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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: President's Meeting with Prime Minister Noboru Takeshita of Japan

PARTICIPANTS: United States
The President
James A. Baker III, Secretary of State
John Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President and Press Secretary
Gaston J. Sigur, Assistant Secretary of State for East Asian and Pacific Affairs
Desaix Anderson, Charge, American Embassy, Tokyo
Robert Zoellick, Counselor (Designate), Department of State
James A. Kelly, NSC, Notetaker
Fumiko Gregg, Interpreter

Japan
Prime Minister Noboru Takeshita
Sousuke Uno, Foreign Minister
Keizo Obuchi, Chief Cabinet Secretary
Nobuo Matsunaga, Ambassador to the United States
Takakazu Kuriyama, Deputy Minister of Foreign Affairs
Tutsuo Arima, Director-General, North American Affairs
Terusuke Terada, Private Secretary to the Prime Minister
Yukio Okomoto, Deputy Director-General, North American Affairs
Interpreter (no name available)

DATE, TIME February 23, 1989, 3:58 p.m. - 4:42 p.m.
AND PLACE Akasaka Palace, Tokyo, Japan

With the press present, Prime Minister Takeshita thanked the President for coming to Japan on behalf of the people and government of his country. He applauded the President's speech given hours before in Anchorage, Alaska. He thanked the President for his kind words.

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The President responded that the Prime Minister made him feel very much at home. The President offered the respect and sorrow of the American people on the occasion of the funeral of the Emperor Showa. Referring to the Prime Minister by his first name, Noboru, he thanked the Prime Minister for this chance to talk and complimented him on the beautiful setting in the Akasaka Palace.

At this point the press departed and the Prime Minister responded that he appreciated the President's policy speech to the Congress and the determination expressed to reduce America's budget deficit.

After some discussion on busy schedules on the occasion of the funeral, the Prime Minister asked about the President's just concluded lunch with President Mitterrand.

President Bush assessed Mitterrand as a bright man, terribly important in Europe and asked how well the Prime Minister knew him.

The Prime Minister said that they had met at the Toronto Economic Summit and had had some chance to talk then. The Prime Minister continued that he was looking forward to his upcoming meeting with Mitterrand, since he would be the host for the Paris Summit. The Prime Minister believed that the major topics of the Paris Summit would be macro-economic policy coordination and our collective approach to the accumulated debt problem. The summit will also be a valuable opportunity to discuss the political situation, including the Soviet Union, and in the Asian context, Sino-Soviet relations.

The President said that the luncheon had included conversation on the issue of Third World debt, and that they had also touched on the situation in Middle East, as President Mitterrand had seen Prime Minister Shamir yesterday. The conversation covered the global environment, which is something that concerns the U.S. enormously. There had been much discussion on Soviet approaches to Europe. The President said that Mitterrand had not asked the U.S. to attend his Hague environmental conference, that we were not planning to attend and, in fact, had not received an invitation. He asked the Prime Minister if the Japanese Government plans to attend.

The Prime Minister responded that he had had a telephone call from Prime Minister Rocard on this, that he believes he will send a Minister responsible for the environment, and that Japan is analyzing the context and outlook now.

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The President commented that this was a peculiar conference. Invitations had been seeping out and none of the other four Permanent Security Council members had been invited. It looked more like a regional conference. He continued that the international environment is certainly a major concern, one he had talked about during the recent U.S. election campaign. However, he expects the work to begin with conferences and effort on the part of academic and government experts. Then will follow meetings with Heads of Government and Chiefs of State.

Prime Minister Takeshita said that he had responded to the Rocard phone call by indicating that Japan planned to host a conference on the international environment in Tokyo in September of this year. Focus of the Tokyo meeting would be n experts and academics and the Prime Minister believed it would be different than The Hague Conference.

The President encouraged the Prime Minister to stay in touch on this; that cooperation was important in this area. The President explained, as an example, that as a result of his visit to Canada, we were looking for developing standards on acid rain from which the work could then proceed.

Prime Minister Takeshita agreed. He believed that first there should be research, then solutions should follow.

Secretary Baker intervened that he and the President had often talked about this and that he believed that there should be a conference at the expert's level, perhaps hosted in the United States, before a showcase affair takes place.

The Prime Minister again mentioned that he did plan to include his most knowledgeable experts and was looking to a conference in Tokyo in September.

The President asked if the Prime Minister would be having a meeting with President Sarney of Brazil; that he was quite concerned for Brazil's future.

The Prime Minister said he had just met with Sarney; that he had agreed that their policies were in harmony; that a new Japanese delegation was being sent to Brazil and that he Japanese Export-Import Bank was making a loan to Brazil of more than \$1 billion which he had just described to President Sarney. The Prime Minister hoped that this would be seen as one more example of Japan's interest in assistance outside of its own region.

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The President said he appreciated that assistance; that he had been very concerned about the Brazilian situation because the debt had internal political implications that concerned the United States.

The Prime Minister said that Sarney had said his intent was to move on a line of external and internal harmony and to cooperate fully with the IMF and the World Bank. But Sarney had also pleaded difficulties, saying that he cannot place too great a pain on the people of Brazil. The Prime Minister said that he had mentioned the loan of \$1.2 billion.

The President wryly commented that this must have pleased Sarney, that every billion helps.

The President touched on Mexico, noting that the President of Mexico had been unable to come to the funeral but that he had looked forward to seeing him.

The Prime Minister said that he understood the reason why President Salinas could not come to Tokyo; that Mexico was another country with which Japan was in close communication.

The President asked exactly why Salinas had not come?

Ambassador Matsunaga, a former Ambassador to Mexico, said that there was trouble with the PEMEX Oil Company that prevented Salinas from leaving.

The President answered that Salinas had made a very courageous move on the corrupt unions and that perhaps he had had to stay close in consideration of some response. Mrs. Salinas would represent Mexico at the funeral.

The President asked if the Prime Minister had talked to President Sarney of Brazil about environmental questions on the preservation of the Amazon rain forest areas.

Prime Minister Takeshita said the matter had not been discussed.

Secretary Baker asked if some of the \$1.2 billion in new loans was for development of the Amazon.

Prime Minister Takeshita said that the loan would have no adverse effect on the environment.

Governor Sununu noted that rail and highway projects had promoted development and led to deforestation and that there was a global

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problem for all, as we lose the benefits of the equatorial forests.

The President noted that it is a good area for experts to talk about. Deforestation could affect the world and is worth discussing in context of these environmental efforts.

Director General Arima on the Japanese side intervened to say that none of the Japanese loan was to build any road in the Amazon area.

Prime Minister Takeshita indicated that after he had visited Washington, the U.S. and Japanese government senior representatives had been in the Philippines for discussions on the Multinational Assistance Initiative. The Prime Minister had discussed this with President Aquino and it did appear that this would be able to take shape by the end of the year.

The President said that it was good that our experts could work together. He commented that he is somewhat concerned about the political situation in the Philippines.

Prime Minister Takeshita said that he would look forward to having the President's impressions after his visit to China and Korea; that this is a matter of considerable interest to him.

The President promised him a comprehensive readout. The President noted that this would be his fifth trip back to China since he had left in 1975 and suggested that Japan should not be concerned about the Gorbachev visit to Beijing; that China would never in his view return to the Khrushchev days with the USSR. The Chinese "obstacles," with the Soviet Union, Cambodia, Afghanistan and the Sino-Soviet border, still had problems remaining. The President said that he was going to tell Deng Xiaoping, as he had told Prime Minister Takeshita, that when the U.S. finishes its policy review, when the U.S. goes forward with its arms control proposals, that there will be nothing that adversely affects Asia, especially China or Japan.

Prime Minister Takeshita stated that he, too, believes that Sino-Soviet improvements in relations will not pose any threat to Japan. It was important for the U.S. and Japan to help the modernization of China.

The President asked about China's position on the Japanese Northern Territories.

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Deputy Foreign Minister Kuriyama responded that China had sided with Japan and that this was an issue for Japan and the Soviet Union to bring to a solution.

There was a brief discussion of the Soviet representative at the funeral, Mr. Anatoliy Lukyanov, First Vice Chairman of the Presidium of the Supreme Soviet.

Prime Minister Takeshita touched briefly on the Cambodia problem and that this was something of great mutual interest to the U.S. and Japan.

The President said the Pol Pot regime (Khmer Rouge) must not gain the upper hand and that it would be very bad for all of us. He felt the Thai Prime Minister was moving off the ASEAN previous position, and he did not know if this worried the Japanese but we should stay in touch on this.

Prime Minister Takeshita said he was indeed very curious to hear the views of Prime Minister Chatchai and that he was looking forward to their meeting.

With that and additional pleasantries, the meeting concluded.

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