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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Ichiro Ozawa, Japan's LDP
Secretary General (C)

PARTICIPANTS: The President
Robert M. Gates, Assistant to the President
and Deputy for National Security Affairs
Peter S. Watson, Director of Asian Affairs,
NSC, Notetaker
Frances Seeds, Interpreter

Ichiro Ozawa, LDP Secretary General
Hiroshi Kumagai, Member of Japanese House
of Representatives
Ryohei Murata, Ambassador to the U.S.
Koji Tsuruoka, Interpreter

DATE, TIME March 28, 1991, 3:30 - 4:05 P.M.
AND PLACE: Brent Scowcroft's Office

The President joined the meeting with Secretary General Ozawa at 3:45 P.M. (C)

Mr. Gates: Welcome, it's good to meet you. I understand that you have just arrived in town from Moscow. (U)

Mr. Ozawa: Yes, I have only recently arrived here. (U)

Mr. Gates: I am eager to hear of your time in Moscow. It looks as though you got out of town just in time. (C)

Mr. Ozawa: It is very good to be in Washington. The weather is much warmer here. (U)

Mr. Gates: The weather in Moscow is only warm politically. (C)

Mr. Ozawa: I understand that there has been a demonstration there, is that correct? (U)

Mr. Gates: Yes, a very large one. But little violence to this point, it seems. (C)

Mr. Ozawa: I was able to have two meetings with Mr. Gorbachev when I was there, for a total of about three hours. My themes, of course, were mainly regarding the Northern Territories. Looking at Gorbachev throughout these meetings, it was clear not only from this question, but others as well, that he is in a

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difficult position to make decisive decisions on his own. I also met with the Deputy Party Secretary and the Vice President. They were eager to promote bilateral relations, but I think that they are also in the same shoe as Gorbachev. Gorbachev in his meetings started by saying that it is not correct that Perestroika is in decline and that the conservatives are ascending. He said that there is no such thing as Perestroika backtracking. The Deputy Party Secretary and the Vice President emphasized the same point. They said it so frequently that I took this to mean that indeed Perestroika was in trouble. I discussed this with Secretary Baker this morning. The other topic that Gorbachev raised was Asia-Pacific security. My position was that these issues, and questions of Japanese/USSR relations, can only exist in the framework of the U.S./Japanese alliance. (S)

Mr. Gates: Good. In addition to your response to Gorbachev's points, we appreciate your personal efforts in the Gulf situation and efforts to reduce bilateral problems. (S)

Mr. Ozawa: Well thank you, but I cannot wholeheartedly accept this for all the reasons you know. But I perceive that the Japanese peoples' awareness is rapidly changing. They are more aware of the need to be a true ally of the United States, and become a true member of the international community. In the U.S. I understand that there is some dissatisfaction and frustration in relation to our Gulf participation. Also, in Japan there are anti-U.S. voices. We need to overcome and deal with these developments. (S)

Mr. Gates: I know voices exist in Washington that are critical of Japan. But these do not exist in the senior levels of this government. We are very appreciative of the financial contribution. For us there has never been any doubt that Japan would complete its funding commitment. There are, however, concerns over SII, construction services, semiconductors and agriculture -- especially rice. But this is very much in the spirit of friends as far as the President is concerned. He is looking forward to visiting with Prime Minister Kaifu next week, and any criticism of Japan does not come from this building. (S)

Mr. Ozawa: Thank you for those kind words. As to the trade issues, that is agriculture and other specific issues, these can now be more readily resolved. The Japanese people are now more accepting of a forthcoming Japan which is an ally of the U.S., and a full member of the international community. (S)

[At this point, the President enters General Scowcroft's room]

The President: Hello. It is good to welcome you to the White House. I had heard that we had a distinguished member of the LDP here, and I just wanted to stop by and pay my respects. You have just arrived from Europe, I understand. (S)

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Mr. Ozawa: That's right, from Moscow. I am on my way back to Tokyo to be there for elections we are having shortly. (U)

The President: What type of elections are they? (Ø)

Mr. Ozawa: In all cities and prefectures. (U)

The President: What are your prospects like? (Ø)

Mr. Ozawa: Much better than in the last round, where we were in trouble because of the taxation issue. (Ø)

The President: How is the Prime Minister's standing? I understand that it is pretty good. I know that it started low and went up from there. (Ø)

Mr. Ozawa: It is still high. And it should stay there for the time being. (Ø)

The President: I am looking forward to seeing him in California the week after next. From the U.S. standpoint, this will be an important meeting, the timing too. I was talking with the Ambassador [Murata] the other day. As I mentioned to him, I don't like the feel ... the nature of the relationship, in one way. It is so very important that it remain on a strong plane. Don't get me wrong, I have great respect for Prime Minister Kaifu. I might say that we are very grateful for Japanese funding in the Gulf. Japan did what it could do under its constitution. But our economy is slow .. is in a recession, although I hope it comes out of it soon. And when that situation exists, some Americans look for someone to blame. Some of the criticism that comes from that is very unfair in my view. My appeal to Kaifu is that where there are difficulties, let's work them out. When he has problems with what we do, let's get them out on the table. I think that, overall, the relationship is very good. But I am worried about this mood that I am trying to describe. I will do my best as President to keep relations on a strong track. But how do you feel from your side of the Pacific ... I want your frank assessment. (Ø)

Mr. Ozawa: Mr. President, thank you very much for the very warm words on the bilateral relationship. Mr. President, if I may I would like to express to you my deepest gratitude for your leadership in the Gulf crisis, and of that of the American people. We are aware that there are various voices of frustration at Japan's reaction, and to our role in the Gulf. As I was saying to Mr. Gates, in Japan the awareness of the Japanese public is rapidly changing, and the Gulf crisis is the turning point in this respect. The awareness on behalf of the Japanese public that they must take on the burdens of being a full ally of the United States, and of full membership of the international community, is growing. Therefore, I believe that this changing mood of the Japanese public, when translated into economic positions in the Uruguay Round, will be positive. (Ø)

The President: This is encouraging. (S)

Mr. Ozawa: Secretary Mosbacher asked me over for lunch today. We discussed the issue of construction services. This is being negotiated between our two delegations in Washington currently. I have no doubt that this issue will be resolved. There are other issues that need to be resolved, and I believe that these too can be resolved in the spirit of improvement in our bilateral relationship. (S)

The President: In some quarters there is an anti-Japanese sentiment in the U.S. Is there a counterpart anti-U.S. feeling in Japan that you have to contend with as a political leader? (S)

Mr. Ozawa: Yes. Not a majority, but certain segments are trying to arouse wanton anti-U.S. feelings in Japan. These sentiments are only held by a handful of people. But we have to overcome these arguments, and we will be successful. (S)

The President: We have the same problem here, perhaps even worse. However, I pledge to you that we will do our best to counteract these feelings. We do not need any battles over this that we cannot solve. (S)

Mr. Ozawa: Thank you very much. I on my part will spend my political career working on these issues. (S)

The President: The problem will be manageable if we all work on it. (S)

Mr. Ozawa: If I may Mr. President, I would like to report to you on my visit to the Soviet Union. (S)

The President: Please do. (S)

Mr. Ozawa: I met with Gorbachev twice, and we discussed quite a few things. The main issue we discussed was the four islands that have long been the dream of my people. I would like to express to you the principled way that I responded to Gorbachev's expressions -- whether they dealt with the Northern Islands or bilateral issues -- that all these issues can only be addressed consistent with the U.S./Japanese alliance, and nothing outside of this would stand. (S)

The President: Thank you. (S)

Mr. Ozawa: Gorbachev also touched upon security of the Asian region. I responded to him in the same light as I mentioned on the other issues. (S)

The President: Are they going to be flexible on the islands? (S)

Mr. Ozawa: [Makes a long humming sound of uncertainty]
[Laughter] I think they are thinking it over. Mr. Gorbachev does not seem to be in a position to make a decision on any issue. (S)

The President: We are having exactly the same problem in the arms control area, on CFE. What happened at the demonstration today? (S)

Mr. Gates: They seemed to have avoided major violence. (U)

The President: What worries me is if they kick out Gorbachev the situation may get even worse -- with the military and the KGB gaining even more power. Of course we will deal with whosoever is President. But some predict that if Yeltsin assumed the Presidency he would also be a dictator. The situation is very unclear, as you probably found. (S)

Mr. Ozawa: I also had a one-hour talk with Popov, the mayor of Moscow. He is convinced that the old party cadre is gaining strength. But these 'old guard' are not equipped to address the many problems the country faces. (S)

The President: It is a major problem. Well, as you know, I have been invited to visit Japan. Barbara and I want to come. That would be good as it would permit me to more closely explain to the Japanese people that we value the relationship. (S)

Mr. Ozawa: Yes, we hope that you and Mrs. Bush indeed come, we are eagerly awaiting your visit. (S)

The President: Thank you. I hope you have a safe trip back home. (U)

-- END OF CONVERSATION --

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