

TRANSLATED_ATTACHMENT Hashimoto 1020.doc
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MEMORANDUM OF TELEPHONE CONVERSATION

PARTICIPANTS: The President
Prime Minister Hashimoto of Japan

LOCATION: Residence

NOTE TAKERS: Doug Mueller, Bonnie Glick, Tom Crowell,
Mariana Papadimitriou, Lyle
Harrison, Jim Smith, David Sandalow, Jack Pritchard

DATE/TIME: Monday, 20 October 1997, 2029-2056 EDT

The President: Hello, Ryu?

Prime Minister Hashimoto: How are you doing?

The President: I'm doing fine. I just got back from an interesting trip
to
South America.

Prime Minister Hashimoto: Have you recovered from your travels?

The President: Almost.

Prime Minister Hashimoto: How have you been coping with the
vacancy in your
heart with your daughter leaving for school?

The President: I just wait for the weekly phone call.

Prime Minister Hashimoto: We have the same situation here.

The President: And sometimes I don't wait for the weekly call,
sometimes I call
in the middle of the week. And I would be e-mailing her every day,
but her
e-mail has been breaking down.

Prime Minister Hashimoto: Well, you really have to hear the voice,
rather than
contacting over e-mail. That is why I am calling so much to New
York.

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The President: How are you doing? How are things going for you?

Prime Minister Hashimoto: Well, I'm in the middle of a parliamentary session having a hard time coping with structural reform of the Japanese fiscal situation. In the context of COP-3, I'm having a tough time with NGO's also.

The President: Well, I've been trying to keep up with it. Reform is a thankless task. I just want to encourage you that any time you want to reform, all the entrenched forces are against you and the others say you aren't doing enough.

Prime Minister Hashimoto: Thank you.

The President: But you've given Japan strong leadership and I believe you will prevail. You'll have up and downs, but you have history on your side, and I believe you will prevail.

Prime Minister Hashimoto: Indeed.

The President: I wanted to talk to you about the Kyoto Conference on Climate Change. I know that you have worked very hard to find a position that we can all agree with, and the Europeans have been a problem. For us to even get back to 1990 levels by 2010 will require us to cut our emissions by 28% which is far more than any of them will have to do. And I will have to proceed primarily with tax incentives and regulatory reform and a partnership with our private sector because the Republican majority in my Congress has not accepted the dimension of this and would not consider new taxes to move toward this goal. Nonetheless, we believe we can do quite a bit and we are committed to an aggressive effort, but I wanted to ask you for help on two points:

First of all, I have no chance of building broad support here unless there is some participation by the developing countries. If we cut our

emissions and they do nothing, by the year 2030 there will be nothing to show because China will be the biggest greenhouse gas emitter and we will start losing ground again. However, I don't believe it's right to ask them to adopt our targets or to sacrifice economic growth in the next few years, but I do think they should be asked to participate to allow joint participation. Japan, the U.S., and the EU could invest in clean energy so developed countries can invest technology in developing countries so they can grow as rapidly as they would anyway, but in a better manner, so we can share credit for joint progress. We will still have to do a lot on our own, but having joint projects with the developing countries and with the United States will help. I will say that Argentina supported this approach and agreed to work at getting other countries to help as well.

The second thing is to try to get binding targets that I have some chance of selling here in the United States. I don't think I'll be able to do much better than going back to 1990 levels by 2010, again, that would require a cut of 28%...I just don't believe I can get any support from the people who will have to do the implementing for anything stronger than that. I have been in touch with Tony Blair and Jean Chretien, and I'm supposed to talk to Helmut Kohl tomorrow. I'm going to try to get the Europeans to change their position tomorrow. There is substantial feeling in Europe that we ought to have the option of doing joint implementation with the developing countries. I might be able to get them to do more than Japan was able to earlier. We ought to try to get an agreement in Kyoto. They do not want it to be a case of political finger pointing.

Anyway, I wanted to call you because I'm hoping that you can work behind the scenes to bring us together to a point we can all agree to, and when I announce our position, which I will have to do in the next few days, as all our

negotiators are now in Bonn working on the details, I'm hoping Japan will be able to announce that the parties are working together. If you can make some kind of positive comment, it will allow us to keep working to hammer some of this out.

Prime Minister Hashimoto: I thank you very much for giving me the prior notification of the proposal you are making, and let me commend you for the serious effort you are making in this regard. We have been working to make sure that we will be able to initiate the negotiation for the obligation for developing countries as soon as possible after Kyoto. I do believe we have a good understanding of the position you are in. Quite frankly, if you are to announce your proposal to maintain the 1990 level by 2010, we will have no choice but to express our impression that further reduction levels on your part might be possible. We would very much like to be able to cooperate with the U.S. in this regard and hope in your announcement, you will leave some room for modification on this part. When I visited China in December, I had a discussion with Jiang Zemin over environmental issues in China, and we did take on the issue of technology transfer that you had referred to. I think it would be very important to listen to what Jiang Zemin has to say when he comes to the U.S. to get an idea of where developing countries stand. We are expecting Premier Li Peng in Japan in November, and I will make sure we have an exchange of views on this also. Well, I understand that you have already called Jean Chretien and Tony Blair. The call that you are going to make to Helmut Kohl I was thinking of suggesting to you. Referring to our discussion in Denver, I think it is crucial to persuade Chancellor Kohl over whatever decision we are going to make. In any case, I would like to learn more about the details of the proposal, and I'm sure that before you go public on this, we will hear from your officials the concrete

account of what you are proposing. We have been consistent in maintaining it is important for Japan to coordinate with the United States, and our position has not changed.

The President: Thank you. Let me say what I am trying to do. The proposal I am working on has support of the Environmental Defense Fund which is a very big environmental group in America, our two biggest coal burning utilities, and the natural gas industry and many other businesses, but my position is opposed by the automobile industry, labor, and coal and oil industries, and also by the more liberal environmental groups, but I have a coalition of the center here. If I have to move further, I'll lose my business support from the people who have to go out and do this, and their willingness to participate in a very ambitious implementation plan immediately after Kyoto and before this treaty even gets ratified. We should have done more earlier, I know, but we were preoccupied with the recession in the 1990s. I have got the country ready now, but it is important to have a broad coalition of support, and I don't want to be in a position in which I will lose the support of the people I need to implement this.

Prime Minister Hashimoto: Thank you very much for your call. I have to run, I have an audience with the Emperor and I think we have to talk about this issue several times before the summit.

The President: I agree with that.

Prime Minister Hashimoto: Give my regards to Hillary.

The President: OK, I will.

Prime Minister Hashimoto: I will not mention the fact that we talked on the phone to the public.

The President: I look forward to seeing you soon.

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