

~~SECRET~~

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Ryutaro Hashimoto of Japan

PARTICIPANTS: U.S.
William Jefferson Clinton, President of the United States
Madeleine Albright, Secretary of State
Robert Rubin, Secretary of the Treasury
Charlene Barshefsky, United States Trade Representative
Erskine Bowles, Chief of Staff to the President
Samuel Berger, Assistant to the President for National Security Affairs
Daniel Tarullo, Assistant to the President for National Economic Policy
Michael McCurry, Assistant to the President and White House Press Secretary
Gene Sperling, Assistant to the President for Economic Policy
James Steinberg, Deputy Assistant to the President for National Security Affairs
Glyn Davies, Executive Secretary of the National Security Council (notetaker)

JAPAN

Ryutaro Hashimoto, Prime Minister
Yukihiko Ikeda, Foreign Minister
Hiroshi Mitsuzuka, Finance Minister
Shinji Sato, Minister for International Trade and Industry
Kaoru Yosano, Deputy Chief Cabinet Secretary
Yukio Takeuchi, Deputy Chief of Mission to the United States
Kazuo Ogura, Deputy Foreign Minister for Economic Affairs
Shunji Yanai, Deputy Foreign Minister for Political Affairs
Masaki Orita, Director-General of North American Affairs Bureau
Hiroyasu Ando, Executive Assistant to the Prime Minister

~~SECRET~~

Classified by: Glyn T. Davies

Reason: 1.5 (b), (d)

Declassify On: 6/10/22

DECLASSIFIED

PER E.O. 13526

2016-1056-m (1.02)
4/28/2022

~~SECRET~~

~~SECRET~~

~~SECRET~~

Tadamichi Yamamoto, Director of First North
America Division
Yayoi Matsuda, Interpreter

DATE, TIME June 19, 1997
AND PLACE: 3:30-4:00 p.m.
Hyatt Regency Hotel, Denver, Colorado

Prime Minister Hashimoto: My staff is mad at me because I have told them they prepared too much material for me and I cannot read it all. First of all, though, I am grateful for the kind hospitality you are extending to me on my visit. Secondly, there are some important matters I have to raise. It says here [referring to briefing material] that I have full confidence we will make important progress on the main themes of the Summit, including the environment and African development. I offer to you to try to make our positions as compatible as possible.

President Clinton: I accept your offer. I am very pleased at the reception being given in Japan to the Interim Report on Defense Guidelines Review. It is the product of much hard work. I think it is important to make clear that our partnership favors stability in the entire region.

I want to mention a little bit about Korea. We have tentative agreement from the North Koreans to set an agenda and the date and time for a preparatory meeting for the four-party talks. This will be the first time for China to participate. This is a hopeful result of our efforts, but I have no idea why they waited 14 months to take this step given the desperate conditions in their country, especially the lack of food.

On China, we just learned today there will be a vote on MFN next week. I really think we will win the vote. We worked very hard on it. It would send a good message to the Chinese on the eve of your visit in September.

One thing we should do here -- and I hope you can do it because you have a good relationship with the Chinese -- is urge China to honor its agreement with England on Hong Kong concluded in 1984, to genuinely preserve Hong Kong's free market economy and political and human rights. If you agree, I would be pleased if we told President Jiang you and I talked about this and we agreed if China found it difficult to honor the Hong Kong agreement, it would be difficult for us, leaders in the world, to support China's accession to international economic institutions including WTO because we agreed China should have the kind of market access other members have.

~~SECRET~~

CLINTON LIBRARY PHOTOCOPY
~~SECRET~~

~~SECRET~~

~~SECRET~~

On Russia, thank you for allowing them to become a bigger part of the Group of Eight. This has been crucial in getting them to accept NATO expansion and to reduce, in principle, their nuclear stockpiles 80 percent from their Cold War highs. In keeping with my commitment with you, we will keep G-7 for such matters as finance as long as Russia does not qualify.

On the United Nations, I'm sure you know we finally got agreement from our Congress to pay back over \$800 million in arrears over a three-year period. I have two sets of feelings about this. This is a big step forward for those who control the Senate. They have not voted for anything positive for the UN in over ten years. The Foreign Relations Committee Senator Helms controls has not voted on the UN at all. Secretary Albright basically sweet-talked him into doing it. Let me say also that Madeleine and I put money in the budget to pay 100 percent of our dues, because I believe we should. But this is all we can get out of the Congress right now and, unlike you, we do not have a parliamentary system, so we cannot do more. I want to pay all we owe -- I hope we can agree [with the Congress] to put the money in some sort of a contested account [while we work out our differences].

If UN reform is done as I expect it will be, and if Kofi Annan works with the Congress as I expect he will, we can resolve this in a satisfactory way. But Jesse Helms controls the matter. So I would like to pocket this and move on from here. The legislation also mandated a reduction in the U.S. contribution. I believe some reduction is appropriate, but I do not want to do it unilaterally. I hope in some way to have it accepted at the UN. Both political parties have called for a reduction for several years. I disapprove of doing a reduction on a unilateral basis, so hope it could be agreed to.

I would like to mention two economic issues. I consider it one of the great accomplishments of the U.S.-Japan relationship over the last few years -- one you are partly responsible for in both your previous and current jobs -- that we have taken trade off of the front pages of newspapers as an issue always dividing us. There are so many issues we can be partners on, leading the world, that we cannot afford to have the trade issue dividing us again. I recognize there may be changes year-to-year. There can be internal developments in the United States and in Japan -- and certainly the last few years have been unusual both for you and -- to a lesser extent -- for us. I'm sure you know our trade deficit has gone from \$66 billion last year to \$93 billion for this year and is expected to go over \$130 billion next year. In that context it is important that we reaffirm your commitment to a policy of domestic demand-led growth and economic deregulation.

~~SECRET~~

CLINTON LIBRARY PHOTOCOPY
~~SECRET~~

~~SECRET~~

~~SECRET~~

I think it is important that we don't let it become a big political problem. We need to make early progress. I recommend that we have our ministers report back to us at the earliest possible date. We do not want to wait for the political climate in the United States to change and undermine what we have accomplished. This agreement helps in that regard.

I would also like to raise civair, where our talks will resume soon. We are still committed to Open Skies but recognize we may need a transitional period. I am willing to discuss this but we are under serious pressure. But we don't want to go to Congress to solve this cargo problem.

Prime Minster Hashimoto: I would like to be very frank with you since we are in a discussion between friends. First, I would like to report on China's reaction to the interim report on guidelines. China has a more controlled response than expected. Overall I do not see as much resistance as I had foreseen. We have a more difficult time fighting the Communist Party inside our own Diet. We ourselves will continue to make our efforts to explain to the Chinese and South Koreans, but would like your cooperation as well. I do not wish to say that I am too optimistic, because in the fall the Diet session will have to have a heated debate, but remain optimistic about achieving the final goal. And in this context, U.S. forces on Okinawa have been very responsive to our concerns; this will play an important role. Of course I committed myself to allowing Russia to join the Summit of the Eight but changes on the European front may lead to some pressures on the Asian arena as well. My last meeting in Washington was with Secretary Cohen and General Shalikashvili. We discussed how China and Russia are getting closer on defense cooperation. Emotions may have deepened Russia's sense of isolation in Europe, leading to a reduction of its military forces on national borders with China. But this is also partly about money, and we have seen an increasing armaments trade. We now have clear indications of an increase in the power of the Chinese navy and air force as a result of their license to produce SU-27s, for instance.

The Chinese navy remains essentially coastal, but it is expanding its capabilities to deeper waters, leading to concerns about the future. This will have a subtle influence on and will affect the behaviors of the ASEAN nations. For example, it will require twice as much effort as before to persuade Mr. Mahathir. Against that background it is important to have Hong Kong maintain its status even after July 1 and we on our side will continue our efforts to convince the Chinese by working in close coordination with you.

~~SECRET~~

CLINTON ~~SECRET~~ PHOTOCOPY

~~SECRET~~

~~SECRET~~

Now I am deviating from the material provided me by my advisors, but I think that in a few years there will be change in Hong Kong. I believe information from Hong Kong after conversion will be increasingly controlled. Of course even today we note mixed information -- some precise and some not, but there will be no piece of information that squarely goes against the interests of the government. I am afraid I don't have a convergence of views with the Ministry of Foreign Affairs on this matter.

You touched upon UN arrears and I am glad you have achieved an approval in the Senate to pay over \$800 million. But there will still remain some arrears. I understand Minister Ikeda and Secretary Albright discussed this, but I would like to make a simple and clear statement of our position. Our responsibilities in the UN are still limited. We are labeled as a former enemy nation so we are not willing to pay an increased burden. Of course we are fully aware of and applaud the efforts Madeleine Albright made for the improvement of our status when she was your ambassador at the UN. We are preparing ourselves for expanded responsibility in the international community. We are ready to bear a greater burden, but with the stigma of a former enemy we are not able to convince the Japanese public to support the increased assessment to us. If we were not friends, I would not be so frank, I would have packaged my remarks more nicely, with ribbons.

President Clinton: You know I have firmly supported full Japanese membership in the Security Council since before I was President. I believe the only thing holding up your membership is they can't figure out what to do with the Europeans. Japan and Germany have grown economically and hold it together, but the EU has uncertainty over the role of France and Italy. I would like to come up with a concrete strategy to get this done; if you are ready, I am ready. Some of your predecessors were perhaps not so ready as you to take on this challenge. If you are ready to take it on, I am.

Prime Minister Hashimoto: If I even dared try to shrink from my responsibility [to attain Security Council status for Japan], these officials lined up here [gestures to his entourage] would kick my rear end. I hope you do not think this is a renewal of the World War II Axis. Actually, now, Italy is trying to pull Germany down!

President Clinton: We're for it [Security Council membership for Japan].

Prime Minister Hashimoto: You touched on some economic issues. There were questions from the U.S. press [at the pool spray before the meeting began] on the trade balance. The markets

~~SECRET~~

CLINTON LIBRARY PHOTOCOPY
~~SECRET~~

~~SECRET~~

6

~~SECRET~~

remain calm despite the trade imbalance. We will continue our efforts for deregulation. As I told the press, this is not for the benefit of the United States but for our own benefit. I said the United States could offer advice, something as a matter of course between friends. I must say that Japanese diplomats are very nasty fellows! They have provided this trade information [hands out packets of material] all in English so that I don't understand a word of it! It does contain an explanation of the economic situation and I think it is good material for our ministers to draw upon. I hope Charlene [Barshefsky] will not blackmail or bludgeon Mr. Shinji Sato [Minister for International Trade and Industry] when she reads it!

On civair, I am reading an interesting novel by Michael Crichton. After reading it, you may think Open Skies is not a good idea. As we have said repeatedly, we do not agree with the proposal for Open Skies, but we are ready to discuss these matters, including cargo, on the premises that Open Skies is not the ultimate goal. You raised this at Halifax with Murayama. I think you were very candid in talking about the FedEx right to Subic. You said you were ready to discuss our aviation treaty after FedEx. Back then Open Skies was not a precondition. But we can wait until your leg fully recovers before we get into a dogfight! In the meantime, let us let the ministers discuss it. We are ready and willing to discuss it in a flexible way but without Open Skies as a precondition.

On the environment, I have to ask for your skillful chairmanship. We have the UN General Assembly Special Session on the Environment coming up after the Summit and we must avoid important differences or contrast between the major countries on environmental issues at Denver.

We will chair the Third Conference of the Parties under the UN Framework Convention on Climate Change in December in Japan. The position of the Europeans remains irresponsible. I am not sure how much we can enforce among themselves. For example, Portugal is allowed to increase its carbon monoxide emissions by 40 percent! In this context, under your skillful chairmanship, we will create the right atmosphere in Denver to create the right public perceptions.

President Clinton: I'm also very concerned about it. Environmental issues are very important in America. But the American people are just coming to grips with the issue of climate change. We have the greatest problem because our greenhouse gases have increased more than anyone else since the Rio meeting -- partly because of our rate of growth and partly because of the distance between our people and the resulting

~~SECRET~~

CLINTON LIBRARY PHOTOCOPY
~~SECRET~~

~~SECRET~~

~~SECRET~~₇

great consumption of fuel. Also, Britain and Germany have had some very easy savings.

Here is my problem. I am prepared personally to take very strong action which will not greatly affect the American economy. But with a Congress of the other party, there is no way we can bring action to bear without public opinion on our side. Given a choice, they will oppose me unless I have public support. I will work very hard to get the strongest possible statement. It will hurt the Summit if we come out divided or with a weak statement. Because the United States is such a big part of the global warming problem, I don't want to provoke a reaction in the United States. I'll give you an example of our problem. The dominant view in the Congress is that global warming is a left-wing hoax perpetrated by fuzzy-headed intellectuals. The evidence is overwhelmingly to the contrary, of course.

Prime Minister Hashimoto: I plead for your skillful chairmanship.

At the end of this meeting, I have something to give you. It is within the limits of the U.S. government's ethics code!

[Hashimoto presents gift of framed, painted cards. The meeting concluded after a brief further exchange of pleasantries.]

-- End of Conversation --

~~SECRET~~

CLINTON LIBRARY PHOTOCOPY
~~SECRET~~