process and associated activities as the forum to determine requirements and roles and missions for each nation.

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7. ~~(S)~~ While this review is not exhaustive of every detail, it articulates a policy framework which I feel is a sound foundation for DOD policy and it could serve as the basis of a DOD position in the interagency review process.



RICHARD L. LAWSON
Lieutenant General, USAF
Director for Plans
and Policy

Attachment
a/s

Copy to:
Chairman, Joint Chiefs of Staff
Deputy Assistant Secretary of Defense (Regional Programs)
(Program Analysis & Evaluation)

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A REVIEW OF THE UNITED STATES-JAPAN
SECURITY RELATIONSHIP (U)

Politico-Military Affairs Deputate
of the
Plans and Policy Directorate
Joint Chiefs of Staff

17 December 1979

Prepared by

(b)(6)

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ENCLOSURE

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ABSTRACT

~~(S/NOFORN)~~ The significant transformation in the past four years of the political and strategic environment in the Asian-Pacific region has given rise to Japanese concerns over security issues. As Japan assumes an increasingly regional and international political role with the attendant consideration of defense options to meet national objectives, it is important that U.S. policy makers establish specific security policies with regard to Japan that will support U.S. national interests. As Japan is the driving factor in the burgeoning economies of Asia-Pacific, it becomes one of the keys to U.S. economic and military interests. In order to maintain U.S. peacetime influence and to hold open wartime options, it becomes necessary not only to insure Japan's participation in a collective security arrangement but also to encourage Japan to take on a greater share of defense responsibilities. U.S. security policy should: Establish the goal of defense affiliation and interdependence as an overarching principle toward which all separate policy actions are directed; and encourage Japan to increase its defense spending which would facilitate an assumption of increased self defense capabilities.

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ENCLOSURE

A REVIEW OF THE UNITED STATES-JAPAN
SECURITY RELATIONSHIP (U)

INTRODUCTION

1. ~~(S)~~ Background. The United States-Japan Security relationship has reached a key point in time. There has been a marked change in the conditions and attitudes that have for years formed the basis of the relationship. The regional political and strategic environment has, in just the past four years, undergone a significant transformation which has given rise to Japanese concerns over security issues. An awareness of a growing Soviet military presence coupled with concerns toward the US commitment have fostered a reassessment among some Japanese of their military capabilities, self-imposed constraints on the Self Defense Force (SDF), and the future of the security relationship embodied in the US-Japan Mutual Security Treaty. As Japan assumes an increasingly regional and international political role with the attendant consideration of defense options to meet national objectives, it is important that US policymakers establish specific security policies with regard to Japan that will support US national interests. There is a need for clear policy guidance concerning the division of national responsibility for the defense of Japan, security of the Western Pacific and Asia, and maintenance of sea lines of communications. Specific guidance at hand will facilitate efforts to favorably influence Japanese decision makers.

2. ~~(S)~~ Purpose. The purpose of this paper is to review the United States-Japan security relationship as related to US interests in the Western Pacific and Asia and to recommend specific objectives and policies to further those interests.

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Enclosure

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3. (U) Scope

a. (S) This review will serve to examine the United States-Japan security relationship and the interaction of respective national interests. It will focus upon the specifics of national security policy and defense arrangements that we wish the Japanese to pursue with respect to regional and global affairs. Finally, it will provide recommendations for specific US objectives and policies with regard to Japan for the mid-range period of 1980-1990.

b. ~~(S)~~ The review will not be exhaustive of every detail of US-Japan affairs as might be found in a national-level policy review; it will rather, be confined to those matters falling within the purview of the Joint Staff and Military Services.

c. ~~(S)~~ By way of approaching the problem, the review will begin with a look at the historical perspective. Next an examination will be made of Japan's national interests and security options. After a review of US national interests and security objectives, an analysis will be made of the implications of Japan's security options for those interests and objectives. Suggestions will then be made as to the most desirable Japanese defense posture from a US view, and what measures should be taken to influence the Japanese toward that status. Also, the risks and complications that may be involved with regard to the Japanese decisionmaking process will be discussed. Finally, specific goals and policies will be recommended.

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4. (U) Historical Perspective

a. (U) Relations between the United States and Japan have been nothing if not the model of cooperation over the years since World War II. The cooperation has been mutually beneficial as Japan has served as one of the linchpins of US Asian policy and has received the guarantee of defense security, allowing the concentration of her energy and resources on economic growth. The foundation of this compatible relationship is the "Mutual Cooperation and Security Treaty Between the United States of America and Japan",* more commonly, Mutual Security Treaty (MST), signed and ratified in 1960. In addition to promoting political and economic cooperation, the treaty, as generally interpreted, stipulates a US guarantee of Japan's defense and implicitly provides a nuclear umbrella. As a quid pro quo for the US defense in a direct attack against Japan, the treaty sanctions US use of facilities and bases in Japan for the maintenance of peace and security in the Far East. The security guarantee has been a significant factor in Japan's phenomenal economic growth. It was, in fact, a major tenet of US policy to encourage the Japanese recovery from World War II with aid, a free trade environment and defense assurances.

b. (S) The Japanese have been reasonably content with the size and mission of their military establishment which has grown from the 75,000-man "National Police Reserve" of 1950 to the present Japan Self-Defense Force (JSDF) of 238,000 (267,770 authorized), although maintenance of military forces has been foresworn in Art. IX of the 1946 constitution. Moreover, the size of the defense budget has been traditionally limited to less than one

* TIAS No. 4509, 19 January 1960

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percent GNP since 1965 and this limit was formalized with a decision, attuned to internal politics, made by the National Defense Council and Cabinet on 5 November 1976. This contentment is understandable in view of the US security guarantee and for the fact that the Japanese previously have not perceived an invasion threat to their home islands. In addition to size and budget limitations, there has been a proscription of "offensive" weapons; and, of course, nuclear weapons are prohibited.

c. (U) Events of the 1970's have changed the once accepted calculus of global and Pacific/Asian regional politics and security outlook. The denouement of US involvement in Vietnam and the announced withdrawal of US troops from Korea have caused the Japanese, and other Asians, to fear a US retrenchment in Asia. Abrogation of the Taiwan Treaty also caused Japanese concerns. The Sino-Japanese Peace and Friendship Treaty, the normalization of US-China relations, the China "lesson" for Vietnam and the growing Soviet threat, besides the perceived vulnerability of the oil lifeline in the Persian Gulf and Indian Ocean, have further heightened the awareness of security needs and arrangements.

d. (S) In Japan there has been a pronounced leadership change in attitude toward defense matters in the early 1970s. Defense concerns are now openly debated and the efforts of the government to build a consensus is evidenced by the fact that now 86 percent of the populace supports the SDF for one mission or another. There have been a number of other events which give tangible and symbolic evidence of the more acute awareness of security needs. While there has been a gradual change in Japan's defense structure, the pace in cooperation and planning has noticeably quickened in the past year. However, rather than

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answering any questions on the US-Japan security relationship, these events only bring into sharp focus that the time is opportune to review US policies and attempt to influence the decisions of Japanese policymakers.

JAPAN'S SECURITY OPTIONS

5. ~~(S)~~ General. This portion of the review will provide an observation of Japan's national interest and will offer a rationale for the defense measures taken to date and the purposes of the most recent actions. Further, it will summarize the Japanese threat perception and posit Japan's security options.

6. (U) National Interest and Defense Measures

a. (U) Japan's self-image is one of severe vulnerability; it has been thus since the turn of the century; it was heightened by the experiences of WWII, and remains ever so today. This sense of vulnerability has been one of the driving forces of Japan's almost fanatic concentration on economic growth. In fact, many Japanese view economic relationships as the best means to achieve security. Consequently, economic growth next to physical security is Japan's paramount national interest. Since 1945, Japan has placed an almost total dependency upon the United States for its physical security. Although Japan adopted its first Defense Buildup Plan (FY 1958-1960) in 1957, and there has been a succession of buildup plans since, the pace for defense growth has been very gradual. Faith in the US umbrella for national security needs was the main reason for this, but also, neither the Japanese people nor government perceived that there was any threat to Japan itself. This is not to

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discount the general antipathy towards defense matters which was also a strong factor.

b. (S) Japan's gradual defense growth has appeared to take sudden spurts along the way in reaction to US decisions which may have heightened the sense of vulnerability. Although the organization of the Self Defense Force (SDF) from the National Safety Force in 1954 was partly at the behest of the United States, its size was limited by Japanese reluctance and inhibitions. (The US wanted a land force of 350,000 and Japan finally obtained US acquiescence for a goal of 180,000). However, by 1957 all American ground combat troops had been withdrawn from Japan (exclusive of Okinawa and prior to reversion) and the personnel stationed there were reduced from 260,000 in 1952 to 77,000 in 1957. It was then that Japan began a slow process of building up their forces by initiating that first defense plan for FY 1958-1960.

c. (S) In 1970, Japan produced its first defense White Paper which symbolized an almost sudden awareness of security needs. Of course, this was shortly after the Nixon Doctrine proclamation and the paper provided testimony to the underlying change in Japan's defense thinking. A major thesis of the paper was of "coping with aggression primarily by our own resources", to be complemented by the US security treaty. The gradual enhancement of the SDF continued concomitant with the consensus building process within the government. However, public receptivity was hardly overwhelming but still gradually taking a more sympathetic view of the SDF.

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d. ~~(S)~~ The events of the early 1970's, the "Nixon Shock" and later the OPEC oil embargo of 1973, brought to focus once again Japan's vulnerability and also generated some doubt among the Japanese as to their special relationship with the United States. The denouement of US involvement in Vietnam and South Vietnam's collapse in 1975 undoubtedly increased Japanese concerns. The second defense White Paper was published in 1976 and it served essentially two purposes. It brought to public attention the government's defense views and plans but it also established a limit for future defense growth. This latter was a compromise with the potent Japanese government bureaucracy and opposition political parties (more detail on this will be presented in a later section) as the "National Defense Program Outline" was promulgated in that paper. That same year, in November, the National Defense Council and Cabinet made an executive decision that the defense budget would not exceed one percent GNP.

e. ~~(S/NOFORN)~~ In 1978, the Fukuda Government placed even more emphasis on defense than any previous administration and accelerated the consensus building process. The parallel or trigger US action was the Korean withdrawal. In the latter part of 1978 "The Guidelines for Japan-United States Defense Cooperation" were approved by the Japanese Cabinet. This gave, for the first time, official sanction to US-Japan military bilateral planning for the defense of Japan.

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In 1979, we see a peaking of security awareness

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(b)(1) in Japan, greater public acceptance (although this has to be interpreted carefully) and a marked improvement in defense cooperation between the United States and Japan. There has been a significant increase in Japan's cost-sharing in support of US forces in Japan; consultative forums are being conducted in a more open and frank manner, and the drafting of [REDACTED] for the defense of Japan is meeting with good progress. Moreover, the Japan Defense Agency (JDA), announced its new Mid-Range Defense Improvement Program 1980-1984, in July of 1979. This program will greatly enhance the SDF in a qualitative manner although force levels will remain the same at 267,770 authorized, and the budget share will not exceed one percent GNP. Because it is strikingly similar to the recommendations of a 1977 US Joint Staff study, it could be taken as an indication of Japan's desire to cooperate and an awareness of security needs.

7. (U) Options Development

a. (S) While the progress of 1979 and the atmospherics of both governments' pronouncements of close bonds and mutual commitment indicate an enduring relationship, the Japanese are not entirely sanguine in their perception of the U.S. commitment. The populace holds serious reservations about whether the United States would defend Japan "in real earnest": only 20 percent thought the United States would live up to its "obligations.". There are also reports of private concerns of some government officials toward the US commitment. Although the Japanese Government publicly accepted US explanations of the "Swing Strategy", knowledge of this concept could only reinforce whatever doubts there may have been previously.

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b. ~~(S/NOFORN)~~ All of this goes by way of pointing out that in a rather rational way elements of the Japanese Government and the military community have been developing their security policy choices for the future. Security measures have been by no means the "whole loaf" and have represented a compromise with those leftist elements that prefer an impotent defense structure. Through the increased defense cooperation measures the Japanese are attempting to draw the United States into a greater interdependent relationship. In fact, reports reveal, the Japanese are trying to find a way in which to convince the United States that it is in its best national interest to be closely tied to Japan's defense. At the same time, another view of the defense improvements, technology development and consensus building suggests that the Japanese want to hold open feasible defense options for the future. Through the bilateral planning process the Japanese intend to ferret out as best they can to what extent the United States will go to help defend them.

8. ~~(S)~~ Threat Perception. Before specific Japanese options are discussed, it would be instructive to view the potential threat in Asia as the Japanese military perceives it.

a. ~~(S)~~ The Korean Peninsula looms large in Japan's strategic considerations, and Japan views the threat that North Korea poses to the Republic of Korea with great concern. The prospect of a united communist Korea closely allied with the Soviet Union would have serious implications for Japan's security. Tokyo regards the US security commitment to Seoul, and the US military presence in South Korea as assurance against this contingency.

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b. ~~(S)~~ Consistent with the distrust of Russia that permeates modern Japanese history, the Japanese themselves, since World War II, have regarded the Soviet Union as posing the most plausible potential threat to Japan. Japanese defense planners, in turn, have found the Treaty of Mutual Security with the United States, together with US forces (and ultimately the US nuclear umbrella), the only practical way to prevent any potential Soviet threat from becoming reality, especially in light of Japanese constitutional constraints on the maintenance of armed forces. The Japanese have viewed the continuous and concentrated Soviet buildup in Asia over the past 15 years with great concern. They discern that the cumulative effect of Soviet military programs has been to dramatically enhance the Soviet military posture in the area. Japanese concerns are expressed in the latest White Paper on Defense issued by the Government of Japan in July 1979. The report stresses the ongoing qualitative and quantitative strengthening of Soviet military forces in the Far East, and clearly identifies and emphasizes a potential Soviet threat to Japan; and it does so in more ominous tones than previous White Papers. As example of Soviet activity, with adverse potential for Japan's security, the White Paper cites three recent developments:

(1) ~~(S)~~ The deployment to the Far East by USSR of the BACKFIRE bomber, the MINSK aircraft carrier, the KARA class guided missile cruiser, and the IVAN ROGOV class amphibious assault ship.

(2) ~~(S)~~ The deployment by the USSR since June 1978, of ground forces, weapons, and equipment to military bases constructed on Soviet occupied islands of the Kurils which Japan claims as Japanese territory.

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(3) ~~(S)~~ Intermittent Soviet military use of Vietnamese facilities and the possibility that the USSR might obtain permanent bases in Indochina. Strategically, the Soviets would enhance their capability to interdict the SLOCs to the Indian Ocean.

c. ~~(S)~~ U.S. views and Japanese perceptions of the threat differ in the specifics of the Soviet capability. During the formulation of the bilateral plan, [REDACTED] the ~~(b)(1)~~ Japanese have wanted to stipulate that the Soviets could attack the Japanese islands with 10 divisions. The US side has demurred on the basis of known and projected Soviet amphibious shipping limitations and a compromise agreement has finally been reached at a Soviet capability of 3 1/2 to 5 divisions for invasion purposes.

9. ~~(S)~~ Security Options: Nonalignment or Alliance

a. ~~(S)~~ Excluding an isolated direct attack on Japan, which would offer only the choice between surrender or resistance, Japan has three principal options should a NATO/WP war occur: alignment with the US or USSR, or select a course of nonalignment. However, as suggested earlier, Japan could also be developing the potential for a fourth option of independent defense which would entail a significantly larger defense structure.

b. ~~(S)~~ Short of a major schism between Japan and the United States, perhaps generated by a bitter trade war, it is difficult to conceive of circumstances under which Japan might form an alliance with the Soviet Union.

c. ~~(S)~~ Exercise of the remaining options are heavily contingent upon scenarios and Japanese perceptions of the US commitment. Should the planning and negotiation processes leave the Japanese with the perception of a US commitment that does not demonstrate firm resolve

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and is not substantiated by specific forces, then their options narrow down to two: neutrality or an aggrandized and independent defense capability. A significantly larger defense force would take a number of years, and although not a likelihood, it remains a possibility given the right political circumstances coincident with world events and a sense of being isolated.

d. (S) There are rational arguments for Japanese neutrality. Should a US-Soviet war break out and Japan did not come under immediate attack, or was given assurances by the USSR of no attack for a quid pro quo of neutrality, or was blackmailed by the threat of attack, then the factors for neutrality are very plausible. This is particularly true when considering national survival and the avoidance of mass destruction. From the Japanese viewpoint the factors below are germane.

(1) (S) Favorable factors of Japanese neutrality:

- (a) Does not attract attack.
- (b) Protects homeland.
- (c) Protects industry.
- (d) Requires less costly defense posture.
- (e) Offers opportunities for industrial and economic advantage in the postwar world.
- (f) Subsequent options remain open.

(2) (S) Negative factors of US-Japan alliance.

- (a) Exposed to and invites attack.
- (b) Jeopardizes industrial base and economy.
- (c) Requires costly defense measures.
- (d) Closes out future options--short of surrender.

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- e. ~~(S)~~ The Japanese could rationally view neutrality as the more prudent course, particularly should there seem to be no US commitment. However, should there be evidence of a strong US commitment and Japan perceived that the United States would win the war and intended to retain its influence in Asia, then the decision could tip toward a US alliance. In this latter case a China coalition could have a bearing.
10. ~~(S)~~ A final note is that Japan, as every other nation, will most always act only in a way that serves best its own national interests. The evidence suggests that Japan has made a number of security related decisions reactive to US actions; this will probably hold true in the future. It is for this reason and the perceived uncertainty of future US decisions that Japan has developed and held open future defense options.

US NATIONAL INTERESTS AND OBJECTIVES

11. ~~(S)~~ General. This portion of the review will be devoted to US national interests and objectives both economic and military in a global and regional context. The connection between peacetime and wartime interests will be demonstrated and finally the implications of Japan's security options for US interests will be discussed.

12. (U) Global and Regional

a. (U) Security, stability, cooperation and influence comprise the broad objectives of US foreign policy. A spectrum of US interests include economic vitality, access to world markets and resources, nondiscriminatory trade practices, protection of US citizens and property and the encouragement of certain principles of national and international behavior--social justice, rule of law,

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peaceful change and political freedom. These interests are global and not unique to any particular region. Indeed, US economic and security interests are global in nature, and while the concentration of interests has been principally in one or two geographical regions in earlier years, the technological revolution in air and sea transport has both shrunk the world and expanded US vital interests.

b. (U) Within the Asia-Pacific region there is a confluence of the world's largest nuclear powers and economies competing for influence. The vastness and richness of the area, and the potential of the major actors to create order or chaos militate toward the consideration of the region as one of the United States' vital interests. The region should not be considered paramount to Europe or the Mideast, but should be regarded as an important interdependent element of a global network of interests.

c. (U) A sine qua non for the protection of interests and the achievement of objectives is to maintain US presence and credibility in order to be in a position to favorably influence events. Occasionally, there is a tendency to divorce peacetime policies from those which may prevail during wartime. And, of course, US initiatives will be formed within the framework of what are seen as the objectives of national policies. Those of peace and war may take on a different form within the context of events; however, there is an ineluctable relationship between the two sets of policies. The successful achievement of wartime goals is intertwined and dependent upon the national relationships established and nurtured by peacetime interaction and cooperation. Conversely,

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productive peacetime cooperation is dependent upon what is seen in perceived wartime commitments and resolve. The two are inextricably related and mutually dependent.

d. (U) A related observation made by Mr. Brzezinski is that the organization of the world cannot be on the basis of Pax Americana; it is neither realistic nor desirable. In order to avoid being alone in this world, the U.S. ". . . must be very active in shaping wider and new global institutions, wider and fairer patterns of global cooperation." Further, it has been emphasized that, "The fundamental national-security policy of the United States has to be one of active involvement in shaping this variety of forces into a cooperative framework." If that is not done the US could become isolated and vulnerable. In short, the United States must maintain world and regional influence within a framework of economic and military cooperation.

13. (U) Economic Factors

a. (U) The burgeoning economic growth of the Asia-Pacific region has been formidable. The per capita growth in the past decade has been the highest in the world, double the rates of Africa and Latin America, and five times the rate for South Asia. Korea's growth rate alone has been one of the greatest in the world for the past few years, averaging about 10 percent per annum. The ASEAN countries have been growing at a rate of six to seven percent a year, far higher than the rest of the world's developing countries.

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China's growth rate has been estimated at 5.3 percent for the 1970-1975 period and China's ten-year economic plan projects a growth rate of about eight percent a year (although it may be somewhat less). Japan's economy is now almost the second largest in the world with a GNP over one trillion dollars. The cumulative effect of these growth rates contrasted with the rest of the world indicates that the Asia-Pacific nations will have a much larger share of the world economy toward 1990 and the end of the century.

b. (U) The Asia-Pacific region is also a major reservoir of strategic raw materials, a significant factor as global competition increases for ever scarce resources. The United States imports from Australia 90 percent of its imported zirconium and titanium, as well as important amounts of manganese. Most of the tin, natural rubber and tungsten for US industry comes from Indonesia, Malaysia and Thailand. Petroleum flow through the adjacent Indian Ocean is the most critical resource to consider. Ninety percent of Middle East oil transits the Indian Ocean. This includes nearly 15 percent of US oil requirements, 65 percent of Western Europe's, one-third of Australia's and over 75 percent of Japan's petroleum needs. Additionally, Korea and the Philippines are similarly dependent upon oil transiting the Indian Ocean.

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c. (U) Japan's role in global and regional economics is significant. Its world trade is on the order of \$93 billion and trade with the United States will approach \$45 billion by the year end 1979. Japan, next to Canada, is the largest single trading partner of the United States. Imports from the United States increased by 46 percent during the first half of 1979 and should approach \$20 billion for the whole year. Moreover, Japan's efforts toward becoming a responsible international economic actor, liberalizing trade and import restrictions, will provide a large and lucrative market for US enterprises. It is no understatement that Japan is the engine for Asian economic development. Japan is becoming a major source of economic development in Asia, and except for investment in Australia, Japan outpaces the United States in direct investments. The Ministry of International Trade and Industry (MITI), moreover, proposes to increase Japan's comprehensive economic cooperation with LDC's, particularly in Asia, from 1.5 percent GNP to three percent by 1990. At this figure Official Development Aid (ODA) will comprise some 0.7 percent of GNP. Without the continuing infusion of Japanese trade and capital the economies of East Asia would be near collapse.

d. ~~(C)~~ As China emerges from its insularity, Japan stands to be major factor in its economic growth. Japan and China agreed to extend their long term trade agreement to 1990 where two-way trade may reach as high as \$60 billion. This year the Japanese granted Export

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Import Bank and syndicated bank loans to China totalling \$10 billion. Japan also plans to expand ODA to China in the coming years. However, Japan does not want to be perceived as attempting to corner the China market, and although in competition, has parallel interests with the United States: to draw China into a network of relationships that will lend China's international role added stability and predictability.

14. (U) Peacetime Military Factors

a. (U) The basic US national security objective is to preserve the United States as a free nation with its fundamental institutions and values intact. This involves assuring the physical security of the United States and maintaining an international environment in which US interests are protected.* Subsets of the overall security objective are the protection of US citizens, property and interests abroad; maintain access to world markets and resources; and promote stability in the international environment. The military objectives derived from this in summary are to:

- (1) Maintain forces capable of attaining US national security objectives.
- (2) Deter armed conflict, but if deterrence fails, to conduct military operations designed to achieve national objectives.
- (3) Provide the capability to influence international affairs.
- (4) Maintain freedom of international seas and airspace.

* JCSM-359-78, Joint Strategic Planning Document, FY 1981-88, 26 December 1978

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Security, stability and influence are key to US national interests and security objectives, and they are applicable around the globe irrespective of any one region. In fact, it is difficult today to divorce US interests and objectives in one area from another.

b. (S) A major plank of US foreign policy is that the United States is committed to Asian defense and will remain a power in the Pacific and Asia. Any perception that the United States may renege on this commitment would foment the very instability that policy is designed to avoid. As in the past twenty years, Japan remains one of the linchpins, materially and psychologically, of US military interests in Asia-Pacific.

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Psychologically the US presence and commitment in Japan shores up US interaction with China in that China views the US presence as an intention to remain a Pacific power. That presence is a facet of China's policy vis-a-vis the Soviet Union. Today, US security interests in Asia-Pacific must perforce be dealt with in terms of China, Korea and Japan. Interaction with one cannot be treated in isolation from the others. China has become important in US relations with the Soviet Union and symbolically Japan and Korea reinforce Sino-US interaction.

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c. ~~(S)~~ The interrelation of regions is manifest in consideration of Asia-Pacific because of its lifeline connection to petroleum through the Indian Ocean. Likewise, this is as equally true of Europe. But in Asia-Pacific the employment of military means to achieve national objectives is more complex. In part, this is due to the Pacific Command's responsibilities in the Indian Ocean as well as the Western Pacific. Foremost, however, in order to maintain peacetime influence and to assure a wartime flexibility that would cover a range of options, there needs to be a credible military presence and commitment.

15. (U) Wartime Military Factors

a. ~~(S)~~ Peace in Korea for the past twenty-five years has been testimony to the value of a deterrent force. It should be hoped that continued military presence of the United States will deter any aggression in the future. The U.S. presence also holds the potential for the formation of coalitions (perhaps only in a tacit fashion) in addition to the extant formal mutual defense arrangements.

b. ~~(S)~~ Should an isolated war occur in Korea or Japan, where neither of these two nations is the aggressor, it is inescapable that the United States would be obliged to honor its security commitments. In fact, should the commitments not be met, it would be difficult to conceive of a situation that could be more damaging to U.S. national prestige, honor, and worldwide influence. Responding to an isolated aggression against Korea would

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c. ~~(S-NOFORN)~~ In the event of a NATO/WP war the possibility and potential for a two-front war cannot be discounted. The indicators for such an eventuality can be found in a threat analysis of Soviet capabilities. The Soviet buildup in Asia and the Pacific and the portents of this trend demonstrate the development of a capability to fight a two-front war. The establishment of a new major headquarters in Asia, which has theater control implications, and the exercises conducted in the region further validate this assessment. As a side note, the probability of a North Korean attack on the ROK becomes very high in a NATO/WP war.

d. ~~(S)~~ The possibility of a two-front war contingency militates toward flexibility and the need to maintain a range of military options. These options would include among others, withdrawal to a Hawaii-Aleutian perimeter, maintain a "threat in being" force as a deterrent, and initiating offensive actions against Soviet forces and bases. It is axiomatic that the initiative should not be surrendered even before the occurrence of hostilities. Additionally, a precipitate withdrawal upon the beginning of hostilities would offer immunity to Soviet enterprises and could seriously

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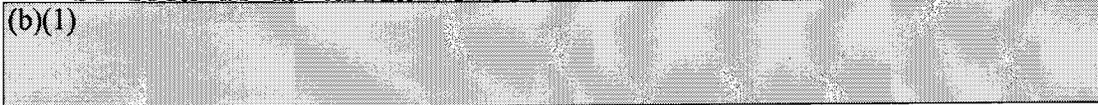
endanger U.S. naval action in the Indian Ocean. It would also vitiate U.S. influence and complicate any action to reenter the theater. It would be difficult to reengage allies once they had been abandoned. The "threat in being" concept (and coalition of forces) provides a deterrent to the Soviets and retains the capability to exercise a variety of options, and maintains some U.S. influence with Asian nations.

e. ~~(S)~~ A remaining option is the initiation of offensive actions against the Soviets, a course which should always be held open so long as the assets are available. In war-time, whether isolated or general, U.S. military interests remain significant in the Asia-Pacific region and the Indian Ocean. Flexibility, with a range of options, should be maintained. The opportunity of initiative should not be surrendered.

16. (U) Implications of Japan's Security Options

a. ~~(S)~~ Japanese neutrality would offer a host of problems for U.S. interests in both peace and war. Although trade and commerce would continue during peacetime, the use of Japanese facilities for military purposes would be denied. The resultant loss of regional influence and the implications for worldwide influence would be significant. The framework of economic and military cooperation needed for stability would be jeopardized. Relations with China could become complicated because the U.S. would no longer be seen as an Asian power. Regional and world instability

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The defense of Korea would be seriously compromised and sustaining offensive actions against the Soviets could be questionable.



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c. (S) Continuation of the U.S.-Japan relationship under the Mutual Security Treaty offers the greatest number of options relative to securing U.S. interests. Continuation of the U.S. presence and the commitment which that represents enhances U.S. influence in the region and by extension throughout the world. Credibility and substance are given to the concept of a worldwide framework of economic and military cooperation to promote security, stability and influence. The defense of Korea and projection into the Indian Ocean are less complicated and remain supportable commitments. The possibilities for U.S. actions and initiative in a general war are not foreclosed and the opportunity to encourage an Asian coalition stands as a viable option.

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17. (U) Summary. A review of the discussion in this section leads to some initial conclusions.

- a. (U) Security, stability and influence are paramount U.S. interests.
- b. (U) The United States has significant economic interests in the Asia-Pacific region and the forecast is for greater economic involvement in the period 1980-1990.
- c. ~~(S)~~ Japan's key role in the economic vitality of Asia-Pacific and her volume of trade with the United States establishes the status of vital interest to the United States.
- d. ~~(S)~~ U.S. military interests in Asia-Pacific are significant because of the material and moral investment and the geopolitical role of the region in a global context.
- e. ~~(S)~~ Without U.S. military involvement, the stability of Asia-Pacific is problematic.
- f. ~~(S)~~ In the event of a NATO/WP war, the United States must retain flexibility in the Asia-Pacific region.
- g. ~~(S)~~ Japan plays a key role, both in peace and war, in the U.S. military commitment to Asia-Pacific and the Indian Ocean.

JAPAN'S DEFENSE STRUCTURE

18. ~~(S)~~ General. This portion of the paper will provide an examination of the Self Defense Force (SDF) makeup and capabilities and will also catalog a number of shortcomings. Suggestions will be made as to a desirable SDF security posture relative to U.S. Force assets and missions. Finally, a short review of the Japanese government decision making process and power centers will be provided.

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19. (U) JSDF Strengths and Vulnerabilities

a. (U) Although Japan's SDF strength levels have remained fairly constant for a number of years at 239,000 personnel, defense spending has shown a steady increase while still staying below the one percent GNP allocation. Since 1970, spending has increased on an annual average of 15.7 percent in absolute terms and 6.9 percent real terms. In 1978, Japan had the 9th largest defense expenditure in the world and 1979's spending, the JDA points out, could place them seventh. Japan ranked 12th in 1970. However, the comparison is unfavorable next to the GNP-ratio spending of other major industrial nations in 1978: U.S. - 6.0%; G.B. - 5.0%; France - 3.6%; Germany - 3.4%. A comparison of Japan's share of total government spending of 6.0 percent also does not compare favorably with the over 20 percent spent by the U.S., Germany and France and 11.2 percent by Great Britain.

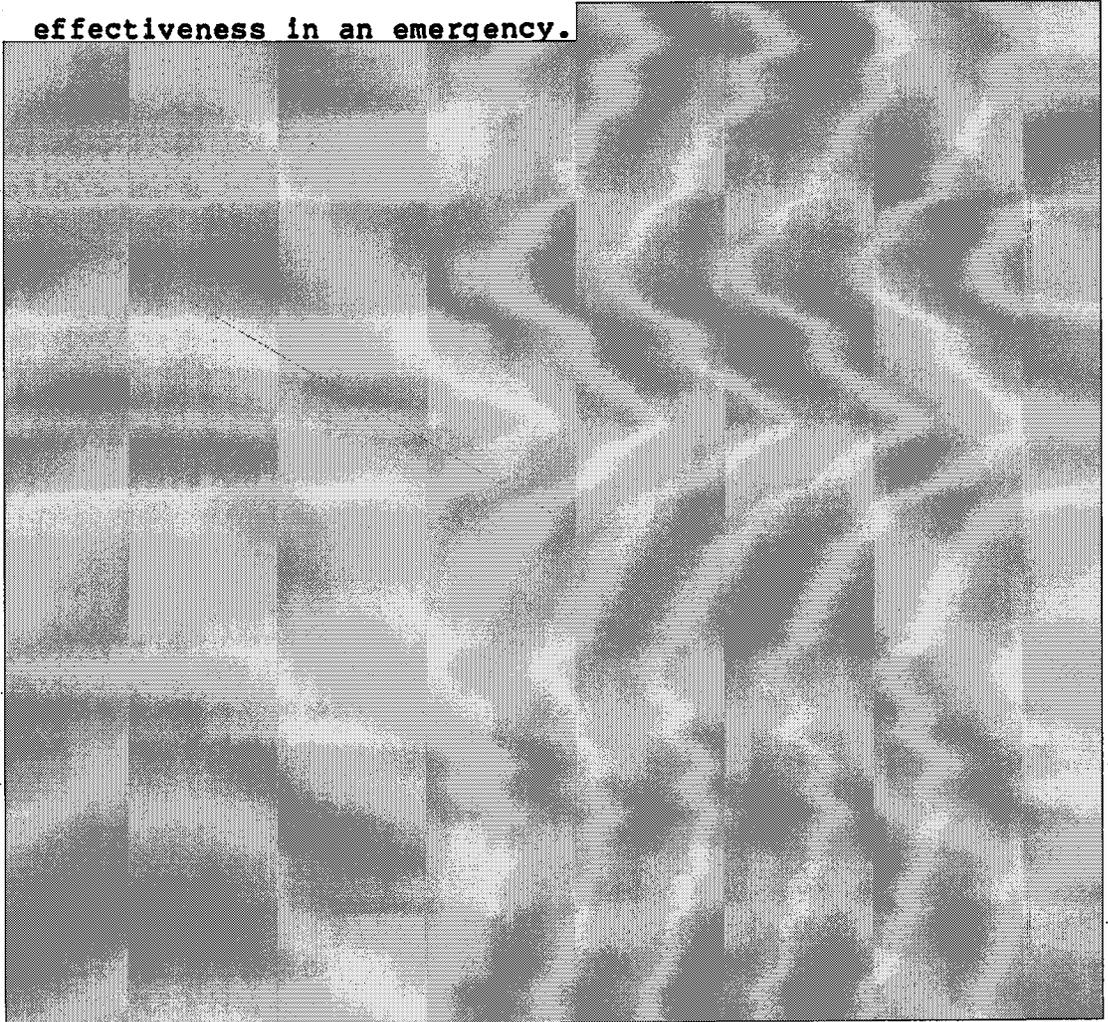
b. ~~(S)~~ The budget increases over the years have been devoted to qualitative improvements and general upgrading and not quantitative increases in personnel or major end items. Despite this emphasis a review of SDF capabilities points out some strengths but there are also a number of serious deficiencies.

c. ~~(S/NOFORN)~~ JSDF personnel are dedicated, well educated, and intensely patriotic. The JSDF is founded upon a sophisticated technological base and is acquiring modern military equipment as rapidly as budgetary constraints permit. The three services already possess some of the best conventional weapons and equipment available. Nevertheless, they also face severe handicaps which would limit their

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effectiveness in an emergency.



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are the older F-104J, and the fighter force is deployed at only eight of Japan's 21 jet-capable airfields. Low altitude limitations of early-warning equipment and intercept limitations in an ECM environment are serious vulnerabilities. Inadequate munitions stocks are the major logistic limitation. In an emergency, the ASDF would rely on obtaining increased shipments of needed munitions from U.S. resources.

f. ~~(S/NOFORN)~~ The MSDF is the largest and most modern non-Communist navy in the Western Pacific. The ships are well equipped and are generally comparable in performance to similar Soviet warships. A number of

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g. ~~(S)~~ Japanese defense planners are well aware of JSDF shortcomings and are acting to improve the quality of the self-defense forces. Qualitative improvements, however, during the 1980s will not be accompanied by expansion or significant alterations in the composition of the JSDF. Defense objectives, now formalized in a planning document described as the "Mid-Term Operations Estimate," (or "Defense Improvement Program,") announced by the Japan Defense Agency in July 1979, have focused on improvements in air defense, antisubmarine warfare and command and control (see Table next page), which U.S. planners consider as necessary measures. Interestingly, the program is strikingly similar to the proposals of a Joint Staff study conducted in 1977.* The entire enterprise represents a marked modernization which will significantly enhance current capabilities. The programs are principally replacement, not additive and the total \$14 billion procurement cost spread out over the duration of the 1980-84 period will not push the defense budget over the one percent GNP mark. With follow on programs through 1990, funding could still be accomplished at about 1.2 percent GNP even at a real economic growth rate as low as three percent. However, as ambitious as the improvement program is, there will yet remain a number of deficiencies in the areas of:

- General combat readiness and sustainability
- Fighter aircraft numbers
- Survivable Early Warning/GCI coverage
- SAM stockpiles
- SLOC air defense

*J-5M 2575, "Proposed Self-Defense Force Improvements,"
23 December 1977

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TABLE

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Major Japanese Equipment Procurement Plans 1980-1990 (C)

Category	Objective	Estimated Major Procurement Items (JFY 80-84)	Estimated Cost JFY 80-84 (% of Total Procurement) a/ (Million 79 \$ @ 215/1)	Programs Under Discussion/Development for 1985-1990
GSDF Equipment	--Increase Ground Firepower and Mobility --Improve Anti-Tank Capabilities --Improve Air Defense --Improve Battle-field Surveillance	--300 Type 74 Tanks	\$ 1,275 (13%)	--Introduce new MBTs --Possible ICVs --Continue artillery modernization including PGMs and anti-ship missiles --New Japanese ATGMs (CHU-MAT) --Replace 4 HAWK Groups with Patriot --New SP AA Guns (AW-X) --RPVs
		--172 APCs		
		--180 SP Howitzers		
		--15(est) SP 130mm multiple rocket launchers		
		--2,300 New A-T Weapons		
		--Upgrade 2 HAWK Groups to I-HAWK		
		--24 TAN-SAM Launchers (Short Range)		
		--Introduce Shoulder-Launched SAMs		
		--3-D Mobile Radars		
GSDF Aircraft	--Introduce Attack Helicopters --Upgrade Trans/Obs Units	--32(est) AH-1s	\$ 295 (3%)	
		--44 HU-1Hs		
		--Introduce New Transport Helos (CH-X)		
		--58 OH-6Ds		
MSDF Ships	--Improve Fleet Defense	--2 4,400 Ton DDGs	\$ 3,150 (31%)	--Possible Fleet Air Defense Fighter
		--SAM or Sea Sparrow and Phalanx on all new escorts		
	--Modernize ASW Force	--10 2,900 Ton DDs with Helicopters		--New Torpedo in R&D --Widespread Use of Towed Arrays
		-- 4 1,400 Ton DEs with Helicopters		
	--Improve Anti-Surface Capabilities	-- 5 2,200 Ton SSs		--Possible through-deck cruisers with V/STOL
		--All new escorts/subs have Harpoon		
--Modernize Mine Force	--Introduce PHM			
--Expand UNREP Capabilities	--11 440 Ton MSCs --Production of 2 new mines --1 5,500 Ton AOE			
MSDF Aircraft	--Modernize ASW Capabilities --Improve Mine Warfare --Improve Anti-Surface Capabilities	--37 P-3Cs	\$ 2,190 (22%)	--Additional 45 P-3s --Introduce LAMPS MK III --Possible V/STOL
		--50(est.) HSS-2Bs		
		--7(est.) RH-X Minesweeping Helicopters		
		--6(?) C-130 Minelayers		
		--Fit P-3s with Harpoon		
ASDF Equipment	--Modernize Interceptor Force --Increase Warning/Reduce GCI Vulnerability	--77 F-15s with AIM-7F	\$ 3,260 (32%)	--Up to 100 Additional F-15s --6 Vulcan per Radar/GCI site --Possibly more E-2s --BADGE Upgrade
		-- 4 E-2Cs		
	--Upgrade ECM/ECCM Posture	--Extensive EW Development		
		--Complete 6th NIKE J unit		--Replace NIKE J with Patriot 1985-95 --Goal is 16 Vulcan per Airbase plus Stinger and Short-Range SAMs
	--Improve Ground-Based Air Defense	--Add Vulcan/Short-Range SAMs --Begin Sheltering Aircraft		
	--Modernize Training Base	--83 (est.) New Trainer Aircraft		
		--13 F-1s with ASM-1		
	--Improve Air-to-Surface Capabilities	-- 2 (est.) C-1 Transports		--FS-X under study; possible V/STOL.
--Improve Mobility Forces	--17 (est.) Medium/SAR Helos			
Total Major Procurement Items (Million FY 79 \$)			\$10,170	
Total Major Procurement Items (Million Then-Year Dollars @ Average 6% Inflation) b/			\$11,695	

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a/ Percent Totals do not add due to rounding.
 b/ Total procurement under the JFY 80-84 program is reported in the \$13-14 billion range. Most of the additional \$1.3-2.3 billion probably is accounted for by ammunition, which would cost \$1.1 billion over a five-year period at JFY 77-79 procurement rates, but which could be as high as \$2.3 billion under the mid-range plan. There also are uncertainties about the costs and quantities of some of the major systems listed above.

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The cost for improving such areas would add approximately another 0.2 percent GNP. Moreover, Japan could increase cost sharing measures to include all U.S. forces O&M costs and still remain at about 1.5 percent GNP.* Should the costs of pensions and housing be included in the JDA budget, as is done in NATO budget accounting, then Japan's defense budget would be on the order of 2.1 percent GNP. (By NATO accounting standards, Japan's current defense budget is actually about 1.4 percent GNP.)

20. (U) Desirable SDF Defense Posture

- a. ~~(S)~~ Initial conclusions derived from the examination of U.S. national interests in Asia Pacific indicate that the United States should maintain a military force presence in the region. Secondly, the cooperation of Japan is requisite and some form of collective security should be developed. In fact, such an arrangement exists today but a disproportionate share of the responsibility is shouldered by the United States. To redress some of the imbalance, Japan should take on a greater share. How much of a share, or what detailed missions, or specific equipment items to purchase are not the questions to be answered in this review. Indeed, the bilateral planning process and consultative councils are the forums to address such questions and the process should be collaborative. The purpose of this paper, rather, is to propose a conceptual framework within which policy guidance is provided for the detailed planning.
- b. ~~(S)~~ Conceptually the U.S.-Japan security relationship should be collective, cooperative and complementary.

*Estimates were extracted from PA&E Memorandum,
"Japanese Defense Program " (U), 12 October 1979.

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Combined efforts should be mutually supportive and interdependent. Respective national missions should be defined so that they operate under this concept and the [REDACTED]

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In fact, general mission responsibilities are outlined in "The Guidelines for Japan-United States Defense Cooperation," but they have been purposely left open to amplification and interpretation. There is sufficient latitude to expand the scope of Japanese security responsibilities without impinging upon or violating Japan's constitutional proscriptions.

c. (S) However, the United States should not relinquish responsibilities and attempt to substitute improved Japanese power for U.S. military presence. Moreover, the notion should be put to rest that more Japanese defense spending means less costs for the United States. Not so; if influence is to be maintained, force presence must be evident and tangible. However, greater Japanese capabilities should mean that they can assume larger portions of, say, the ASW role and range farther out to assist in SLOC protection. They could take over a greater portion of the air defense role, and improved manning in the GSDF would place less of a requirement on U.S. ground assets in an emergency. The necessity for increased Japanese capabilities becomes more apparent when the commitment of U.S. forces is viewed from a global perspective. U.S. worldwide security responsibilities and commitments outstrip current assets. As US assets are at a seemingly finite level, the shortfall must be made up through collective security--namely, additional allied forces.

d. (S) As mentioned earlier, missions of a broad scope are generally defined, but it is clear that the JSDF today cannot fulfill its commitments. Of course, specifics of missions can be amplified, but a first order of business is for Japan to develop the capability

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to meet its own defense commitments. Their Defense Improvement Program is a first step toward that goal. However, even after that, there remain a number of shortcomings in personnel, war stocks--general readiness and sustainability--and there will ultimately be some major end item shortages when compared to the potential regional threat.

e. ~~(S)~~ Within the framework of collective security and complementarity the Japanese should be urged to fulfill the goals of their Defense Improvement Program and they should be urged--diplomatically pressured--to make up the shortages found by measurable standards of readiness and sustainability. As noted earlier this would bring Japan's defense budget up to approximately 1.5 percent GNP (not counting pensions). It is a share of security that Japan cannot fail to afford. Should later determinations be arrived at, that mission dictates call for an increase in spending or more forces, then ultimately, within the timeframe of 1980-1990, Japan could easily afford a 2 percent GNP expenditure (but not without some political and bureaucratic hurdles.)

21. (U) Japan's Process of Decision Making

a. ~~(S)~~ Before going on to the discussion of measures the United States can take to nudge Japan toward a truly complementary defense structure, it would be instructive to review some of the facets and actions of the Japanese decision making process. The leadership of the Liberal Democratic Party (LDP), the ruling party since 1955, has been keenly aware of the defense

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needs of the country. Likewise the JDA is naturally more enthusiastic about defense measures than any other element in Japan's body politic. (They need no convincing on defense needs.) However, there are real and symbolic constraints on what the LDP can accomplish in the defense area. The constraints are found principally in the populace, the opposition parties and in the bureaucracy. Additionally, the LDP is on somewhat hard times. Though they will prevail, a cautious approach is expected toward controversial issues--such as defense--and innovative enterprises are not anticipated.

b. (S) Consensus building on defense issues has been reasonably successful. Popular support for the SDF has risen to 86 percent according to a 1979 government poll, but closer analysis shows that the majority of the Japanese see the main SDF mission as non-military in its truest sense (Security - 38%; Disaster operations - 33%; Domestic order - 14%; Civic welfare - 4%; Don't know - 11%). Moreover, 60 percent felt that the SDF is at an appropriate size. These reactions can be attributed to the experiences of WW II and the long standing antipathy toward "militarism".

c. (N) Opposition political parties, particularly the communist and socialist parties (JCP and JSP), have long provided a strong vocal and popularly supported resistance to defense initiatives. Lately, however, the socialist tenet that Socialists are peace loving has been discredited by China's "lesson" for Vietnam. The JSP is gradually coming to a position of accepting the Mutual Security Treaty, but they still oppose SDF increases.

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d. (S) The bureaucracies in the government ministries pose the most formidable opposition to defense spending. Each Ministry has its own constituencies and vested interests, and of these the JDA is the weakest politically. (The JDA, in fact, does not hold technical ministerial status.) Of paramount concern to the major Ministries of Finance, International Trade and Industry and Foreign Affairs (MOF, MITI, MOFA respectively) is the economic vitality of the nation. Any pursuit or funding which detracts from that receives a lesser priority. These ministries generally espouse a theory of "Comprehensive Security" which posits that overall security is a function of energy resources, industrial development and defense. Cumulatively, funding for these categories is on the order of seven percent GNP. Without elaborating, it is clear that the JDA budget share holds less importance than other apportionments. Finally, policy proposals and legislation are almost in all cases initiated by the ministries. The ministries not only write most of the legislation that the party considers, but are also instrumental in the staff work and lobbying for the bills as they move through deliberations in the party and subsequently the Diet. Although contentious problems sometimes require direct Cabinet intervention, for the most part the senior political leadership ratifies rather than adjudicates the results of the bureaucracy's work. It is, then, in the bureaucracy where the consensus building for defense takes on the greatest significance.

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22. (S) Summary. A review of the foregoing discussion leads to some conclusive observations. The JSDF suffers some serious deficiencies but has initiated programs to rectify their problems. Nevertheless, they will still fall short by measurable standards of readiness and sustainability. A conceptual framework of combined U.S.-Japan defense measures would embody a philosophy of collective, complementary and cooperative effort. In order to fulfill its commitment toward this goal, Japan should incur the spending obligations necessary to remedy the shortfalls. This can be done in the timeframe 1980-1990 without violating the constitution or changing the nature of the SDF mission as described in the Guidelines for Defense Cooperation. Moreover, defense spending would be on the order of no more than 2.1 percent GNP. Achievement of these goals, however, will meet resistance and cognizance must be taken of the factors of Japanese decision making.

U.S. MEASURES AND POLICY

23. (S) General. This section will focus on the measures that can be taken in order to encourage Japan to adopt a Self-Defense Force posture that is compatible with U.S. security interests in Asia-Pacific. Confidence building measures will be suggested and finally specific policy recommendations will be made.

24. (U) Constructive Measures

a. (S) As measures are considered that will encourage Japan to adopt an SDF posture that more fulfills collective security needs, cultural differences between the United States and Japan must be kept in mind, and

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the Japanese decision making process must be appreciated. Culturally a wide gulf separates the two nations, particularly in the manner in which government decisions are arrived at. The Japanese are more deliberate and patient whereas Americans are thought of as being occasionally impulsive and impatient for quick results. Frequently a U.S. government decision is made and then afterwards an attempt is made to develop a consensus necessary for implementation. The Japanese develop the consensus first and then make the decision. It is often heard that the Japanese "way" must be respected and we must work at their pace. While their "way" must be appreciated and respected, there is no need to totally abjure the American way. Compromises must be made, negotiation undertaken, and a middle meeting ground must be found. Frequently there is advice that the Japanese should not be pressured; that they will "come around" in their own way. This is true to a degree but does not need to be accepted entirely. Importunate exhortations can be counterproductive but quiet pressure applied with diplomacy, supported by analysis and facts can be most productive.

b. ~~N~~ The JDA is not the epicenter of Japanese defense policy formulation and the JDA needs no convincing of the merits and requirements for a slightly larger defense effort. (Given free reign the JDA would probably develop a very large defense force.) A way must be found to articulate the threat to the appropriate centers of influence in the Japanese government. In an earlier part of the

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paper, it was noted that Japanese decisions are, inter alia, based on their perceptions of a credible threat. It may be a fortuitous circumstance that both the MIDWAY and KITTY HAWK are deployed to the Indian Ocean. This deployment may have dealt the Japanese a low order shock, and no more vivid example could have been made of the overall responsibilities of PACOM and the part the Japanese may have to play--and should be prepared to play--in the Western Pacific. Nevertheless, convincing members of the Japanese government will fall for the most part upon the civilian counterparts in U.S. government. Should an interagency agreement ever be made on policy, purpose and method, U.S. government officials will be an important means to explain the scope of security needs.

c. ~~(S)~~ No absolute guarantee is possible regarding Japan's ultimate commitment but the United States can improve the probability of Japanese security decisions favorable to the United States by intertwining American and Japanese forces, policies and plans. There needs to be a focus for policy decisions and actions that will nudge the Japanese toward a desirable defense posture. It would appear prudent to establish the goal of defense interdependence as an overarching principle toward which all separate policy actions are directed.

25. ~~(S)~~ Collaborative Processes. That goal of interdependence enshrouds the concept of a compatible and complementary defense arrangement. Moreover, the goal logically leads to the inherent principles of standardization and interoperability. There remains, yet, the determination of the specifics of

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interdependence and complementarity. What precise missions should be undertaken by whom, with what size force? The approach to the specific questions should be collaborative and answers should be determined in the manner of a partnership with the Japanese. The perception of patron client would be counterproductive. The appearance of trying to dictate terms to the Japanese must be carefully avoided. The number of U.S.-Japan consultative forums provides the venue for deliberations over the specifics of some policy questions. The most productive vehicle at the time is the bilateral planning process being conducted in Japan at this time. This process will produce [redacted] which in [redacted] (b)(1) subsequent iterations will develop new requirements and new missions. It was agreed at the last JCS-Joint Staff Office conference that the entire collaborative bilateral planning process, which goes beyond just the CONPLAN, will serve to develop respective commitments. (A logical evolutionary step would be an OPLAN.) In fact, [redacted]

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[redacted] The attraction of the bilateral planning is that the Japanese can independently, from their own analyses, develop requirements and missions. This is an important aspect of paying heed to the Japanese "way" and helps to provide that middle ground mentioned earlier.

26. ~~(S)~~ Confidence Building. A number of measures can be taken which will serve to build confidence in and confirm the commitment to the mutual security arrangements.

a. ~~(S)~~ The issue of technological transfers has gone unresolved for some time now. Cases are managed individually and without any apparent specific policy upon

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which to base judgements. This is a case where, rightly or wrongly, the Japanese perceive a second class treatment compared to the NATO countries. This is not entirely true but the vacillation between allowing co-production or insisting on direct sale of weapons causes occasional confusion. The integration of U.S. equipment into the SDF promotes standardization, interoperability, and interdependence on the part of the Japanese. The U.S. policy on technological transfer, consistent with U.S. statutes and manufacturers' rights, should allow the Japanese the latitude of choosing the means by which they secure U.S. equipment.

b. ~~(S)~~ Foreign Military Sales (FMS) have been another problem area, the resolution of which would contribute significantly to the desired security partnership. Again, the Japanese perceive disparate treatment from the NATO countries. In this case they are correct as FMS training for NATO generally is executed at almost half the established fare. The general framework for FMS pricing is established by law and it would require congressional action to offer the Japanese relief. Legislation should be initiated to provide that relief.

c. ~~(S)~~ Another whole set of measures would fall under the rubric of training. This process is already underway but expansion of the various programs would enhance mutual confidence and interoperability. These measures would involve combined training exercises, small unit exchanges and personnel exchanges. RIMPAC is an excellent example of a multilateral combined naval exercise. Additionally, a deployment/combined exercise in the manner of Team Spirit would demonstrate unequivocally the U.S. commitment to the security partnership.

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27. ~~(S//NOFORN)~~ Policy. Broad policy objectives have been outlined by the President in his 1979 annual message to Congress and they are: to buttress American power on which global security and stability depend; to strengthen our relations with other nations throughout the world in order to widen the spirit of international cooperation; and to deal constructively with pressing world problems. Regarding military forces, the President asserted that conventional capabilities would be maintained to fulfill commitments to our major allies and friends and to retain a credible military presence in both the Atlantic and the Pacific. The Secretary of Defense has also enunciated a policy of maintaining U.S. power in the Pacific. The Joint Strategic Planning Document establishes Japan as a vital interest to the United States. However, there is a need for more specific security policy regarding the U.S. relationship with Japan. Accordingly the following policy recommendations are made with regard to the U.S.-Japan security relationship:

- o Establish the goal of defense affiliation and interdependence as an overarching principle toward which all separate policy actions are directed.
- o Encourage Japan, in the near term, to maintain its defense spending at the present share of GNP.
- o Encourage Japan to fulfill its goals established in the JDA Mid-Range Defense Improvement Program, 1980-84.*

*The Japanese official title is Mid-Range Estimate for Planning (MREP)

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- o Encourage Japan to increase the defense spending share of GNP to a level which, in the longer term, would facilitate a more rapid assumption of increased self defense capabilities.
- o Establish as a goal the standardization and interoperability of U.S. and Japanese military forces.
- o Indorse the philosophy that the achievement of mutual goals will be through a collaborative and mutually supportive process.
- o Establish the current bilateral planning process and associated activities as the forum to determine requirements and roles and missions for each nation.

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APPENDIX A

Treaty of Mutual Cooperation and Security Between the United States of America and Japan¹

Signed at Washington January 19, 1960; Ratification advised by the Senate of the United States of America June 22, 1960; Ratified by the President of the United States of America June 22, 1960; Ratified by Japan June 21, 1960; Ratifications exchanged at Tokyo June 23, 1960; Proclaimed by the President of the United States of America June 27, 1960; Entered into force June 23, 1960. With Agreed Minute and Exchange of Notes

The United States of America and Japan,

Desiring to strengthen the bonds of peace and friendship traditionally existing between them, and to uphold the principles of democracy, individual liberty, and the rule of law.

Desiring further to encourage closer economic cooperation between them and to promote conditions of economic stability and well-being in their countries.

Reaffirming their faith in the purposes and principles of the Charter of the United Nations, and their desire to live in peace with all peoples and all governments,

Recognizing that they have the inherent right of individual or collective self-defense as affirmed in the Charter of the United Nations,

Considering that they have a common concern in the maintenance of international peace and security in the Far East,

Having resolved to conclude a treaty of mutual cooperation and security,

Therefore agree as follows:

ARTICLE I

The Parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security and justice are not endangered and to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations.

The Parties will endeavor in concert with other peace-loving countries to strengthen the United Nations so that its mission of maintaining international peace and security may be discharged more effectively.

ARTICLE II

The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the

¹ 11 UST 1632; TIAS 4509; 373 UNTS 186.

principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between them.

ARTICLE III

The Parties, individually and in cooperation with each other, by means of continuous effective self-help and mutual aid will maintain and develop, subject to their constitutional provisions, their capacities to resist armed attack.

ARTICLE IV

The Parties will consult together from time to time regarding the implementation of this Treaty, and, at the request of either Party, whenever the security of Japan or international peace and security in the Far East is threatened.

ARTICLE V

Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes.

Any such armed attack and all measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations in accordance with the provisions of Article 51 of the Charter. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

ARTICLE VI

For the purpose of contributing to the security of Japan and the maintenance of international peace and security in the Far East, the United States of America is granted the use by its land, air and naval forces of facilities and areas in Japan.

The use of these facilities and areas as well as the status of United States armed forces in Japan shall be governed by a separate agreement,² replacing the Administrative Agreement³ under Article III of the Security Treaty⁴ between the United States of America and Japan, signed at Toyko on February 28, 1952, as amended, and by such other arrangements as may be agreed upon.

ARTICLE VII

This Treaty does not affect and shall not be interpreted as affecting in any way the rights and obligations of the Parties under the Charter of the United Nations or the responsibility of the United Nations for the maintenance of international peace and security.

² TIAS 4510; 11 UST 1652.

³ TIAS 2492; 3 UST, pt. 3.

⁴ TIAS 2491; 3 UST, pt. 3.

ARTICLE VIII

This Treaty shall be ratified by the United States of America and Japan in accordance with their respective constitutional processes and will enter into force on the date on which the instruments of ratification thereof have been exchanged by them in Tokyo.

ARTICLE IX

The Security Treaty between the United States of America and Japan signed at the city of San Francisco on September 8, 1951 shall expire upon the entering into force of this Treaty.

ARTICLE X

This Treaty shall remain in force until in the opinion of the Governments of the United States of America and Japan there shall have come into force such United Nations arrangements as will satisfactorily provide for the maintenance of international peace and security in the Japan area.

However, after the Treaty has been in force for ten years, either Party may give notice to the other Party of his intention to terminate the Treaty, in which case the Treaty shall terminate one year after such notice has been given.

Agreed Minute to the Treaty of Mutual Cooperation and Security Between the United States of America and Japan

Japanese Plenipotentiary:

While the question of the status of the islands administered by the United States under Article 3 of the Treaty of Peace with Japan has not been made a subject of discussion in the course of treaty negotiations, I would like to emphasize the strong concern of the Government and people of Japan for the safety of the people of these islands since Japan possesses residual sovereignty over these islands. If an armed attack occurs or is threatened against these islands, the two countries will of course consult together closely under Article IV of the Treaty of Mutual Cooperation and Security. In the event of an armed attack, it is the intention of the Government of Japan to explore with the United States measures which it might be able to take for the welfare of the islanders.

United States Plenipotentiary:

In the event of an armed attack against these islands, the United States Government will consult at once with the Government of Japan and intends to take the necessary measures for the defense of these islands, and to do its utmost to secure the welfare of the islanders.

Exchanges of Notes Between the United States and Japan Dated January 19, 1960

EXCELLENCY:

I have the honour to refer to the Treaty of Mutual Cooperation and Security between Japan and the United States of America signed

today, and to inform Your Excellency that the following is the understanding of the Government of Japan concerning the implementation of Article VI thereof:

Major changes in the deployment into Japan of United States armed forces, major changes in their equipment, and the use of facilities and areas in Japan as bases for military combat operations to be undertaken from Japan other than those conducted under Article V of the said Treaty, shall be the subjects of prior consultation with the Government of Japan.

I should be appreciative if Your Excellency would confirm on behalf of your Government that this is also the understanding of the Government of the United States of America.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

NOBUSUKE KISHI.

His Excellency

CHRISTIAN A. HERTER,
*Secretary of State
of the United States of America.*

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date, which reads as follows:

"I have the honour to refer to the Treaty of Mutual Cooperation and Security between Japan and the United States of America signed today, and to inform Your Excellency that the following is the understanding of the Government of Japan concerning the implementation of Article VI thereof:

Major changes in the deployment into Japan of United States armed forces, major changes in their equipment, and the use of facilities and areas in Japan as bases for military combat operations to be undertaken from Japan other than those conducted under Article V of the said Treaty, shall be the subjects of prior consultation with the Government of Japan.

"I should be appreciative if Your Excellency would confirm on behalf of your Government that this is also the understanding of the Government of the United States of America.

"I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration."

I have the honor to confirm on behalf of my Government that the foregoing is also the understanding of the Government of the United States of America.

Accept, Excellency, the renewed assurances of my highest consideration.

CHRISTIAN A. HERTER,
*Secretary of State of the
United States of America.*

His Excellency

NOBUSUKE KISHI,
Prime Minister of Japan.

EXCELLENCY:

I have the honor to refer to the Security Treaty between the United States of America and Japan signed at the city of San Francisco on September 8, 1951, the exchange of notes effected on the same date between Mr. Shigeru Yoshida, Prime Minister of Japan, and Mr. Dean Acheson, Secretary of State of the United States of America, and the Agreement Regarding the Status of the United Nations Forces in Japan signed at Tokyo on February 19, 1954, as well as the Treaty of Mutual Cooperation and Security between the United States of America and Japan signed today. It is the understanding of my Government that:

1. The above-mentioned exchange of notes will continue to be in force so long as the Agreement Regarding the Status of the United Nations Forces in Japan remains in force.

2. The expression "those facilities and areas the use of which is provided to the United States of America under the Security Treaty between Japan and the United States of America" in Article V, paragraph 2 of the above-mentioned Agreement is understood to mean the facilities and areas the use of which is granted to the United States of America under the Treaty of Mutual Cooperation and Security.

3. The use of the facilities and areas by the United States armed forces under the Unified Command of the United Nations established pursuant to the Security Council Resolution of July 7, 1950, and their status in Japan are governed by arrangements made pursuant to the Treaty of Mutual Cooperation and Security.

I should be grateful if Your Excellency could confirm on behalf of your Government that the understanding of my Government stated in the foregoing numbered paragraphs is also the understanding of your Government and that this understanding shall enter into operation on the date of the entry into force of the Treaty of Mutual Cooperation and Security signed at Washington on January 19, 1960.

Accept, Excellency, the renewed assurances of my highest consideration.

CHRISTIAN A. HERTER,
*Secretary of State of the
United States of America.*

His Excellency
NOBUSUKE KISHI,
Prime Minister of Japan.

EXCELLENCY:

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date, which reads as follows:

"I have the honor to refer to the Security Treaty between the United States of America and Japan signed at the city of San Francisco on September 8, 1951. the exchange of notes effected on the same date between Mr. Shigeru Yoshida, Prime Minister of Japan, and Mr. Dean Acheson, Secretary of State of the United States of America and the Agreement Regarding the Status of the United Nations Forces in Japan signed at Tokyo on Febru-

ary 19, 1954, as well as the Treaty of Mutual Cooperation and Security between the United States of America and Japan signed today. It is the understanding of my Government that:

1. The above-mentioned exchange of notes will continue to be in force so long as the Agreement Regarding the Status of the United Nations Forces in Japan remains in force.

2. The expression 'those facilities and areas the use of which is provided to the United States of America under the Security Treaty between Japan and the United States of America' in Article V, paragraph 2 of the above-mentioned Agreement is understood to mean the Facilities and the areas the use of which is granted to the United States of America under the Treaty of Mutual Cooperation and Security.

3. The use of the facilities and areas by the United States armed forces under the Unified Command of the United Nations established pursuant to the Security Council Resolution of July 7, 1950, and their status in Japan are governed by arrangements made pursuant to the Treaty of Mutual Cooperation and Security.

"I should be grateful if Your Excellency could confirm on behalf of your Government that the understanding of my Government stated in the foregoing numbered paragraphs is also the understanding of your Government and that this understanding shall enter into operation on the date of the entry into force of the Treaty of Mutual Cooperation and Security signed at Washington on January 19, 1960."

I have the honour to confirm on behalf of my Government that the foregoing is also the understanding of the Government of Japan.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

NOBUSUKE KISHI

His Excellency

CHRISTIAN A. HERTER,

Secretary of State

of the United States of America.

DEAR SECRETARY HERTER:

I wish to refer to the Treaty of Mutual Cooperation and Security between Japan and the United States of America signed today. Under Article IV of the Treaty, the two Governments will consult together from time to time regarding the implementation of the Treaty, and, at the request of either Government, whenever the security of Japan or international peace and security in the Far East is threatened. The exchange of notes under Article VI of the Treaty specifies certain matters as the subjects of prior consultation with the Government of Japan.

Such consultations will be carried on between the two Governments through appropriate channels. At the same time, however, I feel that the establishment of a special committee which could as appropriate be used for these consultations between the Governments would prove very useful. This committee, which would meet whenever requested by either side, could also consider any matters underlying and related to security affairs which would serve to promote understanding between

the two Governments and contribute to the strengthening of cooperative relations between the two countries in the field of security.

Under this proposal the present "Japanese-American Committee on Security" established by the Governments of the United States and Japan on August 6, 1957, would be replaced by this new committee which might be called "The Security Consultative Committee". I would also recommend that the membership of this new committee be the same as the membership of the "Japanese-American Committee on Security", namely on the Japanese side, the Minister for Foreign Affairs, who will preside on the Japanese side, and the Director General of the Defense Agency, and on the United States side, the United States Ambassador to Japan, who will serve as Chairman on the United States side, and the Commander-in-Chief, Pacific, who will be the Ambassador's principal advisor on military and defense matters. The Commander, United States Forces, Japan, will serve as alternate for the Commander-in-Chief, Pacific.

I would appreciate very much your views on this matter.

Most sincerely,

NOBUSUKE KISHI

His Excellency

CHRISTIAN A. HERTER,
*Secretary of State
of the United States of America.*

DEAR MR. PRIME MINISTER:

The receipt is acknowledged of your Note of today's date suggesting the establishment of "The Security Consultative Committee". I fully agree to your proposal and share your view that such a committee can contribute to strengthening the cooperative relations between the two countries in the field of security. I also agree to your proposal regarding the membership of this committee.

Most sincerely,

CHRISTIAN A. HERTER

His Excellency

NOBUSUKE KISHI,
Prime Minister of Japan.

APPENDIX B

REPORT OF THE SUBCOMMITTEE FOR DEFENSE COOPERATION TO THE SECURITY CONSULTATIVE COMMITTEE

November 27, 1978.

The Subcommittee for Defense Cooperation, established by the July 8, 1976, meeting of the Security Consultative Committee, has held eight meetings to this date. In carrying out the tasks referred to it by the SCC, the SDC agreed on the following premises and subjects for its studies and consultations:

1. Premises of Studies and Consultations:

(1) Matters concerning "Prior Consultation," matters concerning the Japanese constitutional limitations and the Three Non-Nuclear Principles will not be the subjects of the SDC's studies and consultations.

(2) The conclusions of the SDC's studies and consultations will be reported to the Security Consultative Committee and the disposition of those conclusions will be left to the judgment of the respective Governments of Japan and the United States. Those conclusions will not be such as would place either government under obligation to take legislative, budgetary or administrative measures.

2. Subjects of Studies and Consultations:

(1) Matters relating to the case of an armed attack against Japan or to the case in which such an attack is imminent.

(2) Matters relating to situations in the Far East other than those mentioned in (1) above, which will have an important influence on the security of Japan.

(3) Others (joint exercise and training, etc.)

At the outset of conducting its studies and consultations, the SDC heard the Japanese side's basic concept concerning the scope and modalities of defense cooperation between Japan and the United States under the Japan-United States Security Treaty in the case of an armed attack against Japan, and decided to proceed with its work using this concept as a basis for its studies and consultations. The SDC established, with a view to facilitating its studies and consultations, three subsidiary panels, namely the Operations, Intelligence and Logistics Panels. These Panels have conducted studies and consultations from a professional standpoint. The SDC has also conducted studies and consultations on other matters concerning cooperation between Japan and the United States which come within its purview.

The SDC hereby submits for approval to the Security Consultative Committee "The Guidelines for Japan-United States Defense Cooperation" representing the result of the SDC's activities described above.

GUIDELINES FOR JAPAN-UNITED STATES DEFENSE COOPERATION

These guidelines shall not be construed as affecting the rights and obligations of Japan and the United States under the Japan-United States Security Treaty and its related arrangements. It is understood that the extension of facilitative assistance and support by Japan to the United States, which are described in the guidelines, is subject to the relevant laws and regulations of Japan.

I. POSTURE FOR DETERRING AGGRESSION

1. Japan, as its defense policy, will possess defense capability on an appropriate scale within the scope necessary for self-defense, and consolidate and maintain a posture to ensure the most efficient operations; and assure, in accordance with the SOFA, the stable and effective utilization of facilities and areas in Japan by U.S. Forces. The United States will maintain a nuclear deterrent capability, and the forward deployments of combat-ready forces and other forces capable of reinforcing them.

2. In order to be able to take coordinated joint action smoothly in the event of an armed attack against Japan, Japan and the United States will endeavor to achieve a posture for cooperation between the Self-Defense Forces and U.S. Forces in such areas as operations, intelligence and logistics.

Accordingly:

(1) in order jointly to conduct coordinated operations for the defense of Japan smoothly and effectively, the JSDF and U.S. Forces will conduct studies on joint-defense planning. They will also undertake necessary joint exercises and training when appropriate. In addition, the JSDF and U.S. Forces will study and prepare beforehand common procedures deemed necessary for operational needs in order jointly to undertake operations smoothly. Such procedures include matters related to operations, intelligence and logistics. As communications/electronics are absolutely essential to effecting command and liaison, the JSDF and U.S. Forces will also determine in advance their mutual communications/electronics requirements.

(2) The JSDF and U.S. Forces will develop and exchange intelligence necessary for the defense of Japan. The JSDF and U.S. Forces will, in order to ensure smooth intelligence exchange, determine in coordination the nature of the intelligence to be exchanged and the specific JSDF/USF units to be assigned responsibility for the exchange. In addition, the JSDF and U.S. Forces will promote close intelligence cooperation by taking such required actions as establishing systems for mutual communications.

(3) The JSDF and U.S. Forces, acting from the basic principle that each nation is responsible for the logistics of its own forces, will closely coordinate with each other or conduct studies in advance in regard to such functions as supply, transportation, maintenance, facilities, etc. so that mutual support can be arranged appropriately when needed. Detailed requirements for this mutual support will be developed through joint studies and plan-

ning. In particular, coordination will be made in advance in regard to foreseeable supply deficiencies, quantities, priorities for satisfying deficiencies, emergency acquisition procedures, etc., and studies will be undertaken relating to the economical and efficient utilization of the bases and facilities/areas of the two forces.

II. ACTIONS IN RESPONSE TO AN ARMED ATTACK AGAINST JAPAN

1. When an armed attack against Japan is imminent:

Japan and the United States will conduct closer liaison and will take necessary measures respectively and, as deemed necessary due to changes in the situation, will make necessary preparations in order to ensure coordinated joint action, including the establishment of a coordination center between the JSDF and U.S. Forces.

The JSDF and U.S. Forces will establish in advance a common standard as regards preparations which will be respectively conducted by the two forces so that the two nations may select coordinated common readiness stages, and ensure that effective preparations for operations can be cooperatively undertaken by the JSDF and U.S. Forces respectively.

This common standard will indicate readiness stages from an increase of unit-alert posture to a maximization of combat-readiness posture concerning intelligence activities, unit readiness, movements, logistics, and other matters relating to defense preparations.

The JSDF and U.S. Forces will respectively conduct defense preparations considered necessary according to the readiness stage selected by mutual agreement between the two governments.

2. When an armed attack against Japan takes place:

(1) In principle, Japan by itself will repel limited, small-scale aggression. When it is difficult to repel aggression alone due to the scale, type and other factors of aggression, Japan will repel it with the cooperation of the United States.

(2) When the JSDF and U.S. Forces jointly conduct operations for the defense of Japan, they will strive to achieve close mutual coordination to employ the defense capacity of each force in a timely and effective manner.

(i) Concept of operations:

The JSDF will primarily conduct defensive operations in Japanese territory and its surrounding waters and air space. U.S. Forces will support JSDF operations. U.S. Forces will also conduct operations to supplement functional areas which exceed the capacity of the JSDF.

The JSDF and U.S. Forces will jointly conduct ground, maritime and air operations as follows:

(a) Ground Operations:

The Ground Self-Defense Force (GSDF) and U.S. Ground Forces will jointly conduct ground operations for the defense of Japan. The GSDF will conduct checking, holding and repelling operations.

U.S. Ground Forces will deploy as necessary and jointly conduct operations with the GSDF, mainly those for repelling enemy forces.

(b) Maritime Operations:

The Maritime Self-Defense Force (MSDF) and U.S. Navy will jointly conduct maritime operations for the defense of surrounding waters and the protection of sea lines of communication.

The MSDF will primarily conduct operations for the protection of major ports and straits in Japan; and antisubmarine operations, operations for the protection of ships and other operations in the surrounding waters.

U.S. Naval Forces will support MSDF operations and conduct operations, including those which may involve the use of task forces providing additional mobility and strike power, with the objective of repelling enemy forces.

(c) Air Operations:

The Air Self-Defense Force (ASDF) and U.S. Air Force will jointly conduct air operations for the defense of Japan.

The ASDF will conduct air-defense, anti-airborne and anti-amphibious invasion, close air support, air reconnaissance, airlift operations, etc.

U.S. Air Forces will support ASDF operations and conduct operations, including those which may involve the use of air units providing additional strike power, with the objective of repelling enemy forces.

(d) When carrying out ground, maritime, and air operations, the JSDF and U.S. Forces will provide necessary support for each other's forces in various activities related to operations, such as intelligence, logistics, etc.

(ii) Command and Coordination: The JSDF and U.S. Forces, in close cooperation, will take action through their respective command-and-control channels. In order to be able jointly to conduct coordinated operations effectively, the JSDF and U.S. Forces will take actions in accordance with operational processes which will be coordinated in advance.

(iii) Coordination Center: In order jointly to conduct effective operations, the JSDF and U.S. Forces will maintain close mutual coordination on operations, intelligence and logistic support through a coordination center.

(iv) Intelligence Activities: The JSDF and U.S. Forces will, through operations of their respective intelligence systems, conduct intelligence activities in close cooperation in order to contribute to the joint implementation of effective operations. To support this, the JSDF and U.S. Forces will coordinate intelligence activities closely at each stage of requirements, collection, production, and dissemination. The JSDF and U.S. Forces will each have responsibility for their own security.

(v) **Logistic Activities:**

The JSDF and U.S. Forces will conduct efficient and appropriate logistic support activities in close cooperation in accordance with relevant agreements between Japan and the United States.

Toward this end, Japan and the United States will undertake mutual support activities to improve the effectiveness of logistic functions and to alleviate functional shortfalls as follows:

(a) **Supply**—The United States will support the acquisition of supplies for systems of U.S. origin while Japan will support acquisition of supplies in Japan.

(b) **Transportation**—Japan and the United States will, in close cooperation, carry out transportation operations, including airlift and sea-lift of supplies from the United States to Japan.

(c) **Maintenance**—The United States will support the maintenance of items of U.S. origin, which are beyond Japanese maintenance capabilities, and Japan will support the maintenance of U.S. Forces' equipment in Japan. Maintenance support will include the technical training of maintenance personnel as required. As a related activity, Japan will also support U.S. Forces' requirement for salvage and recovery in Japan.

(d) **Facilities**—The U.S. Forces will, in case of need be provided additional facilities and areas in accordance with the Japan-U.S. Security Treaty and its related arrangements. If it becomes necessary to consider joint use of bases and facilities/areas to improve effective and economical utilization, the JSDF and U.S. Forces will conduct joint use in accordance with the above Treaty and arrangements.

III. JAPAN-UNITED STATES COOPERATION IN THE CASE OF SITUATIONS IN THE FAR EAST OUTSIDE OF JAPAN WHICH WILL HAVE AN IMPORTANT INFLUENCE ON THE SECURITY OF JAPAN

The Governments of Japan and the United States will consult together from time to time whenever changes in the circumstances so require.

The scope and modalities of facilitative assistance to be extended by Japan to the U.S. Forces in the case of situations in the Far East outside of Japan which will have an important influence on the security of Japan will be governed by the Japan-United States Security Treaty, its related arrangements, other relevant agreements between Japan and the United States, and the relevant laws and regulations of Japan. The Governments of Japan and the United States will conduct studies in advance on the scope and modalities of facilitative assistance to be

extended to the U.S. Forces by Japan within the above-mentioned legal framework. Such studies will include the scope and modalities of joint use of the Self-Defense Forces bases by the U.S. Forces and of other facilitative assistance to be extended.

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US - JAPAN

DEFENSE COOPERATION

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EXECUTIVE SUMMARY

(S) To create a more favorable balance of military power during the 1980's vis-a-vis the USSR and its allies, Japan needs to improve its force posture within the context of an increasingly close and cooperative mutual security relationship with the U.S. Japan should build-up significantly its capability to defend the home islands and patrol a wider radius of airspace and SLOC. This will add to the totality of allied power in the region and allow U.S. assets to concentrate on other roles in East Asia, the Indian Ocean, and the Persian Gulf. Later in the decade, when the Japanese domestic political climate is more favorable, we want to encourage the Japanese to contribute more directly to Asian regional security, without awakening old fears or creating new ones among our other allies in the region.

(U) In slow evolution since the total defeat of World War II, Japan's security consciousness and defense policy have developed with increasing rapidity during the 70's, catalyzed by the fall of Saigon, the buildup of Soviet military capabilities in East Asia, and, most recently, the invasion of Afghanistan. At roughly \$10 billion in FY 80, the Japanese defense budget is the world's eighth largest. Its 239,000 man Self-Defense Force is well trained, well-motivated, and equipped with sophisticated conventional weapons.

(S) There has been a substantial broadening and deepening of defense cooperation with Japan over the past few years. Guidelines for joint military planning have been agreed and planning discussions are moving ahead. Recent Japanese initiatives on labor cost sharing and facilities construction have augmented significantly the level of GOJ financial contributions to the maintenance of U.S. forces in Japan (from approximately \$500 million in 1975 to about \$1 billion in 1980). Accelerated procurement of advanced U.S. weapons systems has increased the interoperability of our forces and equipment.

(S) Welcome as these forward steps have been, the growing Soviet challenge and changed international circumstances since Afghanistan require that considerably more be done. Japan is the only one of our allies in the region capable of multi-billion dollar budget increases. Its defense spending remains low in relation to GNP and compared to the level of effort by other free world states. Not only can more be done, more needs to be done. The Japanese defense establishment has clear weaknesses and is capable of defending itself only against a very limited attack. The state of U.S.-Japan cooperation is embryonic when compared to mature relationships like NATO.

(S) Given the political, constitutional, and economic constraints under which Japan operates in the defense field, the U.S. faces dilemmas in deciding what specifically to request of the Japanese and how to apply pressure that will elicit a positive response rather than a nationalistic backlash.

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We recommend that the U.S.:

- Start pressing the Japanese now to accelerate and complete in JFY 1983 full funding of their own mid-range force improvement plan, currently projected to require about \$11 billion in equipment procurement and over \$50 billion in total expenditures by the end of JFY 1984.

- Emphasize the need to take near-term measures to improve the combat effectiveness and sustainability of the existing SDF, including increased manning to fill authorized levels.

- Convince Japan to provide as soon as possible a complete capability for rapidly laying and maintaining mine fields and other measures to reduce Soviet naval capabilities to operate from Siberian bases.

- Encourage continued, steady increase in host nation support, including considerably increased labor cost sharing and mission-related construction projects that will enhance combat readiness.

- Propose that in 1985 the Japanese begin to assume responsibility for SLOC patrol in Northeast Asia (i.e. in the Pacific area west of Guam and north of the Philippines which is within 1000-mile distance from Japanese territory), and to expand air defense and reconnaissance coverage to the same area and the Sea of Japan. To do so will clearly require substantially increased combat capabilities and much improved sustainability.

- Suggest that Japan consider, in addition to bilateral contingency planning already underway, developing a Long-Range Cooperative Defense Program with the U.S. along the lines of NATO's LTDP beginning as soon as possible.

~~(S)~~ This approach has the advantage of focussing pressure on fulfillment of those self-defense responsibilities on which the Japanese have already developed a consensus while making implicit preparations for a wider regional role to be assumed when the Japanese and other Asian countries are politically ready for it. The approach avoids abrasive discussion of the Japanese one percent GNP spending limit -- their sacred cow, not ours -- while emphasizing capabilities that will require significant budgetary increases if they are to be met.

~~(S)~~ The U.S. should apply pressure to the Japanese relentlessly and frankly in private sessions, focussing first on affecting the size of the 1981 defense budget. Public pressure would incite a nationalist reaction and delay achieving our goals. We should not expect the Japanese to do everything we ask right way. Over time, however, we can expect incremental improvements that will gradually add up to a more favorable balance of power for the U.S. and its allies.

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~~(S)~~ Parallel to placing such pressure on the Japanese, we should demonstrate our strength, competence, flexibility, and commitment to East Asian security by maintaining and augmenting as appropriate our deployed force levels (homeporting a second carrier in WESTPAC) and continuing force improvement plans. We should also treat our Japanese ally as a partner fully equal to our NATO allies. Specifically, we should (1) accept that Japan must for domestic reasons license produce many items she buys from us and no longer submit each application to agonizing delays, (2) place Japan on the same basis as our NATO allies for the cost of military training and research and development, and (3) increase combined training. Also in this vein we should be concerned that cooperative US-European weapons development programs may exclude Japan from license producing such systems in the future. Finally, we must establish firmly within our own defense organization that an interdependent defense affiliation with Japan is the fundamental principle upon which our policy rests and from which all policy actions are derived.

~~(S)~~ The above approach will be compatible with our Asian relationships, building upon current Japanese roles to attain force types and levels that clearly contribute substantially to regional stability, are obviously defensive, help offset growing Soviet military power, and yet do not alarm other friendly states. Because of their defensive nature, the recommended Japanese forces should not prove needlessly provocative to the USSR.

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A. Purpose and Setting

~~(S)~~ The purpose of this paper is to examine how the U.S.-Japan security relationship can be developed during the 1980s to contribute to a better overall balance of military power vis-a-vis the USSR and its allies. Taking into account the history of the relationship, the political and constitutional constraints that apply, and the different objectives of the partners, the study will make specific recommendations as to how:

- Japan's military power can be expanded within the context of an increasingly cooperative mutual security relationship with the U.S.

- Japan's responsibility for defense of the home islands and nearby sea lanes of communication can be enhanced, freeing U.S. assets for other roles in East Asia, the Indian Ocean, and the Persian Gulf.

- Japan's operational contribution to Asian regional security can be improved and enlarged without causing apprehension in other Asian countries.

~~(S)~~ Recognizing that we are dealing with basic changes in the way a large and complex society views its security environment and responds to it, the recommendations of the study are geared to the decade of the eighties, with the focus on the middle years. The process of achieving these goals must begin now, however. The study will therefore make specific recommendations aimed at the Japanese budget review for JFY 81 (April 1981-March 1982) and provide some guidance on the most effective tactics to be used for encouraging a positive Japanese response.

(U) The review represents the combined efforts of the Joint Staff and the Office of the Secretary of Defense.

Setting

~~(S)~~ The United States-Japan security relationship is in transition from a client protectorate to a working alliance. At the moment the relationship involves elements of both but is still more of the former than the latter. The transition is driven by several interrelated trends:

- a gradual though still incomplete Japanese recovery of national self-confidence following total defeat in World War II.

- phenomenally successful economic growth which has propelled Japan in three decades from a prostrate, third rate economy to the second largest in the world.

- growing awareness of Japanese vulnerability since the oil shocks of 1973 and the fall of Saigon in 1975 and of the need for a more competent self-defense capability.

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- the buildup of Soviet military power in the Pacific and the Asian mainland with the consequent sense of threat to Japan.
- the relative decline in U.S. power in the Pacific from the power monopoly of the 1950's to near parity in the late '70s.
- Japanese concern -- fueled by the fall of Saigon and the 1977 decision to withdraw ground troops from Korea -- that the U.S. lacks the will to remain engaged in Asia.
- U.S. pressure on Japan to develop a more close-knit military-to-military relationship, strengthen its defense capabilities, and increase host nation support.

B. Current JSDF Posture

1. The Evolution of Defense Policy

~~(S)~~ The development of Japan's self-defense posture to current levels has been slow and intermittent -- held back by traditional Japanese insularity, war-born pacifism, and constitutional constraints imposed by the U.S. occupation -- and pushed ahead by spasmodic reactions to U.S. decisions that fed Japan's sense of vulnerability. The process began in 1950 with the formation -- at least in part at U.S. behest -- of the Self-Defense Forces (SDF) from the National Safety Force. (The U.S. wanted a land force of 350,000, but Japan finally obtained U.S. acquiescence for a goal of 180,000.) The slow growth of force levels dates from the First Defense Buildup Plan for FY 1958-1960, after U.S. personnel stationed in the main islands had been sharply reduced (from 260,000 in 1952 to 77,000 by 1957). Japan's first defense White Paper did not appear until 1970, shortly after the proclamation of the Nixon Doctrine. Stating that Japan should work to "cope with aggression primarily by our own resources" complemented by the security treaty with the U.S., the White Paper marked a fundamental change in Japanese defense thinking

~~(S)~~ The second White Paper in 1976 was a classic reflection of conflicting pressures generated by the powerful Japanese bureaucracy on the one hand and opposition political parties on the other. Coming after the Nixon shocks of the early 1970s, the oil embargo of 1973, and the fall of Saigon, the White Paper demonstrated concern over the unreliability of the U.S. and the vulnerability of Japan. However, it also established a limit for future defense growth. In November of 1976 the Cabinet ratified a long-sacred but informal political guideline by decreeing that the defense budget would not exceed one percent of GNP for the time being.

~~(S)~~ The Fukuda government placed more emphasis on defense than any of its predecessors and accelerated significantly the consensus building process within Japan on security matters. Influenced by the U.S. decision to withdraw ground forces from Korea, in late 1978 the Cabinet approved the "Guidelines for Japan-United States Defense Cooperation." These gave, for the first time, official sanction to

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US-Japan military planning for the defense of Japan. (b)(1)

[REDACTED] In July 1979, the Japan Defense Agency (JDA) announced its new "Mid-Term Operation Estimate" (or "Defense Improvement Program") for 1980-1984 -- a program designed to improve significantly the quality of Self-Defense Forces at the currently authorized force level of 267,770 without exceeding the 1% GNP guideline.

(U) Although actual SDF manning levels have remained constant at 239,000 personnel for several years, defense spending has increased steadily with the growth of the economy. Since 1970, the defense budget has increased an average of 7.6% per year in real terms. JFY 1979 defense expenditures of about \$10 billion were the world's eighth largest. These expenditures were within Japan's 1% GNP guidelines even though Japan's defense budget is about 1.1% of GNP if computed in NATO terms. It compares unfavorably with U.S. FY 80 outlays (5.1% of GNP), and those of other major allies - the UK 5%; France 3.6%; Germany 3.4%. Nor does Japan's 6% of the national budget spent for defense stand up to the more than 20% spent by the U.S., Germany and France, and 11.2% by the United Kingdom.

2. Force Posture and Capabilities

(U) Japan has applied its defense expenditures to:

- Maintain over 239,000 men and women in uniform; including approximately 155,000 in the 13 division Ground Self-Defense Force, 40,000 in the Maritime Self-Defense Force, and 42,000 in the Air Self-Defense Force.

- Equip its forces with well maintained, technologically sophisticated weapons systems including:

-- 580 aircraft, (compared to 490 for the Seventh Fleet, U.S. Forces in Japan, U.S. Forces in Korea and U.S. Forces in the Philippines combined, and compared to 280 for the ROK Air Force.)

-- 174,000 tons of naval ships including 45 destroyers some of which are equipped with missiles and helicopters (compared to 80,000 tons for the ROK Navy and 15 destroyers for the Seventh Fleet).

-- 40 minesweepers compared to 3 in the entire active fleet of the U.S. Navy. The Japanese navy's anti-mining force is the best in the free world.

-- 14 submarines, some of which are the most technologically advanced, quiet diesel submarines in the world.

(S) Nevertheless, like U.S. services, the SDF also faces handicaps which would limit its effectiveness in an emergency. All three

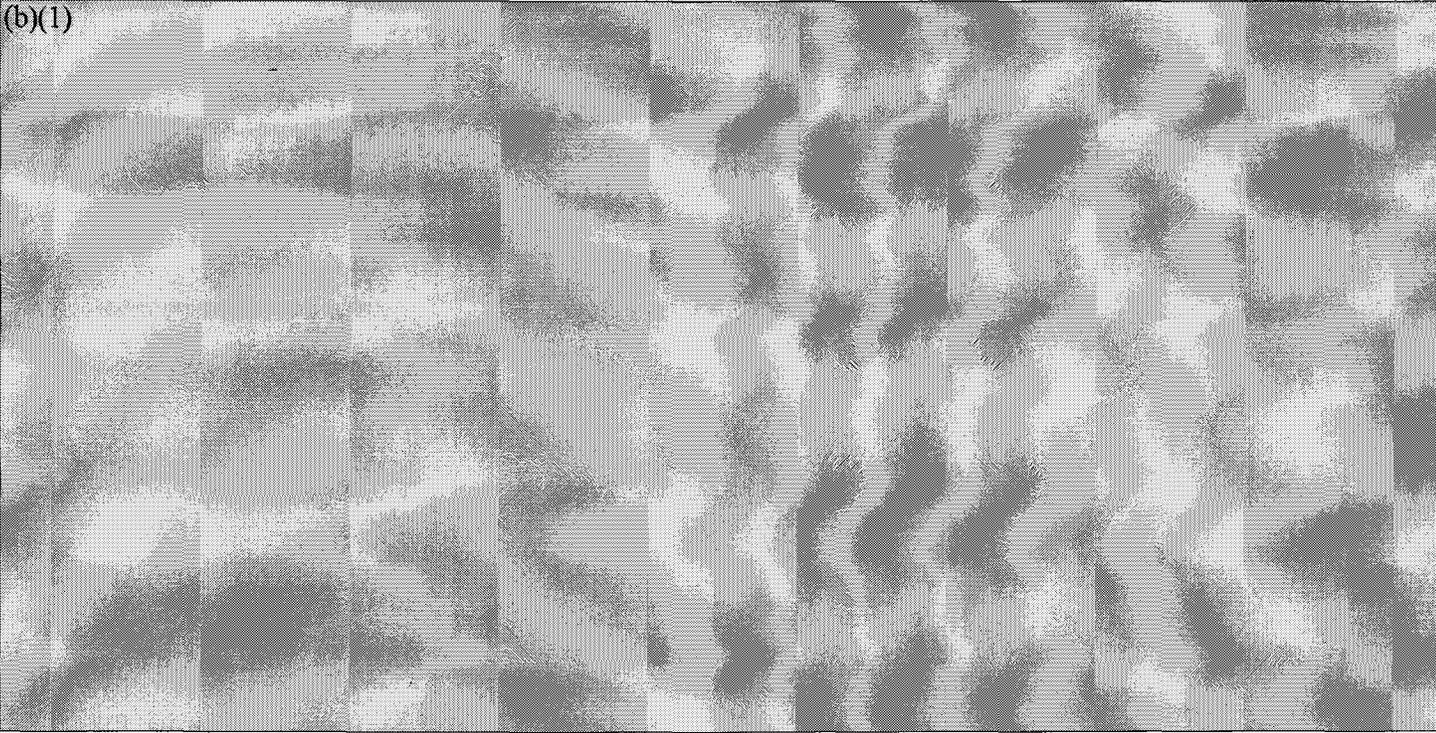
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services are understrength. All have some obsolescent equipment which would be only marginally effective against a Soviet attack. There are across-the-board logistic weaknesses and shortages of all types of war consumables particularly ammunition, POL, and spare parts. GSDF and MSDF reserve forces are inadequate to fulfill the needs of emergency mobilization; the ASDF has no reserve force. Japan's defense forces are particularly vulnerable to surprise attack. The SDF is generally capable, with adequate warning, of defending Japan, its contiguous waters and airspace, against a small-scale conventional attack. Without substantial U.S. assistance, however, the SDF could not repel a major attack of the magnitude that could be launched by the USSR or conduct defensive operations in a protracted war.

(b)(1)



(S) The MSDF is the largest (40,000 actual; 42,278 authorized) and most modern non-Communist navy among Western Pacific states. The ships are well-equipped and are generally comparable in performance to similar Soviet warships. A number of significant weaknesses, however, outweigh the advantages of modern vessels, excellent individual training, and good morale. Although surface ASW capabilities are good, airborne operations are degraded by outdated aircraft and lack of sophisticated detection and classification equipment. Most MSDF ships lack SAMs, adequate electronic warfare support measures and countermeasures, adequate supplies and proper types of torpedoes, and close-in weapons systems. Consequently, MSDF units are at a distinct disadvantage if engaged by an enemy possessing ASMs or SSMs. Lacking SSMs, the MSDF cannot engage an enemy beyond gun range. Thus, although the MSDF would be capable of protecting the home islands from attack by any of the smaller navies in the area, it would not be able to withstand a concentrated air/sea assault by the Soviet Pacific Fleet, nor could it conduct major operations effectively beyond coastal waters except in conjunction with U.S. naval forces.

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C. Present State of U.S.-Japan Defense Cooperation

~~(S)~~ Defense cooperation between the two countries has grown steadily closer in recent years in pace with Japanese concern over its own vulnerability and worry that the U.S. might be loosening its links to Asia. Primary elements of effective combined defense efforts include (1) maintenance of closely-aligned, interoperable U.S.-Japanese defense forces, (2) bilateral military planning, (3) Japanese support for the costs of maintaining U.S. forces in Japan, and (4) combined military exercises. Although the state of the U.S.-Japanese relationship is rudimentary by comparison with NATO, security cooperation is now the closest it has ever been in each of the above four elements. The relationship promises to become over time a genuine working alliance with shared operational responsibilities.

(U) Since 1950, Japan's defense investment has been geared to the procurement and licensed-production of U.S.-designed equipment carefully selected to ensure interoperability with U.S. defense systems. Over 40 of Japan's modern destroyers, for example, are equipped with predominately U.S.-designed, sophisticated anti-submarine warfare weapons systems and sensors, and some have U.S.-compatible missile systems.

~~(S)~~ Intensive bilateral military planning began in January 1979, under provisions of the Guidelines for Defense Cooperation. Through the bilateral planning process and other previously established U.S.-Japan consultative forums, studies of requirements, roles, and missions for each nation's defense forces in the Pacific Command area are underway.

(U) [Under the security treaty, U.S. bases are provided rent-free by the Japanese government] In addition, although the Status of Forces Agreement (SOFA) explicitly stipulates U.S. responsibility for maintaining the bases, the Japanese have in recent years provided increasing amounts of budgetary assistance to reduce the burden of keeping U.S. forces in Japan. Since 1978, this assistance has included labor compensation and the renovation and construction of housing and other military facilities without the turn-in of comparable, older facilities. Total Japanese support reached ¥200 billion in 1979 and the annual figure is projected to reach ¥220 billion this year. The 1979 figure approximates \$1 billion at an exchange rate of ¥200:1, \$800 million at ¥250:1. Present U.S. costs in Japan beyond GOJ support and including the salaries of U. S. personnel are approximately \$1.4 billion.

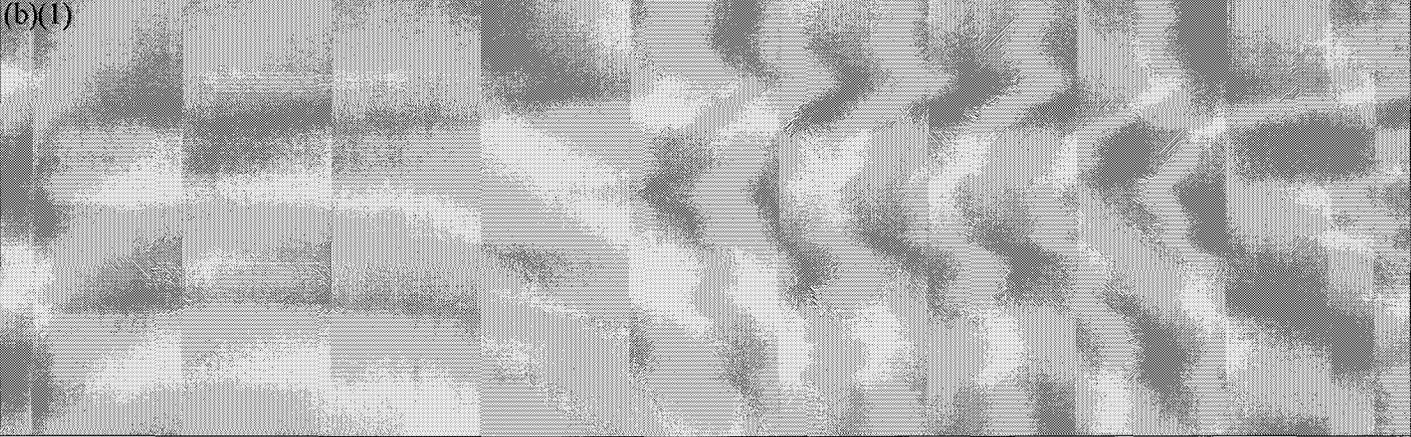
(U) Combined U.S.-Japanese military exercises have taken place for years, particularly between both navies. In the late 1970s, exercises grew steadily more sophisticated, involving units of Japanese naval and air defense forces participating in complex exercise scenarios with U.S. aircraft. Combined naval, air, and ground exercises are anticipated in the future, as well as exercises involving more than one service from both countries participating in tests of studies developed in the bilateral planning process.

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~~(S)~~ As our cooperation has improved, Japanese attitudes towards the US use of military bases have also changed and gradually broadened. Originally, any use construed as not related at least indirectly to the defense of Japan was taboo. Subsequently the GOJ supported the

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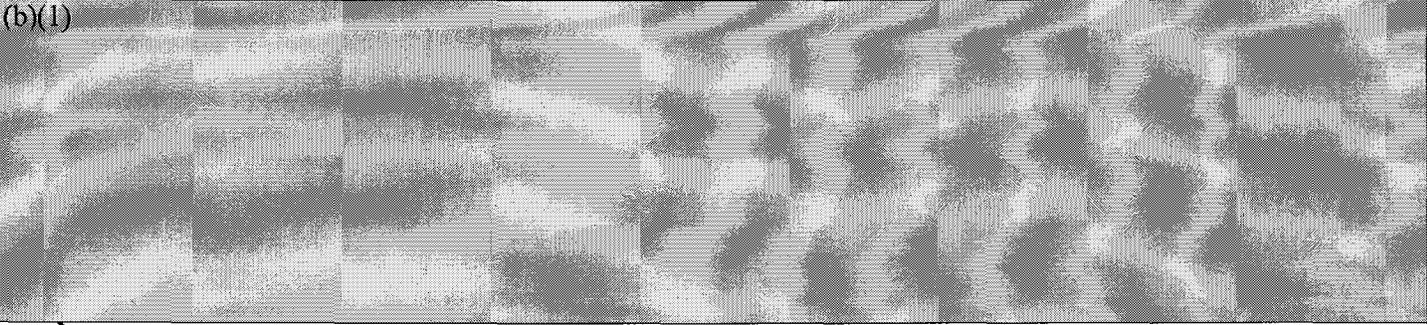


D. U.S. Security Objectives

~~(S)~~ Our Asian relationships have long played an important role in offsetting Soviet capabilities and maintaining the balance of power. The security link with Japan ties Asia's most advanced technology and most powerful economy firmly to the U.S. and provides a network of bases that enables us to project our power throughout the region. Our commitments to Korea protect Japan and are the foundation for a stable balance on the peninsula. The security link with the Philippines gives us continued use of our largest overseas bases, located at the strategic hinge between Southeast and Southwest Asia. Roughly 30% of Soviet forces are deployed near the border of China, with whom the U.S. is now clearly aligned after normalization.

~~(S)~~ The growth of Soviet power in Asia in the 1970's and the stark demonstration in Afghanistan of Soviet will to use that power have made imperative and urgent a larger allied contribution to the balance of military power. Of our Asian allies, only Japan is financially capable of significant increases in effort. Our objective will be to encourage a strengthening of Japanese military capability while keeping the United States and Japan firmly lashed together by an increasingly cooperative mutual security relationship. At the same time we want the Japanese to lay the groundwork for a regional security role beyond their borders when this becomes politically feasible.

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(b)(1) United States which has aroused a strong undercurrent of nationalistic resentment. Furthermore, this minority is sufficiently influential to frighten the moderate majority who fear a revival of prewar Japanese militarism, and who therefore have a considerable stake in the successful development of the US-Japanese partnership.

(U) The achievement of US goals will also require taking into account the constraints that have inhibited the growth of Japan's military capabilities over the years:

- a constitution that forbids the development of offensive military forces.

- a network of legal measures that prevents the sale of Japanese military equipment abroad.

- a body politic that persists in regarding Japan as weak and defeated.

- budgetary stringency imposed by slowing economic growth and an uncomfortably high rate of deficit financing (30-40% of the Japanese budget is financed by bonds, compared to 7% for the U.S.).

(U) These constraints exist even though public concern over the Soviet invasion of Afghanistan and military deployments in the Northern Territories have improved the climate of acceptance in Japan for a more capable defense.

1. Acceleration of the Japanese Mid-Range Plan

~~(S)~~ For the first several years of the decade, the U.S. can encourage significant increases in defense spending without asking the Japanese to exceed any of their legal or constitutional guidelines, divert their focus from defense of the home islands, or temper their aversion to a regional military role. Specifically, in the 1981 budget we would like to see Japan make-up the shortfall in the 1980 budget and exceed the target figure for 1981. We would like this trend to continue and the Mid-Term estimate to be completed in 1983. Full funding and acceleration of Japan's own plan will significantly improve its self-defense capability and add to total allied power in the region. The budgetary implications of this request would mean an average increase of 12% real growth in defense spending in JFY 81, 82, and 83 and an average of about 1.2% (PA&E is recomputing) of GNP for defense in each of the final three years.

~~(S)~~ Japanese defense planners are well aware of SDF shortcomings. Defense objectives, formalized in the mid-term estimate for 1980-84, focus on improvements in air defense, anti-submarine warfare, and command and control (see table next page). The plan is extensive and well-balanced -- especially when taken in conjunction with follow-on actions planned for the late 1980's. On the whole, the projected improvements address most present SDF weaknesses, but we want the Japanese to address these weaknesses sooner than they currently project.

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Major Japanese Equipment Procurement Plans 1985-1990 (1)

Category	Objective	Estimated Major Procurement Items (JFY 80-84)	Estimated Cost JFY 80-84 (2 of Total Procurement) 1/ (Million ¥ 5 & 215/11)	Programs Under Discussion/Development for 1985-1990
GSDF Equipment	--Increase Ground Firepower and Mobility	--300 Type 74 Tanks	\$ 1,275 (13%)	--Introduce new MSTs --Possible ICVs --Continue artillery modernization including PGMs and anti-snip missiles --New Japanese ATGMs (CRU-MAT) --Replaces 4 HAWK Groups with Patriot --New SP AA Guns (Am-X)
		--112 APCs		
	--180 SP Howitzers			
--Improve Anti-Tank Capabilities	--15(est) SP 130mm multiple rocket launchers	--2,300 New A-T Weapons	--RPVs	
	--Upgrade 2 HAWK Groups to 1-HAWK			
--Improve Air Defense	--24 TAN-SAM Launchers (Short Range)	--Introduce Shoulder-Launched SAMs		
	--3-0 Mobile Radars			
--Improve Battle-field Surveillance				
GSDF Aircraft	--Introduce Attack Helicopters	--32(est) AH-1s	\$ 295 (3%)	
		--44 HU-1Hs		
--Upgrade Trans/Obs Units	--Introduce New Transport Helos (CH-X)	--58 OH-6Ds		
MSDF Ships	--Improve Fleet Defense	--2 4,400 Ton OOGs	\$ 3,150 (31%)	--Possible Fleet Air Defense Fighter --New Torpedo in R&D --Widespread Use of Towed Arrays --Possible through-deck cruisers with V/STOL
		--SAM or Sea Sparrow and Phalanx on all new escorts		
	--10 2,900 Ton OOs with Helicopters			
--Modernize ASW Force	--4 1,400 Ton OEs with Helicopters	--5 2,200 Ton SSs		
	--All new escorts/subs have Harpoon	--Introduce PHM		
--Improve Anti-Surface Capabilities	--11 440 Ton MSCs	--Production of 2 new mines		
	--1 5,500 Ton AOE			
--Modernize Mine Force				
--Expand UNREP Capabilities				
MSDF Aircraft	--Modernize ASW Capabilities	--37 P-3Cs	\$ 2,190 (22%)	--Additional 45 P-3s --Introduce LAMPS MK III --Possible V/STOL
		--50(est.) HSS-2Bs		
	--7(est.) RH-X Minesweeping Helicopters			
--Improve Mine Warfare	--6(?) C-139 Minelayers	--Fit P-3s with Harpoon		
--Improve Anti-Surface Capabilities				
ASDF Equipment	--Modernize Interceptor Force	--77 F-15s with AIM-7F	\$ 3,260 (32%)	--Up to 100 Additional F-15s --6 Vulcan per Radar/GCI site --Possibly more E-2s --SADGE Upgrade --Replace MIKE J with Patriot 1985-95 --Goal is 16 Vulcan per Airbase plus Stinger and Short-Range SAMs --FS-X under study: possible V/STOL.
		--1 E-2Cs		
	--Extensive EW Development			
--Increase Warning/Reduce GCI Vulnerability	--Complete 6th MIKE J unit	--Add Vulcan/Short-Range SAMs		
	--Begin Sheltering Aircraft			
--Upgrade ECM/ECM Posture				
--Improve Ground-Based Air Defense	--23 (est.) New Trainer Aircraft	--13 F-1s with ASM-1		
	--2 (est.) C-1 Transports	--17 (est.) Medium/SAR Helos		
--Modernize Training Base				
--Improve Air-to-Surface Capabilities				
--Improve Mobility Forces				
Total Major Procurement Items (Million FY 79 ¥)			\$10,170	
Total Major Procurement Items (Million Then-Year Dollars, 1/ Average 6% Inflation) 2/			\$11,695	

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1/ Percent totals do not add due to rounding.
 2/ Total procurement under the JFY 80-84 program is reported in the \$13-14 billion range. Most of the additional \$1.3-2.3 billion probably is accounted for by ammunition, which would cost \$1.1 billion over a five-year period, but which could be as high as \$2.3 billion under the mid-range plan. There also

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~~(S)~~ Taken together the improvements compare favorably with several NATO initiatives. For example, by 1985 at the current rate, Japan will have as many I-Hawk batteries (108) as the U.S. has in the 5th and 7th Corps areas of NATO's Central Front. If Patriot is acquired on schedule later in the decade, Japan should have one of the best SAM networks in the world by 1990. The MSDF's patrol aircraft force, already the largest of any of our allies and 90% the size of CINCPAC's patrol force, will be modernized by P3Cs.

~~(S)~~ While the \$50 billion mid-range plan will significantly enhance current capabilities, improvements are principally replacement rather than additive. A number of deficiencies will remain in the areas of general combat effectiveness, sustainability, personnel fill rate in all three services, numbers of fighter aircraft, survivable early warning/GCI coverage, SAM stockpiles, and numbers of surface ships, submarines, and patrol and fighter aircraft for SLOC defense.

~~(S)~~ In addition to accelerating the mid-range plan, we should simultaneously urge the Japanese to improve combat effectiveness and sustainability, man to authorization and establish a complete capability for laying and maintaining mine fields and other measures to reduce Soviet naval capabilities to operate from Siberian bases. The successful and speedy acquisition of this capability could be essential to quick and relatively easy naval supremacy in the Northwest Pacific. Not to have the ability is to ensure a long, difficult, and extremely costly battle of attrition.

2. Broader Capabilities Later in the Decade

~~(S)~~ Accordingly, the next priority in our security consultations with the Japanese should be discussions on how to remedy the deficiencies which remain after the mid-range plan is completed. We should propose that the Japanese increase their combat capabilities, particularly those necessary to provide:

- full responsibility for ASW surveillance and patrol by Japan in the Pacific area west from Guam and north of the Philippines which is within a 1000-mile distance from Japanese territory and which can be supported from Japanese bases in the main islands, in Iwo Jima, and in Okinawa;

- enhanced air defense and reconnaissance expanded to the same area as above and the Sea of Japan, including new defense systems -- a modernized, fully-automated BADGE system, hardened air bases, and a modernized SAM system.

We should urge the Japanese to begin now to make plans for the procurement of aircraft and naval vessels needed to fulfill this function in the outyears. Broadened Japanese capabilities would release significant U.S. forces for other roles as demonstrated by the following table.

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Effects of Increased Japanese Roles
on US Forces ~~(S)~~

<u>Japanese Action</u>	<u>Potential US Forces Released</u>	<u>1990 Japanese Forces Needed</u>
1. Expand area of responsibility to ocean areas of Northeast Asia	2 CV (ASW) 1-3 URGs 24 Escorts 19 Convoy Escorts	50 escorts a/ 6 VP squadrons a/ UNREP Ships
2. Mine Sea of Japan exits to 50% threat b/	4-6 SSN	SS Increase Mine Stocks from 95 -- tp
3. Air Defense of the SLOC	2 CV (AAW) 1-3 URG 24 Escorts	Add up to 27 arme ABW aircraft, DDGS or additiona radars on islands develop base at Iwo Jima, dedicat about 30 extended range F-15s to the SE zone; exercise F-15s in Kyushu and Okinawa in mari- time roles.

a/ Forces expected to be on hand.

b/ 50 percent probability of killing a transiting submarine. This is the estimated effectiveness barriers consisting of mines and SSNs.

~~(S)~~ We would introduce these general ideas formally during the next Security Subcommittee Meeting this summer and rely on bilateral planning channels to work out the specifics of Japanese roles and missions.

3. Increased Host Nation Support

(U) Compared to the situation four to five years ago, the Japanese have made considerable progress in providing support costs for the US forces over the past three years. They have overcome a number of political as well as legal obstacles in providing a structure for increasing cost sharing in the coming years.

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(S) Given the high and increasing cost of United States bases in Japan, there is still a considerable shortfall, particularly in O&M expenses. The U.S. should encourage steady increases in host nation support, including urging the Japanese to assume a much larger percentage of labor costs and to invest in construction projects with mission-related importance such as shelters for the new F-15s that we now station in Okinawa. As the decade proceeds, we may be required to consider either (a) revision of the SOFA or (b) adjustments in our thinking about such concepts such as joint use of bases in order to get the GOJ to assume a larger portion of our costs in Japan.

(S) At present there is discussion but no consensus on new approaches. There is a general view that additional direct support for labor costs is most difficult, given the SOFA agreements. But other approaches which would provide essentially similar types of operation and maintenance expenses are possible. One such approach which is going forward is a SDF base in Iwo Jima, specifically designed for use by both U.S. and Japanese forces, and to be maintained by the Japanese. This will establish a precedent for Japanese maintenance of other jointly used facilities.

(S) Another approach being considered is special Diet legislation, which would provide a direct subsidy to U.S. forces, making clear, however, that this was outside and separate from existing SOFA commitments. Such a budgetary provision might be related to labor cost sharing since the labor unions with an interest in preserving their jobs at the bases could be used to pressure the Socialists to support or at least acquiesce with such legislation.

(S) Quiet exploration of these and other possible approaches is not only feasible but desirable and is presently on-going.

4. A Long-Range Cooperative Defense Program

(S) We should explore with the Japanese the benefits of an integrated planning program that offsets long-range planning goals for both countries. Our bilateral planning apparatus is working, but its focus is contingencies and its approach piecemeal. In many respects a program like NATO'S Long-Term Defense Program (LTDP) would be easier to establish between the U.S. and Japan than it was within NATO. The relationship is bilateral rather than multilateral; many weapons systems are already interoperable; and levels of technology are roughly equivalent. Although many of the steps already taken by NATO might not be feasible with Japan due to differences in the relationships, a decade-long LTDP-type approach would be both an important symbol and a useful way to improve mutual defense capabilities. In particular, it offers a systematic and integrated way to address increased Japanese spending on the basis of need rather than arbitrary percentages of GNP. Constructed carefully, a U.S.-Japan Long Range Cooperative Defense Program (LRCDP) could provide the framework for

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a regional planning approach which could be broadened later to include other Asian states when feasible or necessary. We would have to take care in presenting this idea to the Japanese to emphasize the bilateral nature of the process and to avoid any institutional implications either with NATO or other Asian nations.

(S) Annex A contains a list of suggested actions that could be included in a US-Japan LRCDP. Detailed projects and priorities would have to be worked through bilateral discussions. Some programs will not be feasible immediately but could be developed by the end of the decade. In all cases initiatives should seek maximum compatibility with NATO programs since future NATO weapons presently under discussion or development would otherwise exclude Japan. We should float the idea of a U.S.-Japan LRCDP at the next SSC meeting.

E. U.S. Actions - Substance

(S) U.S. persuasion of the Japanese to accelerate defense expenditures and assume new functions will be successful only to the extent that we remain convincingly committed to their defense and credibly engaged in Asia. They must see our pressure as a complement to a greater US and allied effort rather than as a supplement to compensate for declining American strength. Fully adequate PACOM force levels are vital to the development of Japanese confidence and confirmation of our security arrangements. Any steps that we can take to augment these levels, including homeporting an additional carrier in the Pacific and deploying more tactical air will reinforce our efforts to get the Japanese to do more. Tokyo accepts the argument that PACOM deployments in the Indian Ocean/Persian Gulf are in Japan's interest. Assurances that these forces will not leave the Pacific Command are what the Japanese seek.

(S) In working out contingency planning goals and force missions, we should make sure that we preserve joint responsibility for some of the most sensitive and dangerous anti-Soviet functions; i.e., closure of the exits to the Japan Sea, and ASW and anti-Backfire patrols throughout Northeast Asia during wartime.

(S) To get the most mileage out of U.S.-Japan defense cooperation during the next decade, the U.S. needs to rationalize several policy anomalies that have inhibited our relationship in the past. Technology transfer is one problem area. As the sophistication of Japan's technology grows -- along with its capabilities to develop and manufacture advanced systems -- the limits of our current ad hoc approach to technology transfer issues become more obvious. There have

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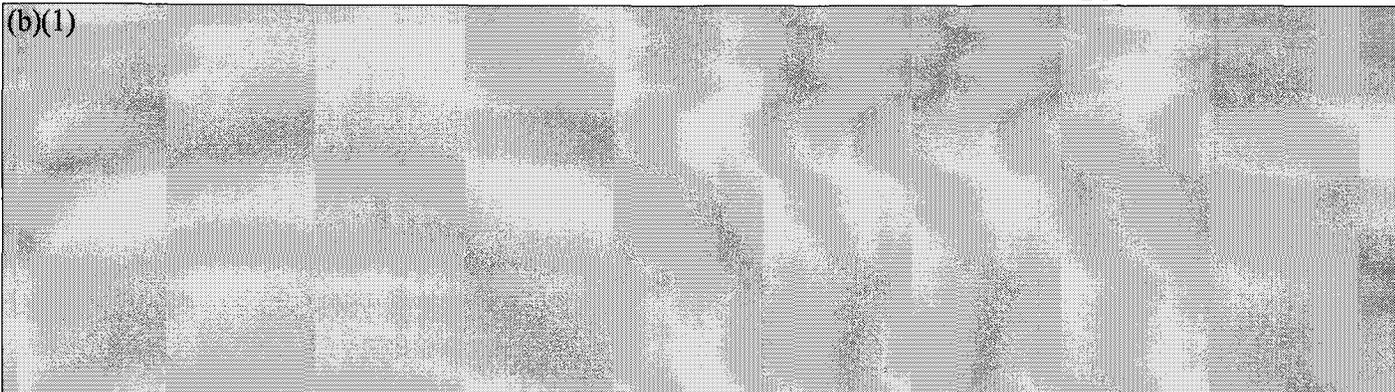


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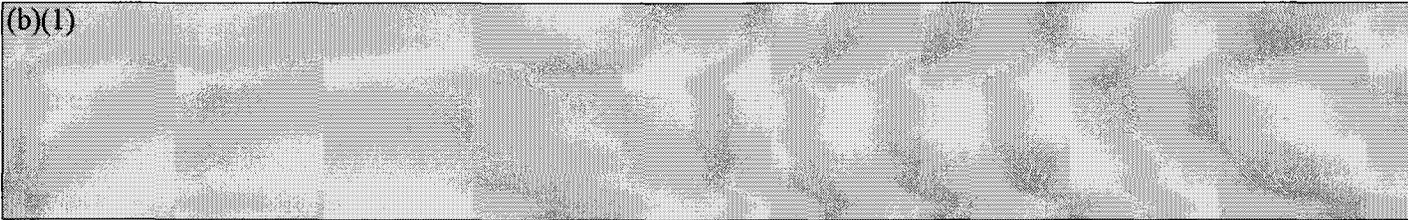


(U) The U.S. is not always able to supply the parts for weapons systems Japan buys directly or license-produces. We have had a number of issues arising, most recently availability of engines for the F-15. If we are to promote U.S. systems, we must be able to meet schedules.

~~(S)~~ On the other hand, to demand that the Japanese purchase U.S. weapons exclusively is to ensure that they will develop domestically their own non-interoperable systems. This is a political fact. The Japanese, like other major industrial nations are determined to maintain some independent weapons producing capability. U.S. policy on technology transfer, consistent with public statutes, manufacturer's rights, and the efficient use of alliance resources should allow the Japanese the latitude of choosing the means by which they secure U.S. equipment. In fact the U.S. earns almost as much from licensed-production as it does from direct sales. U.S. manufacturers are comfortable that licensed-production keeps Japan far enough behind in state-of-the-art technology to prevent threatening the U.S industrial lead. In the long run, our policy should be shaped by the knowledge that limitations on coproduction will limit interoperability and Japan's ability to build-up its forces or support us during hostilities. One of our problems in developing a rational integrated policy on these issues is the lack of a centralized decision mechanism within the DOD on coproduction. We should establish one, vesting coordination/responsibility and power of final approval in a single office with OSD.

~~(S)~~ The Japanese are treated differently from our NATO partners in other areas such as FMS training and research and development costs. The difference in treatment is interpreted by the Japanese as a sign of lower regard and political inferiority.

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~~(S)~~ Rationalization of costs would require congressional action. In its current mood, Congress will be reluctant to take any measure

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which grants financial relief to Japan. A long-term effort should be made, however, to explain that the price differential is not significant financially but damages the relationship politically and inhibits security cooperation. The revenue we gain by charging the Japanese high prices for training is small and would be much more than offset by increased Japanese outlays for U.S. equipment that would logically result from expanded U.S. training of their most able officers.

~~(S)~~ We should also move to increase bilateral training. More combined training exercises, small unit exchanges, and personnel exchanges are needed. Large-scale multilateral combined naval exercises like RIMPAC should be repeated. Ultimately, a deployment/combined exercise in the manner of TEAM SPIRIT would help demonstrate U.S. credibility.

~~(S)~~ Finally, we must establish firmly within our own defense organization that an interdependent defense affiliation with Japan is the fundamental principle upon which our policy rests and from which all policy actions are derived. We have long recognized a parallel foreign policy principle which designates Japan as the cornerstone of our Asian policy. However, our defense policy has sometimes been characterized by disparate actions which hinder attaining our purpose, as demonstrated in the preceding paragraphs. A clear appreciation of our overall goal is needed throughout Defense.

F. U.S. Actions - Tactics

~~(S)~~ Form is at least as important as substance to the Japanese, placing tactics on a par with content. For best results with the Japanese, the U.S. should:

- Avoid direct, public demands. These will inspire nationalistic reactions among the public and opposition parties and make it harder for the government to respond positively. U.S. criticism of Japanese performance during the early phases of the Iran hostage crisis, for example, brought some short-term results, but left lasting antipathies. Our campaign to increase Japanese defense cooperation is a long-term effort requiring broad public support.

- Be blunt in private. The Japanese have come to regard candor as a benchmark of the relationship and will react positively as long as our recommendations are presented to them as suggestions between allies rather than requirements from a superior.

- Maintain steady, relentless pressure across the board. Lose no opportunity in talks between officials to reiterate the U.S. position, even if the message seems redundant. Constant repetition at all levels and to representatives of all the ministries concerned is an essential element in moving the consensus in Japan forward.

- Maintain constant interagency coordination. The Japanese enforce interministerial discipline within their own system. Their immediate reaction to pressure from the United States is to fan out and contact various U.S. agencies in search for differences in approach. They should receive the same message through all channels; DOD, JCS, State, White House, and less controllably, the Congress.

G. Asian Relationships

(U) This approach to U.S.-Japan cooperation over the next decade is consistent with the interests and concerns of other Asian nations with whom we are allied or aligned. Peking understands the vital importance of the US-Japan security relationship, and has lost no opportunity to tell either the Japanese or the United States that Japan should significantly strengthen its defenses. The Chinese are not advocating nuclear rearmament for Japan, nor do they want, at least at this point, Japan to develop a capability to project offensive power beyond its own borders. They are, however, keenly aware of the increased contribution Japan can make to improving the balance of power in Asia, and they would support a significant growth in Japan's self-defense capability, including wider responsibilities for maritime and air defense.

~~(S)~~ Lasting and intense animosities toward the Japanese notwithstanding, the Koreans would be reasonably comfortable with the increased capabilities and enhanced missions discussed here. They would balk at Japanese acquisition of any capability to send ground forces abroad -- even to aid South Korea in an emergency -- but they would certainly welcome the benefits of increased Japanese competence in air defense and intelligence. During the last year we have seen cautious initial steps in the development of a ROK-Japanese dialogue on security issues, beginning with the visit of JDA Minister Yamashita to Seoul in the fall of 1979. An exchange of visits between high-ranking military officers was to follow but has been interrupted by the assassination of President Park.

(U) The ASEAN and ANZUS countries remain skittish about the growth of Japanese military power, but they will not react negatively as long as the Japanese regional capabilities remain defensive and are primarily focussed in Northeast Asia. As maritime nations, they will, of course, approve of any strengthening in overall allied capability to protect the SLOC.

H. The Soviet Factor

~~(S)~~ The approach outlined above will be compatible over the long run with a more explicit and active regional military role for Japan, even though such a role is currently unthinkable in Tokyo and unacceptable in the rest of Asia. The need for more formal arrangements and the political conditions that would make these arrangements acceptable in the region will depend more on Soviet behavior than any other factor. The more the USSR expands its influence and takes hostile or threatening actions, the more comfortable other Asian countries will be with a larger Japanese military presence and more explicit collective security ties. More importantly, public opinion within Japan will move more quickly to support more comprehensive defense arrangements.

~~(S)~~ In the meantime, while the Soviets will complain about increased Japanese defense expenditures, there is little in the recommended approach that will provoke Moscow to more threatening action.

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consequence

Background Paper

SUBJECT: US Defense Policy Guidance for East Asia in
the 1980s (U)

US Strategic Interests

(S) Our strategic interest in East Asia has been to prevent any major power from achieving a dominant position that would allow it to marshal the resources of Asia for actions inimical to our interests. In that context, we cannot exclude the Soviets but we must seek to maintain countervailing power and complicate their actions/position in East Asia. Specifically, US strategic objectives in Asia are to:

- Maintain the deterrent balance on the Korean Peninsula.
- Encourage increased Japanese contributions to the allied side of the security balance, including their own self-defense capabilities, economic assistance for friendly regional partners and support for US installations projecting power elsewhere in Asia.

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- Prevent the Vietnamese from attacking Thailand and triggering security obligations we are not well-equipped to fulfill.
- Foster the strength and cohesion of ASEAN and ANZUS while developing further the capacity of these countries to support the projection of US power from the Western Pacific to the Indian Ocean/Persian Gulf.

1980 Record

(S) In 1980 the Soviets were unable to translate their growing military power into political influence, except in the case of Vietnam. On the US side of the ledger, we can add up these pluses or minuses in 1980:

- we prevented war on the Korean Peninsula as South Korea went through a rocky period of political instability that curtailed progress on US-ROK military issues and threatened to affect Korean relations with Japan, the US and others over the sentencing of Kim Dae Jung;
- we made significant progress in joint planning and HNS support with the Japanese but failed to secure sufficient increased defense efforts on their part;

GOUT RPT

- we nurtured China's turn to the West, and developed a modest defense relationship that allows for the transfer of certain dual-use technology and military support equipment (e.g., radars, trucks, transport helicopters, and aircraft);

- we maintained the security of Taiwan with the sale of selected defensive military equipment, but the Presidential campaign caused Taiwan to become a contentious issue raising concerns over the direction of US policy;

- we responded to Thailand's request for military equipment after the June incursion by the Vietnamese but there persisted a concern over the lack of more substance to our security pledge to defend Thailand;

- we preserved our power projection capabilities in the Philippines where the 1979 amendment to our Bases Agreement is working well; and

- we supported modest peacetime operations through selected ASEAN states and Australia to the Indian Ocean/Persian Gulf but did not raise the issues of expanded peacetime use or contingency access with ASEAN states because of the probable associated political and security assistance costs.

Guidance for the 1980s

(S) Our strategy in East Asia must complement our efforts elsewhere as the threat we face is global. This requires a strengthening of US military capabilities and the rejuvenation of our existing security relationships, demonstrating to potential allies and foes alike the value and durability of US commitment. At the same time, it is essential that we develop a more rational division of labor, under which Japan (and our NATO allies) contribute more to the common defense.

(S) In Northeast Asia, potential Japanese defensive strength and our strategic relationship with China confront the USSR with a two-front security problem, and contribute to deterring Soviet aggression in the area, including against South Korea. In Southeast Asia, our bases in the Philippines, our ANZUS alliance and support for ASEAN anchor our defensive network in the Pacific Basin and allow us to project power into the Indian Ocean.

Japan

(S) Our most fundamental objective vis-a-vis Japan is to maintain Japan's Western orientation. In security terms this means lashing Japan's security tightly to our own.

(S) We also seek to have Japan obtain real capability as soon as possible (but minimally within this decade) to defend its territory for the first time in the post-war period. A true Japanese defensive complement to American strategic nuclear and offensive conventional capability will only be built if we gain Japanese understanding of the division of labor and insist on achievement of capability.

(S) A more equitable Japanese contribution to regional security is also necessary. Japan can assume a meaningful burden-sharing role in the Northwest Pacific within the constitutional constraints of self-defense.

(S) Therefore, we should seek agreement on a credible, more equitable, and constitutionally acceptable sharing of defense responsibilities in the security area according to a timetable designed to bring real progress through the 1980s and cease all US reference to Japanese spending levels and equipment programs. Specifically (see table):

- In the Northwest Pacific: US provides the nuclear umbrella and offensive projection forces as necessary; Japan provides effective, sustained conventional capability to defend its territory and maritime and air forces sufficient to effectively defend the ocean areas of the Northwest Pacific (west of Guam and north of the Philippines) against the Soviet threat.

- In the ROK: US provides nuclear umbrella, projection forces as necessary, and assists the ROK in the defense of its territory. Japan provides economic assistance to the ROK,

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-- at a pace to be determined by Japan and Korea -- we may see some beginnings of defense cooperation.

- In South Asia: US provides the nuclear umbrella, projection forces as necessary, and SLOC protection forces in remote areas. e.g., Indian Ocean: Japan

and Overseas Development Assistance (ODA) to strategically important areas. (b)(1)

- In the area of defense technology: US provides Japan with the latest weapons systems through licensed production or sales as desired by Japan; Japan firmly pledges to continue the policy of non-export of weapons. Both sides cooperate to share defense technology.

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DIAGRAM OF
U.S. - JAPAN COMBINED DEFENSE

U.S.	JAPAN
<p><u>NORTHEAST ASIA OFFENSE.</u></p> <p>I CVGB HOMEPORT AT YOKOSUKA</p> <p>NUCLEAR UMBRELLA</p> <p>PROJECTION FORCES AS NECESSARY</p>	<p><u>NORTHEAST ASIA DEFENSE</u></p> <p>JAPANESE TERRITORY: SUSTAINED, CONVENTIONAL DEF SURVEILLANCE AND PATROL OF AIR, SURFACE AND SUBSURFACE OF OCEAN AREAS WEST OF GUAM AND NORTH OF THE PHILIPPINES</p>
<p><u>NORTHEAST ASIA DEFENSE</u></p> <p>TERRITORY: SUPPORT ROK</p>	<p><u>FACILITATIVE SUPPORT.</u></p> <p>ECONOMIC ASSISTANCE TO ROK.</p> <p>(b)(1)</p>
<p><u>SOUTH ASIA OFFENSE & DEFENSE</u></p> <p>SLOC PROTECTION IN REMOTE AREAS; e.g. INDIAN OCEAN</p> <p>PROJECTION FORCES AS NECESSARY</p>	<p><u>SOUTH ASIA SUPPORT</u></p> <p>(b)(1)</p> <p>GENEROUS HNS PROGRAM...</p> <p>ODA</p>

LATEST WEPS SYSTEMS FOR LICENSED PRODUCTION

CONTINUATION OF NON-EXPORT OF WEAPONS POLICY

BOTH SIDES SHARE TECHNOLOGY

Korea

~~(S)~~ Our objectives in Korea remain the same. These are to (1) deter attacks by North Korea with or without the assistance of others, (2) defeat attack should deterrence fail, and (3) reduce tensions.

~~(S)~~ Deterrence requires both capability and credibility. In this regard the ROK -- with US support -- is taking steps to modernize its forces in South Korea. In the 1980s we must move the ROK to improve and modernize its forces to redress the military balance on the Peninsula. The reduction of tensions can only be accomplished by North and South Korea. Attempts to either pressure South Korea or have China and/or the USSR pressure North Korea in an attempt to improve North-South relations and reduce tensions are likely to be counter-productive given the long-standing hostility between the two Koreas.

China

~~(S)~~ China makes a major contribution to stability in East Asia and elsewhere by pinning down Soviet forces along their common border and supporting US presence/actions in the region (e.g., US-Japan defense treaty, presence in the Philippines) and elsewhere. We seek to sustain the very basic adjustment in the balance of forces achieved with the normalization of US-China relations. We are nurturing China's turn to the West and its leadership that made that commitment.

~~(S)~~ Our defense relationship is a modest one that envisions no arms sales, no alliance, and no joint planning. At the same time, such options do remain as future possibilities if the situation warrants. We will develop our defense relationship so that it is both sensitive to the concerns of our ASEAN allies and friends and capable of satisfying mutual US-Chinese interests.

~~(S)~~ We will preserve our commitment to the security of Taiwan by the continued sale of selected defensive military equipment, but we will avoid either China or Taiwan involving the US in the peaceful resolution of their conflict.

~~(S)~~ We face the fundamental issue in the 1980s of deciding where we want to go with China in the strategic dimension, and -- in that context -- how do we envision PRC-US-USSR relations. This issue will be the subject of review in the coming year.

ASEAN

~~(S)~~ We seek to encourage the growth of cohesion of ASEAN and avoid getting dragged back into the Indochina conflict

while helping to contain it. Our objective with the SRV is to remove the USSR but we have no leverage. In supporting ASEAN in resolving the Indochina situation, we seek to do it in such a way that the prestige of China is not enhanced at our expense.

(S) We will improve our security relationships with the ASEAN states and Burma in the following ways:

- Thailand: Move forward carefully in logistics planning while securing access to Utapao Air Base and increased security assistance from Congress.
- Philippines: Preserve our access to our vital facilities there by successfully concluding the required joint review of our Bases Agreement in 1984 so that retention beyond the expiration of the Agreement in 1991 is possible.
- Indonesia: Deepen our relationship in light of growing strategic importance. This should be keyed to Indonesian sensitivities on the pace and closeness desired.
- Malaysia: Build on Malaysia's recent turn to the West while honoring its sensitivities on managing its continued membership among the non-aligned and Islamic nations.
- Singapore: Strengthen our relationship in recognition of its strong support of a US presence in the region and its willingness to provide peacetime access to support US forces in the Indian Ocean. Consider homeporting of US Navy ships.
- Burma: Encourage in a low-key manner the tentative exploration of a more active stance in the region by responding in a timely manner to requests for security assistance.

ANZUS

(S) Australia and New Zealand contribute to Western security through their efforts with the Southwest Pacific Islands (New Zealand) and Southeast Asian nations (Australia). This emphasis promotes a useful division of labor which we should encourage and support. Australian efforts to revitalize the Five-Power Defense Agreement are noteworthy and reflect the kind of regional self-help efforts we should encourage. At the same time, we should continue to seek access to Australian facilities to project US forces into the Indian Ocean and force contributions from Australia to protect our interests in the Indian Ocean/Persian Gulf.

Prepared by: Maj. J.S. McCallum
11 March 81/x77348

Five Aves

Good one

SECURITY COOPERATION BETWEEN
JAPAN AND THE ROK

2/10/80

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Comments*

() US policy objectives for the 1980's in Northeast Asia are twofold: to maintain a primary role as guarantor of regional security, and to facilitate increased Japan-ROK security cooperation in order to enhance allied defense capability. The US intends to remain a major power in Northeast Asia, but additional security responsibilities in Southwest Asia ^{*underscore the importance of*} ~~prompt~~ expanded security assistance from Japan and the ROK in order to safeguard regional security. Increased individual contributions by Japan and the ROK to Northeast Asian security, and more cooperative defense efforts between the two nations ultimately can lead to a more flexible and strengthened ^{*regional*} ~~mutual~~ security arrangement.

CURRENT SITUATION

() A. The existing security posture in Northeast Asia needs ^{*(to be modernized)*} modernization. Since January 1980 the US has projected naval power into the PG/IO in order to safeguard oil supplies for itself and its allies. Although this policy consists of flexible resources capable of returning to their original location or shifting to new positions, it is clear this additional burden beckons increased assistance from allied Northeast Asian states to meet regional security commitments. () Separate upgrading of Japanese and ROK defense forces, increased individual contributions from Japan and the ROK to regional defense, and closer Japan-ROK security cooperation represent three ^{*(ways)*} ways of modernization ^{*to improve*} ~~in~~ collective security.

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Although the US is not changing its views or responsibilities concerning the defense of Northeast Asia, it appears that traditional ^{overwhelming} dependence of Japan and the ROK on US commitments for regional defense should be addressed and reconsidered. Expanded global obligations for the US ---as in the PG/10--- may ^{induce} prompt Japan and the ROK to modernize their defense capabilities, and to realize the benefits of increased security cooperation. Although the US ^{cannot withdraw} ~~may not falter in~~ its security guarantees to both nations, ~~it is evident that~~ expanded security cooperation between Japan and the ROK ^{can} provide more effective regional security. A renovation of current regional defense in Northeast Asia, therefore, is ~~both necessary and~~ desirable, and ^{can} ~~must~~ incorporate inter alia Japan-ROK security cooperation to supplement the ^{still significant} ~~major~~ US defense effort in the region.

B. The concept of expanded Japan-ROK security cooperation and assumption of a larger role in regional security by both states must be understood and assessed within the parameters of various political constraints. A number of factors may affect the substantive and procedural (timing) components of the proposed ^{evolutionary development} ~~policy change~~, and are outlined as follows.

-- It is essential to develop a national consensus in support of regional defense cooperation in Japan and in the ROK. Traditional animosities between the two states could obstruct plans for increased security cooperation, but ^{increasing realism as} ~~politicization~~ ^{to the nature of the urgency by} of the Japanese and Korean peoples can direct them toward an acceptance of (support of) closer economic and defense ties.

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-- The anti-Western, anti-Japanese sentiments associated with President Chon's "purification program" must be reconciled with any policy plans for closer Japanese-ROK relations. Perhaps the anticipated institutionalization of the Chon regime will ^{hopefully} permit the abolition of or at least the reduction in anti-Western, anti-Japanese propaganda.

-- It is imperative to solicit the understanding and support of other ^{non Communist} East Asian states. ~~Although~~ (NK and the USSR ^{will naturally} ~~may be expected~~ to condemn and oppose expanded Japan-ROK security cooperation) ~~it is necessary and desirable to enlist favorable reactions from the other regional states.~~ If the US clearly communicates its intention to remain the guarantor of regional security, and if Japan's defense build-up has well-defined parameters, ~~then~~ other East Asian states should respond ~~in~~ ^{favorably} ~~favor~~ ^{to} of closer Japan-ROK relations.

-- US commanders may be ^{hesitant} ~~reluctant~~ to relinquish or share defense responsibilities with a strengthened Japan-ROK defense force. They perceive that Japan and ROK defense forces currently are insufficient to perform an independent regional defense role without US support and supervision. As the military officers designated to maintain Northeast Asian security, US commanders might not condone the sharing of authority and responsibility for regional security with senior Japanese and Korean officers. ^{Their participation in the planning for ROK and Japanese defense increases can help overcome these hesitations.}

-- Perceived constitutional and statute limitations in Japan currently could proscribe if not obstruct expanded security cooperation between Japan and the ROK. Evolving, expansive interpretations of the right of ^{self-} defense, however,

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has provided and will continue to provide incremental steps toward a ~~more~~ broader^{er} commitment to ~~collective~~^{realistic} defense.

C. The ROK Economy and ROK-JAPAN Economic Relations

(U) The ROK is in the midst of the worst economic recession since 1953. A planned 20% devaluation, followed by OPEC's unexpected decision to raise oil prices by 150%, and the simultaneous recession in both Japan and the US (Korea's two main trading partners) combined to reduce real growth in South Korea ~~to fall~~ from 13% in ~~1979~~^{the} first quarter ~~to~~^{of 1979} 1% in the fourth quarter. The second industrialization program of the 1970's, therefore, which committed Korea to the development of heavy industries (including defense), has been seriously affected by these ^{realities of} ~~inflationary~~ and recessionary ~~realities~~. In addition, the ROK faces a large balance-of-payments deficit, and must borrow money in Japan, Europe and the US at high interest rates. Currently lenders are asking 1 to 1.125% above the London Interbank Offer Rate, as opposed to a spread of 0.75 to 0.875% in 1979. Since the ROK usually has financed its current account deficit through capital borrowed from abroad, undoubtedly it will be forced to continue that practice. In sum, what could have been a moderate economic slowdown has been transformed into protracted stagnation, chronic inflation, rising unemployment, and rapidly declining international competitiveness.

(U) Japan plays a predominant role in the ROK economy, particular in lending, trade and investment. The ROK is the ^{second} largest

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market for Japanese exports and attracts a major share of Japanese investment. Since 1970 Japanese exports to the ROK grew at an average annual rate of 25%, reaching \$1.5 billion in 1979 compared to \$1 billion of US exports to the ROK. South Korea's exports to Japan ^{have} grown at an average annual rate of 31% since 1970, reaching \$752 million in 1979, or 3.2% of total Japanese exports. In 1979 Japan loaned the ROK over \$2 billion to finance current production requirements and industrial development.

(U) The ROK has received sizeable amounts of Japanese grant aid, including concessional economic development loans. Since 1969, when Tokyo established diplomatic relations with the ROK, Korea has received about 1/5 of total Japanese bilateral grant assistance totaling \$350 million. Currently Japan is trying to phase out its assistance programs, but has recently agreed to extend again \$90 million in long-term credit to the ROK for JFY 1981. These funds are designated for the expansion of university facilities and for modernization of health and medical research institutes. ^{By policy decision} Japan neither sells nor makes loans for the purchase of defense items.

(U) The South Korean market attracts much of Japanese overseas investments (58% of cumulative foreign investment). Between 1962 and 1980 Japanese companies invested over \$530 million in the ROK economy, compared to \$162 million invested by US companies. Approximately 340 Japanese companies have direct investments in the ROK, and most of these investments are less than \$1 million.

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(S) In terms of ~~regional~~ trade, Japan has sought to maintain close economic relations with other East Asian states--^{eg} Taiwan and the PRC--- and even carries on a small trade with North Korea. Japan regards the ROK as one ^{of its} major trading partners ~~among other major trading partners~~ in the region. Japan's economic aid, on the other hand, is concentrated in Asia (61% in 1978), and has increased from \$1.4 billion in 1977 to a target of \$2.8 billion in 1980. The ROK has received \$90 million from Japan for the past three years.

(S-NFO) What is particularly significant is that Japan is following a gradual approach in ^{sp?} untying its aid. Currently commodity assistance, machinery and equipment assistance are untied. In project assistance, the available information indicates that intergovernmental agreements concluded in 1978 with Asian countries often provide for wholly untied aid (the ROK, Thailand, Pakistan, and Philippines). This is an important consideration if the US should convince Japan to provide ^{economr financial assistance} ~~defense loans~~ to the ROK to stimulate ROK defense ^{efforts} ~~industries, under the guise of development aid.~~

D. Defense Cooperation Between Japan and the ROK

Current Japan-ROK security relations may be described as cautious and minimal. Both states have been hesitant to become involved in bilateral security commitments. At the same time, certain contacts and exchanges have taken place that represent the development of closer relations. The ROK and Japan hold annual service intelligence exchange conferences, although the level of military data exchanged is limited. The Director General of the JDA, ^{Ganri} ~~General~~ Yamashita, visited

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Seoul in July 1979, which signaled new contact between Japanese and Korean senior officers^{ials.}. In addition, the Japanese and Korean Parliamentary Security Union was convened in Seoul in April 1980 to discuss defense topics of mutual interest. Although the Japanese reportedly were resistant to ROK requests concerning the exchange of defense technology and expanded cooperation between Japan-ROK and the US, it is significant that the meeting was held and that both states concluded the conference with favorable public statements. Finally, a more recent sign of ~~closer~~ Japan-ROK/^{security cooperation} relations was ~~indicated by~~ ^{demonstrated by} General Wickham's conversation with senior Japanese defense officials in October 1980. ~~It was reported that~~ ^{In that meeting} the JDA Director General reiterated Japan's policy view that the security and peace of the Korean peninsula is indispensable to the security and peace of Japan.

All of these examples represent rudimentary and exploratory efforts made by Japan and the ROK to experiment with a variety of contacts and exchanges that could produce closer security ties in the future. Further Japanese and Korean interchanges ^{can} ~~will~~ serve as additional building blocks to construct expanded security cooperation between the two nations.

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DEVELOPMENT OF A PLAN

A. Various examples of increased cooperation between Japan and the ROK can be cited, and are subdivided within economic and defense ^{areas} affairs as follows:

Economic Cooperation

(S/NK) Japan could enhance its own security and regional security by increasing economic assistance to Korea. Japan could significantly increase its current level of united official development assistance grants and concessional loans to finance Korea Government-Public Sector projects such as highway and hospital construction. This would then permit the ROKG to divert hard currency (yen) from these non-defense projects into the Korean Defense budget, ~~in order to increase foreign defense spending.~~ Ideally, Some of these funds ^{could} ~~would~~ be used to finance US defense equipment through the FMS program.

(C) It should be noted, however, that Korea has the highest external debt of any LDC in the world, and both official and private debt is projected to increase significantly over the next several years. A growth in exports, however, is also expected to keep pace with the debt increase. Therefore, it is contemplated that the ratio of total debt to export earnings (debt service ratio) will stay within acceptable limits. As the Korean debt levels increase, the Korean military may find resistance on the part of the Economic Planning Board (EPB) to large increases in loans justified on security grounds.

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It is not clear to what extent Japan can dramatically increase its concessional loans beyond the \$90.0 million projected for JFY 1981 ~~(starts 1 (Apr 1981))~~ ^{March 82}. As a rule of thumb, the difference between the current year US FMS credit program and the goal of \$275.0 million FMS credit for the ROK annually might be established as a target. At any rate, GOJ loans -- if properly managed -- could relieve pressure on the foreign currency portion of the FY 82 ROKG budget and firm up ROK foreign exchange for use in acquiring US military equipment.

~~(S)~~ In addition, current Japanese-Korean commercial ties offer a long-term possibility that such cooperation eventually could be expanded in the area of dual-use (military/civilian) technology. Japan could export defense technology to the ROK, ^{for example} for use in the production of defense items.

~~(S)~~ The GOJ might also be persuaded to provide assistance and/or trade concessions to other nations in the region so that resources could be freed to better support their armed forces. These nations could purchase equipment from the ROK particularly equipment no longer produced in the United States or which is not in long supply in the US Services. The purchases would assist the ROK in keeping its defense production base "warm" and allow the ROK to use the profits generated to procure from local production needed WRSA supplies or procure other defense items of high priority.

~~(S)~~ Care must be taken that the ROK does not overextend itself and attempt to become the arms supplier of the Far East.

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It is also important that the ROK continue its current policy of limiting defense production to a fixed percentage of total industrial output. Moreover, sales to third countries should continue to be monitored carefully so that they are made with the best interest of the United States in mind. US transfers of technology are caveated so that items produced with that technology cannot be sold to a third nation without agreement. The GOJ should exact similar guarantees from the ROKs in connection with any technology transfer.

on behalf of the US

Defense Cooperation

(U) The following ~~samples~~^{are} represent possible areas of increased cooperation in defense matters between Japan and the ROK. It is presumed that, in most instances, the US would serve as the catalyst in the development of closer Japan-ROK security cooperation.

Intelligence

~~(S)~~ The existing bilateral US-Japan and US-ROK intelligence cooperation should be preserved and strengthened. The US Intelligence Community should look for opportunities to pass information of mutual benefit between the GOJ and ROK intelligence organizations. In this manner, the intelligence needs of Japan and ROK will be better met as well, possibly, as those of US intelligence. Information on North Korean activities in Japan among Korean residents there and North Korean infiltration/espionage in South Korea is an obvious example of the type of information which could be mutually beneficial. Similarly, information collected by both nations

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on foreign ship and air movements within the region could be a collaborative effort. An agreement between the GOJ and the ROK also could be reached on the direct exchange of tactical intelligence. Such arrangements would, of course, be a necessary pre-condition for an expanded role by both nations in surveillance and warning activities.

Ship Visits and Other Exchanges

~~(S)~~ The ROK intends to send a training squadron to Japan in the near future and that act ^{makes} requires a similar gesture by Japan. ^{possible} It is difficult, however, to determine when Japan will be able to reciprocate, since relations between the two nations must be warmer than in the recent past. ^{Visits} The ~~flow~~ of high-level GOJ and ROK officials associated with security, both uniformed and civilian, should be encouraged by COMUS Korea and COMUS Japan. Both Commands should cooperate fully with their host nation in arranging field trips, providing briefings and the like when called upon, ~~for VIP visits.~~ Japanese observers in uniform should be invited to US-ROK combined exercises in Korea, ^{when it is feasible and determined to be feasible and beneficial} and it should be ^{suggested} made clear that the GOJ ~~is expected to also~~ invite Korean observers to US-Japan exercises. COMUS Korea should encourage the ROKs to invite Japanese military students and professors from Japan's military institutions, as well as other national security and technical experts to the ROK, in the full expectation that Japan ^{might then} will do the same. Such visitors should be briefed regarding the US presence and role in the region, and they should be accorded ~~more than usual~~ ^{appropriate}

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courtesies. The Japan-ROK Parliamentary Security Union ^{will hopefully} ~~should be revived~~, the frequency of its meetings increased, ^{continued} and its functions expanded. The possibility of expanding the Security Union to include representatives from the US Congress ~~should~~ be explored. Perhaps some US Congressmen could be encouraged to attend the meetings in Korea and/or Japan as observers. In addition, a high level of public relations activities ^{could} ~~would~~ be ^{helpful in} ~~desirable to~~ educate ^{ing} the Korean and Japanese people on the necessity and desirability of closer cooperation. ^{and G0J.} ~~These decisions should be determined by the ROKC~~

Joint Use of Training Facilities

~~(S)~~ The air forces of the region and the USAF do not have sufficient satisfactory facilities for tactical air-to-ground training. At present, there are limited facilities in Japan and Korea, with the only adequate existing facility located in the Philippines. As a result, USAF pilots and equipment deployed in Northeast Asia must go to the Philippines for training. The ROK Air Force, moreover, receives limited training and the Japanese Air Self-Defense Force virtually no training on tactical ranges. This situation will be improved when KOTAR (a 9 x 11 kilometer tactical range in South Central Korea) is finished. KOTAR is a joint venture of the United States and the ROK located well away from population centers, with sophisticated communications and control equipment, and provisions for personnel safety. KOTAR will be fully utilized by the ROK and US Air Forces, and therefore ^{cannot} ~~could~~ not readily accommodate Japan as well. However, this is a regional problem,

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and the US could initiate discussions between Japan and the ROK in order to coordinate more efficient use of regional defense resources. A resolution could include Japan allocating range space/time to the ROKAF in Japan, in exchange for training on the superior facility in Korea. The Korean and American pilots, in turn, would have a diversified number of areas in which to train. Once a precedent of this nature is established, and ROK aircraft are flying in Japan and Japanese aircraft in the ROK, it should be easier to move to combined exercises and combined action in the surveillance areas. *(This initiative will take considerable time to develop.)*

Air Surveillance

~~(S)~~ The introduction of the advanced AWACS into the region provides an opportunity for the United States to take the lead in ~~assuring~~ ^{promoting} ROK-Japan cooperation in the area of air surveillance. It is ~~obviously~~ the responsibility of COMUS Japan (as Commander, WESTPAC NORTH AIR DEFENSE REGION) to assure that the AWACS is effectively used and that there is adequate surveillance and warning. He ~~must~~ make certain that activity in this area is coordinated, and that no nation in the area makes plans and invests resources for surveillance without regard for regional objectives. Thus, there should be communication between the US, Japan, and the ROK, regarding existing systems and planning for the future. There should be no unnecessary redundancy and the systems should be compatible with each other. This question clearly is technical in nature and should be divorced from political considerations. To assure that COMUS Japan has some leverage, however, it is important that a connection is established between the priority which the

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United States will give to the completion of plans to station an additional four (for a total of five) AWACS aircraft in the region, and the attitude of the ROK and Japan toward cooperation with these plans. To date, the Japanese and Korean systems are largely of US manufacture and design and, as a policy ^{matter} ~~choice~~, ^{it is desirable} ~~probably should continue to be~~ ^{that} ~~US~~ ^{equipment be utilized} ~~manufactured with~~ ^{with} an aim to achieving full interoperability in this important area of defense.

Air Lift/Sea Lift

~~(S)~~ As part of contingency planning, the United States and the ROK are in the process of negotiating MOUs for the use by the US of Korean ships and aircraft in an emergency situation. In a Korean contingency, the amount of time taken to establish an effective line of supply, and the amount of goods and number of men which can be moved quickly into the country, are important factors in mounting a successful defense against a full-scale invasion. US military, sea, and air lift capability would be severely restricted in this regard if there were one or more contingency situations elsewhere at the same time. Japan should be drawn into this contingency planning, ^{gradually through the bilateral planning process. Its} ~~and its~~ national aircraft and merchant shipping ^{cannot} ~~earmarked for~~ ^{this} ~~that effort.~~ ^{owing to lack of required legislation but exploration of the} ~~Currently, US military planners for the region~~ cannot reliably forecast the amount of Japanese transport ^{available for use in a contingency. Thus they are denied data} ~~Japanese transport could help~~ upon which to resolve one of the central security problems of the region, but again this initiative is well down the road in the future, if it is possible at all.

~~SECRET~~ ^{no provide the rationale for the action in the future}

Joint Sea Patrols

~~(S)~~ The United States, Australia, New Zealand, and Canada conduct annual joint exercises in the Pacific (RIMPAC) which tests the ability of the various navies to work together. Japan has been invited and was represented at the last annual exercise. The ROK has indicated that it is desirous of participating but has been denied an invitation on the grounds that the ROK Navy lacked the experience and modern equipment required. The ROK Navy, however, has just launched its new Korean Frigate and is in the process of outfitting that craft. Completion of the frigate might afford an opportunity to underscore the importance of complementarity of armament and command-and-control equipment. ^{CINCPAC should determine when and if} The ROK Navy ^{could} be invited to ~~enter this ship~~ ^{place} in ~~exercises with other ships of the area, and the exercise~~ ~~should be structured so as to make certain that there is interplay between the ROK and Japanese participants.~~

Joint ASW Training

~~(S)~~ Both ^{US,} The ROK and Japanese navies need training in ASW. Currently they obtain such training by utilizing the services of ^{and Japanese} USA submarines transiting the area. Such an arrangement is ^{necessarily} ~~need-~~ lessly complex and underutilizes the services of the ~~US~~ ^{are scarce.} submarines. ~~CINCPAC has difficulty scheduling its submarines into~~ the area, and both ^{Japan and Korea} ~~nations~~ complain that their navies do not have sufficient training time now so that meaningful training can take place. ~~Thus,~~ Japan and the ROK ~~sh~~^{ould} jointly undertake ASW training using US submarines in order to maximize the number of days available and to increase their collaboration. Japan

should be encouraged, ^{in addition} ~~however~~, to provide diesel submarines for regional ASW training simulating the enemy role. CINCPAC should determine the feasibility and desirability of such a program and urge its implementation on the grounds of more economical use of scarce resources.

(S) Intelligence exchanges, ^{coordinated} early warning, ^{and} ~~combined~~ air surveillance, ^{and joint} ASW training, have been cited as possible areas of cooperation between Japan and the ROK. In order to promote increased standardization and interoperability of regional defense hardware, as well as a reduced unit cost of future weapons systems, the United States also could promote three-way cooperation in weapons development. USDR&E has established a precedent in the recent ^{formation} ~~activation~~ of a US-Japanese Systems and Technology Forum (S&TF). This forum is designed to promote exchanges of technology and cooperative development of future weapons systems. Initiating a similar bilateral agreement with the Korean Agency for Defense Development (ADD) should be considered, with the aim of coordinating the efforts of the two S&TFs to improve regional security.

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B. A Timetable of Immediate, Near-Term and Long-Term policy options to initiate and nurture expanded Japan-ROK security cooperation can be constructed.

Immediate concerns:

-- The Kim Dae Jung issue has halted temporarily any efforts to proceed with expanded Japan-ROK security cooperation. The US has indicated to the ROK that failure to commute the death sentence for Kim Dae Jung will cause a fundamental re-evaluation of our relations, and the Japanese have publicly threatened to cease all assistance to the ROK if Kim Dae Jung is executed. The Koreans, in turn, have objected to US and Japanese interference in ROK affairs.

--- ~~Introduce~~ ^{should be introduced} The concept of increased Japan-ROK security cooperation to ROK CJCS Lew at the mid-November meeting.

~~Discuss~~ ^{should be discussed} in broad terms the prospects for expanded cooperation at the upcoming SCM (if held), and at the SSC ^{likely} ~~scheduled~~ to meet in mid-to-late 1981.

Near Term - Five Years

-- The US should solicit a Japanese commitment to continue and to increase economic assistance to the ROK in terms of concessional loans, additional investments, and active trade.

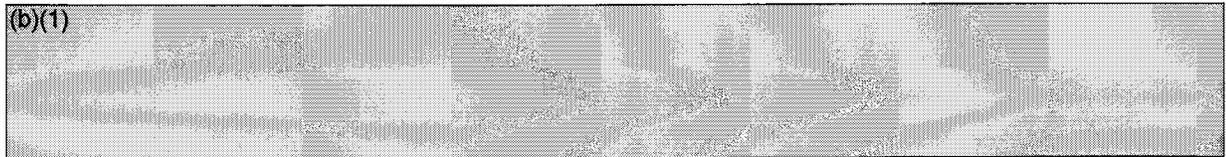
-- ~~Begin~~ ^{The} preliminary groundwork for establishing US-ROK technology exchange and cooperation in the defense areas ^{should be started}

-- ~~Encourage and institute~~ ^{in the areas of} exchanges between Japan and the ROK regarding ship visits, military instructors and students, technical experts, and observers ^{at} ~~attending~~ military exercises with US forces ~~should be encouraged and instituted and encouraged.~~

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Long Term - Ten Years



- Coordinated air and sea patrols in the Sea of Japan ^{should} ~~be started~~
- ~~Achieve~~ Interoperability of surveillance equipment and procedures, and ~~to~~ realistic contingency planning ^{should be} ~~achieved.~~

CONCLUSIONS

This policy paper postulates that, apart from the immediate Kim Dae Jung issue, prospects for expanded Japan-ROK security cooperation in the future appear to be good. Support for this general conclusion may be ^{deduced from the following:} ~~verified by these factors:~~

the ROK needs economic assistance in view of its overall economic decline; Japan possesses the economic power to grant such assistance; both states increasingly acknowledge their interdependence in terms of upgraded, effective regional security; and the US ^{can} ~~would~~ facilitate and supervise expanded Japan-ROK cooperation as it remains guarantor of overall regional security. To reinforce future ~~close~~ ties, the US ^{can emphasize} ~~could educate~~ both Japan and the ROK ~~on~~ the urgency and merits of regional security issues to both nations. A move away from ^{the} ~~narrow~~ parochial thinking in Japan ~~and~~ the ROK ~~is~~ ^{concerning} national security policies ^{is} critical to survival in the 80's.

Finally, ^{are offered for} four additional recommendations ~~should conclude~~ ^{consideration:} ~~the plan for Japan-ROK security cooperation:~~

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--(1) The JCS should formally be asked to undertake a study and make suitable recommendations on *practical programs and timing.*

--(1) ~~Country teams' recommendations should be solicited so that various concrete programs and strategies ^{can} ~~could~~ be developed for implementation.~~

~~THEA~~ (1) ~~State should be asked to focus on the timing of approaches and the ways of applying pressure. *State will not*~~

--(2) *Following this study* USA should work to make certain that there is agreement within Defense with the proposed concept, and that support exists for achieving the proposed objectives.

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Northeast Asia Balance

Context

(U) The more important nations in the Northeast Asia pursue diverse, often conflicting objectives, and their respective forces are, as a result, designed to do a variety of things. For this reason alone, no single perspective is adequate for assessing the military balance there. The various military forces located in or oriented toward East Asia constitute an increasingly important dimension of the long-term U.S.-USSR competition. Yet, at the same time, they must also be viewed in the context of a series of regional rivalries apart from superpower competition. Thus, both global and regional perspectives are necessary.

(S) From the perspective of the global military balance between the U.S. and its allies and the Soviets and theirs, developments in China and Japan in the 1980s are second in importance only to the amount of effort which the U.S. is willing to devote to reversing and closing the growing gap between its allocations and those of the USSR. The U.S. alone can provide the central core of effective alliances, even though both China and Japan have large potentials for military power. Japan is limited by political constraints, while China is limited by its weak economy and technology base. Consequently, major elements of a U.S. strategy for effectively countering growing Soviet military capabilities in Asia

[REDACTED] (b)(1)

(S) The Soviet perspective of the military balance in East Asia probably reflects a concern with fighting on two widespread fronts that goes back over a century in Russian history. Compared to the Soviet situation in Europe, East Asia presents a more formidable problem: long, vulnerable supply lines; unresolved border disputes with China and Japan; lack of an established, reliable alliance structure; and

(b)(1) [REDACTED] in

almost every category of military force and economic power. To meet this challenge, the Soviets have gradually established a well balanced force and reinstated what appears to be a theater-level command under Petrov. While no single strategy is discernible, the Soviets are clearly concerned about [REDACTED] on their Eastern Front.

Trends

(S) Korea presents the most dangerous situation for the U.S. in the near term due to a decade of adverse military trends, coupled with the uncertainties of leadership transition in the South.

[REDACTED] (b)(1)

(S) Sino-Soviet competition in Asia now has two distinct dimensions: the 6,750 mile land border; and the Indochina arena. Both sides have been building their ground forces over the past 15 years, although the Soviet buildup has been more equipment intensive, whereas the Chinese have expanded

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the more lightly armed, local forces which tend to be deployed 150-300 km from the border. The results of these trends include a more well-balanced Soviet force posture with superior firepower, mobility, and air support. Likewise, Soviet nuclear systems in East Asia include about 45 mobile SS-20 missile launchers and about 10 LRA BACKFIRE Bombers. The establishment of what appears to be a theater-level command, and the large, combined arms exercise conducted by the Soviets last year during the Chinese attack on Vietnam, suggest that necessary command and control developments have been keeping pace with the buildup of the force posture. Thus, Soviet forces represent more than symbolic concern with developments in East Asia.

— (S) Trends in the Indochina dimension of the Sino-Soviet competition include substantial increases in Soviet aid to Vietnam. Military equipment deliveries alone were valued at over \$950 million in 1979 and included 130 MIG-21s, over 100 tanks, more than 90 self-propelled assault guns, and 60 or more BMPs. As a result of the 1979 Chinese attack, Vietnam underwent additional military mobilization and shifted about 200,000 troops to the Chinese border area. And most recently we have seen the first deliveries of SU-22 Fighters to the Vietnamese.

(b)(1) — (S) Trends with regard to Japan appear to be more a matter of signals and perceptions than of warfighting capabilities. Soviet military actions, such as the reoccupation of long-abandoned bases in the Kuril Islands, seem to represent attempts to signal the Japanese and that eventually Japan will have to accommodate to growing Soviet military capabilities in Northeast Asia and the Pacific. The Japanese strategy

(b)(1) — (S) Maritime trends in Northeast Asia include a steady increase in the number of major Soviet surface combatants, ASW aircraft, and missiles at sea since 1965. Soviet submarines in the Pacific have generally numbered about 100 since the early 1970s, but reflect an increasing percentage of SSBs and SSBNs. More significant than these numerical trends, however, is the introduction of new classes of Soviet ships, which included five new types in 1979 alone (MINSK, KARA, ROGOV, DELTA-III, and VICTOR-III). Despite the introduction of new U.S. ships into the Pacific Fleet,

however, [redacted] During this same period, [redacted] but perceptions tend to be based more on gross comparisons of fleet sizes. [redacted]

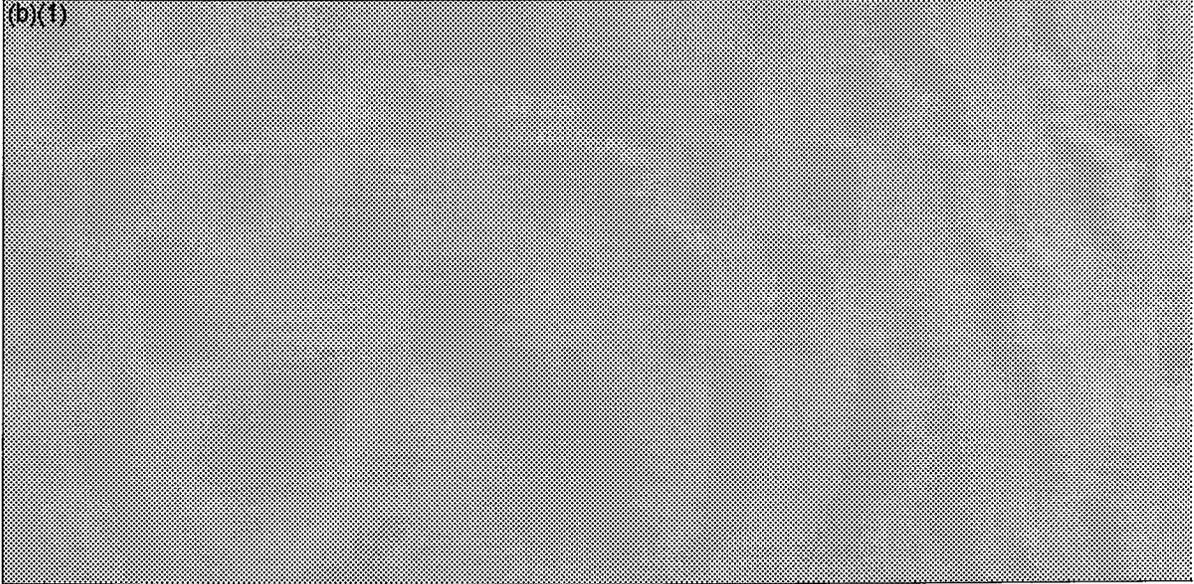
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Asymmetries

(b)(1)



- (U) The series of U.S. bilateral alliances and the network of bases enables the U.S. to achieve high operational and readiness rates with comparatively few military resources.
- (U) Relatively strong Japanese and South Korean economic performance provides an important dimension of long-term regional stability.

Uncertainties

- (U) North Korean ability to sustain present high rates of military effort.
- (U) Prospects for Chinese military modernization.
- (U) Nature and scope of future Japanese military roles.
- (U) The future direction of Sino-Soviet relations.

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E.O. 11652: GDS

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SUBJECT: US JAPAN BILATERAL PLANNING

REF: JCSM 327-73, 29 JULY 1973 (NOTAL)

JOINT STATE DEFENSE MESSAGE

1. WASHINGTON REVIEW OF CINCPAC PROPOSED ASSUMPTIONS AND OBJECTIVES FOR US-JAPAN BILATERAL PLANNING, LISTED IN ABOVE REF, HAS BEEN COMPLETED. FOLLOWING IS VERBATIM STATEMENT OF APPROVED GUIDELINES FOR US-JAPAN BILATERAL PLANNING:

"1. CONSISTENT WITH THE NIXON DOCTRINE, THE EMERGENCE OF JAPAN AS AN ECONOMIC AND POLITICAL POWER, ALONG WITH A GROWING MILITARY CAPABILITY AND GENERAL AWARENESS OF ITS OWN SECURITY PROBLEMS, MAKES IT TIMELY TO MORE CLOSELY SYNCHRONIZE US/JAPANESE MUTUAL DEFENSE PLANNING FOR THE AREA. BUDGET CONSTRAINTS DICTATE GREATER EFFICIENCY AND COORDINATION OF THE TWO COUNTRIES' DEFENSE EFFORTS IN NEA, INCLUDING THE DEFENSE OF JAPAN. THE POLITICAL ATMOSPHERE IN JAPAN IS ASSUMED TO PERMIT A MORE MEANINGFUL DIALOGUE WITH THE JAPANESE AND GREATER COORDINATION IN OFFENSE AND

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SECURITY. IN THIS REGARD, [REDACTED] (b)(1)

[REDACTED] CAN BE EXPANDED TO THE MUTUAL
BENEFIT OF BOTH COUNTRIES; ALTHOUGH THIS CHANNEL IS

LIMITED BY THE POLITICAL CONSTRAINTS IMPOSED ON
THE JDA AND PARTICULARLY THE JAPANESE UNIFORMED
SERVICES. ALL US-JAPAN DIALOGUE AND BILATERAL
PLANNING EFFORTS, HOWEVER, MUST BE APPROACHED FROM
THE STANDPOINT OF FOSTERING MUTUAL TRUST, CONFIDENCE,
AND RECIPROCITY.

(b)(1) 2. [REDACTED] WILL BE BASED ON THE FOLLOWING
ASSUMPTIONS:

A. ALL PERTINENT AGREEMENTS, ARRANGEMENTS,
AND MUTUAL DEFENSE OR SECURITY TREATIES TO WHICH
EITHER OR BOTH THE UNITED STATES AND JAPAN ARE
SIGNATORIES AND WHICH ARE IN EFFECT AS OF 1 NOVEMBER
1973 WILL CONTINUE TO BE IN EFFECT DURING THE PERIOD
OF THE PLAN. 1.6X6

(b)(1)

[REDACTED]

C. THE UNITED STATES WILL BE PREPARED TO
CONTRIBUTE TO THE DIRECT DEFENSE OF JAPAN IN
ACCORDANCE WITH CONSTITUTIONAL PROVISIONS AND
PROCESSES.

3. WITHIN THIS CONTEXT, THE FOLLOWING GENERAL
GUIDANCE FOR DEVELOPMENT [REDACTED] IS PROVIDED:

(b)(1)
A. DEVELOP A COMMON UNDERSTANDING OF JAPANESE
SECURITY INTERESTS, STRATEGY, AND OBJECTIVES; REFINE
MUTUAL DEFENSE PLANNING CONCEPTS FOR THE DEFENSE OF
THE JAPANESE TERRITORY, CONTIGUOUS AIRSPACE/SEA
AREAS, AND ADJACENT SEA/AIR ROUTES; AND STRATEGIC
AREAS IMPORTANT TO THE INDIRECT DEFENSE OF JAPAN.

B. CONSISTENT WITH JAPAN'S INCREASED STATUS,
SEEK INCREASED APPRECIATION OF THE NEED FOR JAPAN TO

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ENHANCE PUBLIC UNDERSTANDING AND ACCEPTANCE OF A US-JAPAN SECURITY PARTNERSHIP, UNDERSCORING THE IMPORTANCE OF US BASES AND FACILITIES IN JAPAN WHICH SUPPORT THE DAY-TO-DAY ACTIVITIES OF US DETERRENT FORCES IN THE REGION.

(b)(1)

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4. SPECIFIC BILATERAL OBJECTIVES TO BE CONSIDERED IN THE PREPARATION OF [REDACTED] WILL BE AS FOLLOWS:

(b)(1)

A. INCORPORATE WITHIN THE NEW CJOEP TOTAL US AND JAPAN FORCE DEVELOPMENT REQUIREMENTS FOR THE DIRECT DEFENSE OF JAPAN AND NOTIONAL FORCE DEPLOYMENTS FOR THE INDIRECT DEFENSE OF JAPAN.

(b)(1)

B. IDENTIFY AND ENSURE THE AVAILABILITY OF ADDITIONAL BASES AND FACILITIES, EITHER JOINT OR SOLE USE, WHICH WOULD BE REQUIRED TO ACCOMMODATE US FORCES DEPLOYING TO JAPAN AS ENVISIONED [REDACTED] AND FOR THE PURPOSES CONSISTENT WITH THE MUTUAL SECURITY TREATY.

(b)(1)

C. DEFINE, IN PRINCIPLE, THE CATEGORIES OF SUPPLIES AND SERVICES, (E.G., POL, SHIP REPAIR, AMMUNITION, SPARE PARTS, TRANSPORTATION) REQUIRED FROM THE GOJ/JSDF IN SUPPORT OF US OPERATIONS AS ENVISIONED BY [REDACTED]

(b)(1)

D. IN LIGHT OF [REDACTED] IDENTIFY JSDF LOGISTICS

(b)(1)

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SHORTFALLS AND CONSULT ON POSSIBLE MEANS OF ESTABLISHING AN ADEQUATE LEVEL OF WRM, TAKING INTO CONSIDERATION JAPAN'S INDUSTRIAL CAPABILITIES AND REPLENISHMENT LEAD-TIME FROM THE US.

E. PLACE INCREASED EMPHASIS ON COOPERATIVE EFFORTS IN THE FUNCTIONAL AREAS OF INTELLIGENCE AND SURVEILLANCE."

2. IT IS RECOGNIZED THAT THE ATTAINMENT OF ALL THE ABOVE OBJECTIVES MAY NOT BE FEASIBLE IN THE SHORT RUN. HOWEVER, THEY COULD SERVE AS A USEFUL FRAMEWORK WITHIN WHICH TO DEVELOP CLOSER UNDERSTANDING, COORDINATION, AND COMPATIBILITY OF US-JAPAN MUTUAL SECURITY MATTERS.

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