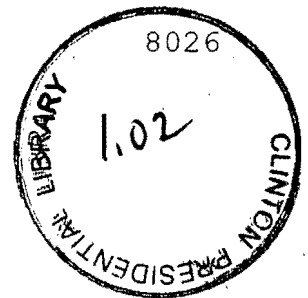


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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Ryutaro Hashimoto of Japan (U)

PARTICIPANTS: United States
The President
Madeleine Albright, Secretary of State
Charlene Barshefsky, U.S. Trade Representative
Samuel R. Berger, Assistant to the President
for National Security Affairs
Sylvia Matthews, Assistant to the President
and Deputy Chief of Staff
Daniel Tarullo, Assistant to the President
for International Economic Affairs
Gene Sperling, Assistant to the President
for Economic Affairs
James Steinberg, Deputy Assistant to the
President for National Security Affairs
Larry Summers, Deputy Secretary of Treasury
Stanley Roth, Assistant Secretary of State
for East Asia and the Pacific
Thomas Foley, U.S. Ambassador to Japan
Sandra Kristoff, Special Assistant to the
President and NSC Senior Director
(Notetaker)
Paul Hershey, Interpreter

Japan
Ryutaro Hashimoto, Prime Minister
Fukushiro Nukaga, Deputy Chief Cabinet Secretary
Kunihiko Saito, Ambassador to the United States
Minoru Tamba, Deputy Minister of Foreign Affairs
Koichi Haraguchi, Deputy Minister of
Foreign Affairs
Hisao Azuma, Vice Minister for International
Affairs, Ministry of Agriculture
Katshuiro Nakagawa, Vice Minister
for International Affairs, MITI
Hiromichi Toya, Vice Minister for
International Affairs, Ministry of Transport
Yoichi Okita, Vice Minister for International
Affairs, EPA
Toshiyuji Takano, Director General of
the North American Affairs Bureau, MOFA

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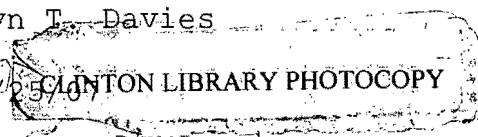
Classified by: Glyn T. Davies

Reason: 1.5 (b,d)

Declassify On: 11/25/01

DECLASSIFIED IN PART
PER E.O. 13526

2007-1828-m
5/12/02 M



DATE, TIME November 24, 1997, 1:55 p.m. - 2:30 p.m. PST
AND PLACE: Vancouver, Canada

Prime Minister Hashimoto: Thank you for sending such a wonderful Ambassador to Tokyo. Tom Foley is already working hard. Since he was the Speaker of the House, I was somewhat fearful of him. I believe you sent him to supervise me. ~~(S)~~

The President: I did. I am pleased Tom was able to be Ambassador. I knew he would have some hard work. ~~(S)~~

Prime Minister Hashimoto: I'd like to give you this painting. It represents my hometown. It is number 891 of 1000 prints. ~~(S)~~

The President: Thanks. It is very beautiful. ~~(S)~~

Prime Minister Hashimoto: We have done a good job of updating our security alliance, in particular with the Defense Guidelines and Okinawa. I reiterate my commitment to do my best and not back away from our obligations. I will ask Foley to come with me to Okinawa soon. ~~(S)~~

The President: I know the defense issues have been difficult and I appreciate the way we have been able to work together. ~~(S)~~

I want to raise three issues. We have had encouraging developments on climate change in recent weeks. I hope we get an agreement at Kyoto and I am committed to help achieve one. But I cannot get Senate approval without some form of developing country participation. I have given suggestions to China and other developing countries and I hope you can encourage them as well. I want Kyoto to be a success and I want us to reduce greenhouse gas emissions. ~~(S)~~

I support the Manila framework to address the Asian financial crisis. I am prepared to work with you to support the idea that each country needs good economic policy, undertakes needed reforms while the rest of us should stand ready to help. If we push the Manila framework, I believe it will work. ~~(S)~~

P1(b)(1)

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Classified by: Glyn T. Davies

Reason: 1.5 (b,d)

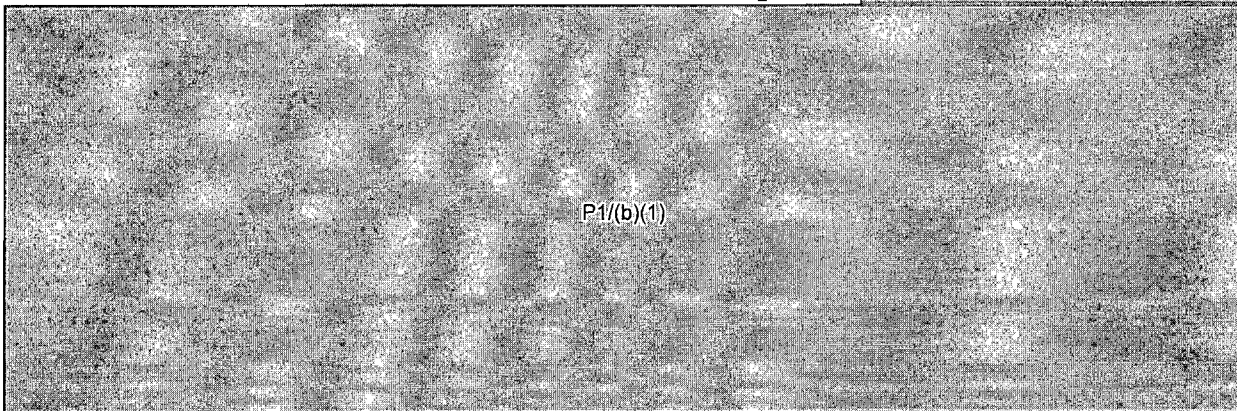
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CLINTON LIBRARY PHOTOCOPY

You know the United States is convinced that the best thing for the recovery of Asian economies is a strong Japanese economy. I know the political challenges you face, but the real answer to recovery is domestic demand led growth, financial reforms, trade agreement implementation and deregulation. I hope we can progress on deregulation before Birmingham. I am afraid that if Japan does not lead, Asia will go down and U.S.-Japan relations will return to the days of the 1980's and 1990's. But if we can generate growth and stability, we can avoid this. ~~(S)~~

Prime Minister Hashimoto: Thank you for your summary. Kyoto is not many days off and I am worried about how to make it a success. Quantitative targets mean Japan needs to take rigorous measures to meet the 2010 emissions targets. We need the equivalent of twenty nuclear power reactors and a three-fold increase in new energy supplies; we also need to cut auto emissions by twenty percent. I am prepared to try to meet the challenge. But the figure we are looking at will be hard to meet. We need more -- yet to be discovered -- energy technologies or we will have to tell the Japanese people to reduce drastically their energy use. I do not subscribe to the so-called EU bubble. We share a position on that. But I urge the United States to do more than you have proposed. ~~(S)~~

I also agree we need active developing country participation. We are close, but I believe developing country issues will only be decided after we have a success at Kyoto. P1/(b)(1)



The United States and Japan agree on the need for differentiation as well. As the chair of Kyoto I will do my best, but the developing countries need to exercise some leadership. ~~(S)~~

In Denver, I raised concerns about the Thai baht, but we had very little discussion of that because the Europeans were not interested. I was concerned at that time about the Korean won

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CLINTON LIBRARY PHOTOCOPY

as well. It is true that Asian financial stability is a bit disturbed at the moment, but the fundamentals of Asian economies are basically sound. [REDACTED] P1(b)(1)

[REDACTED] P1(b)(1)

(S) It is important that we think about how to send a clear message that we believe the Asia Pacific has the potential for further growth based on economic reforms, financial reforms and structural adjustment. I value highly our success at Manila. From now on we need to consult closely, bilaterally and with the IMF. [REDACTED] P1(b)(1)

[REDACTED] P1(b)(1)

[REDACTED] P1(b)(1) Your predictions and those of Secretary Rubin were accurate. I thought we could absorb the aftermath of the tax cuts and consumption tax, but there were more problems than I expected, including financial market volatility and scandals. [REDACTED] P1(b)(1)

[REDACTED] P1(b)(1)

[REDACTED] P1(b)(1) The Japanese economy is taking body blows. I am very concerned about this and I know the confidence of investors must be restored. I have moved to protect depositors, at home and abroad, but not individual financial institutions. I am sure our officials are in touch with your Treasury, but I am making sure overseas depositors are protected. In Japan, securities companies are going down, banks have gone down and my popularity has gone down. After we overcome this period of difficulty we will see we have protected depositors and Japanese investors will be reassured. I will protect the system and the credit markets. It will not be easy; it will take a major effort. (S)

I would like to hold the second high-level deregulation session in the spring so we can achieve results that you and I can affirm in Birmingham. (S)

The President: We need to do more on deregulation. I just wonder if it is too little to help Asia and if the numbers will remain out of line, which would produce political problems in the United States. (S)

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CLINTON LIBRARY PHOTOCOPY

Prime Minister Hashimoto: This is something I have worried about as well. Earlier forecasts have been wrong. But domestic demand-led growth is one key pillar of our economic growth. We will do our best for our own sake. Thank you. ~~(S)~~

The President: "Thank you. (U)

-- End of Conversation --

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