

THE WHITE HOUSE

WASHINGTON

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March 26, 1982

National Security Study
Directive Number 6-82

UNITED STATES-JAPAN RELATIONS

Introduction

This National Security Study Directive establishes the Terms of Reference for completing a review, first of the economic issues now outstanding between Japan and the United States, and then of our overall relationship.

Objective of Review

To produce a National Security Decision Directive (NSDD),
Subject: Policy for Dealing with the Economic Issues Outstanding Between Japan and the United States within the Framework of our Overall Security and Diplomatic Relationship.

Scope

The review will result in a report for National Security Council consideration that will address, as a minimum, the following topics:

- Economic Relations. Issues such as capital markets, banking and securities, insurance, export credits and East-West credit matters should be addressed. Action: Treasury.
- Trade Imbalance. What measures should be undertaken to reduce the trade imbalance with Japan by inducing the expansion of Japanese markets for American goods? Have our demands been sufficiently explicit? Are existing consultative mechanisms sufficient? What are the advantages and disadvantages of additional tactics and remedies, to include recourse to GATT and reciprocal legislation? What US Governmental measures of legislation should be considered to promote American exports, e.g., trading company bill, cooperative R&D, etc? Finally, is this problem best addressed as a bilateral issue, wherein the Japanese are asked to make concessions or adjustments favoring US goods, or as a multi-national issue, wherein Japan, having the strongest economy in the Free World, is asked to set an example for all nations striving for free trade by making its market more accessible to products from all countries? Action: USTR.

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U.S. Department of State Security Council

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- Civil Air Negotiations. What are the minimal US goals required to achieve an agreement, and what is the maximum price we are prepared to pay? How important is an agreement, and what would the consequence be of failure to achieve it? Action: State.
- Fisheries. How well is the Japan GIFA working? What should the US attempt to achieve in the agreement to be renegotiated this year? What will be the probable impact of increased user and observer fees on other objectives such as the expansion of joint ventures and increased Japanese purchases of US fishery products? Action: State.
- Whaling. Is it possible to secure Japanese cooperation in effective conservation measures short of a confrontation over the sperm-whale moratorium and enforcement of the projected deadline on use of the cold harpoon in catching Minke whales? Action: State.
- Nuclear Cooperation. How important is it to renegotiate the basic cooperation agreement? Can US objectives be achieved short of a new agreement requiring Diet ratification? What should be the timetable for conclusion of the promised "permanent agreement" on nuclear reprocessing? What major issues need be resolved? What are their ramifications? Action: State.
- Foreign Aid. Should we seek modifications in the present Japanese aid strategy? Are Japanese spending levels satisfactory in our view? Can the Japanese be encouraged to move more energetically into areas where their aid can be of strategic value to the Free World? Action: State.

Once the economic issues listed above have been addressed, and suggested policy lines developed, the review should take into full account the effect of the recommended courses of action on the other aspects of United States-Japan relations, notably security and foreign policy. In particular, the possibility should be considered that a more independent Japanese security and foreign policy might develop; the circumstances should be identified that might bring such a policy about; the implications should be defined that such a policy could have for relations between the United States and Japan; and the effects of a more independent Japanese policy upon our strategic interests in East Asia should be described. Action: State with Defense addressing the security issues.

Administration

This Study should be conducted by an interdepartmental group comprised of the Departments of State, Treasury, Defense,

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Commerce, Agriculture, the Director of Central Intelligence, the United States Trade Representative, and the Chairman of the Council of Economic Advisers. The scheduling and managing of the Study is the responsibility of the National Security Council Staff. Working groups, chaired by the appropriate agencies, will be created to deal with specific topics addressed by the Study.

A report for consideration by the National Security Council should be prepared by no later than May 15, 1982.

Dissemination of this NSSD, subsequent study material, and the resulting NSDD should be strictly controlled, and handled on a need-to-know basis.

Ronald Reagan

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