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Authority: NND969000
By: WPI NARA Date: 11/4/95

DEPARTMENT OF STATE
ASSISTANT SECRETARY

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~~(TOP SECRET ATTACHMENT)~~

TO : The Secretary
THROUGH: S/S *PPW*
FROM : EA - William P. Bundy
SUBJECT: Congressional Consultations on the Ryukyus and the Bonins -- BRIEFING MEMORANDUM

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There is attached briefing material for your use in the consultations with the Congressional leadership on the Bonins and Ryukyus problems. The briefing material includes:

1. Talking points (*1st clip*)
2. Briefing memorandum describing the proposed course of action and the political and military considerations underlying this action; and (*2^d clip*)
3. Attachments with specific information on related problems. (*at tabs*)

Clearance: H - Mr. Terbert
DOD/ISA - Dr. Halperin

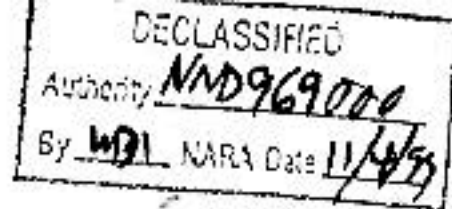
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TALKING POINTS

1. The forthcoming visit of Prime Minister Sato on November 14-15 will provide an occasion for a major review of U.S.-Japanese relations. On our part we will seek from the Japanese a greater commitment to the regional security and strength of the East Asian region and more specifically greater support on Vietnam and commitments to assume a larger share of the financial burden for regional assistance and easing our balance of payments problem. Sato appears prepared to respond positively to these approaches provided we can ease his problem by forward steps on the Ryukyus and the Bonins, particularly the latter issue.

2. Sato is under increasing and heavy public and political pressure to hasten reversion of both the Ryukyus and Bonins from a public which views continued U.S. administration over these islands as unnatural and inconsistent with a relationship between allies.

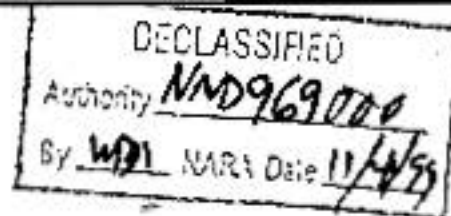
3. Sato, however, recognizes that it is not in the interest of either U.S. or Japanese security to return administration of the Ryukyus to Japan immediately and particularly during the Vietnam conflict. He seeks instead some forward motion in the Ryukyus and early return of the Bonins on the grounds that the Bonins are of far less military utility to us than the Ryukyus.

4. We have proposed to the Japanese a course of action which seeks to broaden Japan's security responsibilities in the region and accommodate to Sato's political pressures without impairing our essential security interests in East Asia. We have made it clear that this proposal is still subject to final approval by the President and that we will also be consulting with Congressional leadership prior to Sato's visit.

5. The major elements in the proposed course of action are:

a. Agreement to enter into negotiations on arrangements for return of the Bonins;

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b. Agreement to review periodically the status of the Ryukyus without committing the U.S. further to reversion; and

c. Agreement to interim measures which further identify the Ryukyus with Japan without infringing on U. S. administrative rights.

A briefing memorandum detailing the proposed course of action and the political and military justification is attached.

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BRIEFING MEMORANDUM

U.S. Proposed Course of Action on the Ryukyus and Bonins

The Japanese Government, during the forthcoming visit of Prime Minister Sato, is seeking the return of the Bonin Islands and some forward progress on the Ryukyus. We have proposed to the Japanese Government, subject to consultations with Congress and the final approval of the President during the Sato visit, the following course of action:

A. Bonins

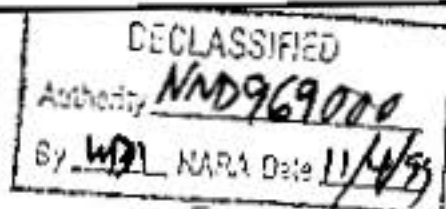
1. We would agree to enter into negotiations on arrangements for accomplishing the return of the Bonin Islands.
2. In these negotiations, we intend to retain, with Sato's prior agreement, the use of such U.S. military facilities, areas and rights as are required in our mutual security interest. Such negotiations would permit agreement on specific measures memorializing the Iwo Jima battlefield if deemed desirable, and we have reserved the right to discuss if considered necessary contingency nuclear storage on the islands.
3. Japanese would assume gradually some of the ASW and other military responsibilities on the Bonins, as they have already indicated they are prepared to do.
4. The Japanese would give us assurances that agreement to return administrative rights to the Bonins would be utilized to stem pressures for immediate return of the Ryukyus.

B. Ryukyus

1. We would not propose to enter into any further commitments on reversion of the Ryukyus, including a timetable for reversion.
2. We would agree to a new public statement on reversion relating it to the mutual security interests of both countries.
3. We would propose to review periodically with the Japanese the status of the Ryukyus taking into account

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the desire to maintain and strengthen security of the East Asian region.

4. We would agree to interim measures, not derogating from our responsibility for governing the island, for further identifying the Ryukyuan people with Japan and promoting their economic and social welfare. Specifically, we would propose to set up an Advisory Committee to the High Commissioner of the Ryukyus composed of representatives from the U.S., Japan and Ryukyu Islands Governments. This Committee would be expected to develop recommendations for removing barriers between Okinawa and Japan and minimizing the stresses likely to arise at such time as administrative rights are restored to Japan.

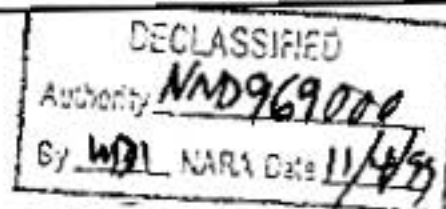
The political and military considerations motivating this proposed course of action are discussed below.

Political Considerations

The proposed course of action on the Ryukyus and Bonins is intended, first, to obtain broader Japanese assumption of regional responsibility, firmer support on Vietnam, and favorable action by Japan particularly with respect to greater assistance to Southeast Asia and to our balance of payments problem. The proposed action is, secondly, designed to avoid a major confrontation with Japan over U.S. administration of the Ryukyus and the Bonin Islands, without sacrificing our essential military interests in these islands.

Prime Minister Sato, who will visit Washington next week, together with Foreign Minister Miki, has been a strong advocate of Japan's assuming greater regional security responsibilities. Our primary objective is to push Sato to take over such responsibilities at a faster pace. Already, in his public and private statements during recent visits throughout Southeast Asia, Taiwan, Australia and New Zealand, Sato has expressed understanding and support for US policy in Vietnam. With the understanding of the Japanese administration, the US has been able without publicity to use its base facilities in Japan to support our military operations in Southeast Asia. Visits of

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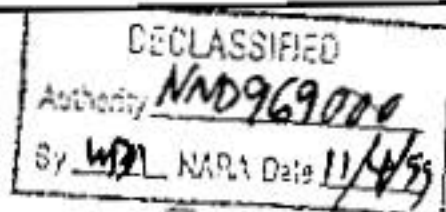
nuclear-powered submarines, once the object of noisy leftist protests have become routine, and arrangements are being made for nuclear-powered surface vessels to visit Japan early next year.

Sato and Miki have also led Japan into an increasingly active role in regional organizations. Together with the US, Japan was the principal subscriber to the Asian Development Bank (\$200 million), and they have matched our aid contribution to Indonesia and offered \$100 million to special funds for the ADB. Japan organized a meeting in Tokyo of Southeast Asian economic ministers; and it has played a constructive political-economic role in the Asian and Pacific Conference. Japan has in the past two years been helpful in easing US balance of payment difficulties. We expect increased Japanese assistance on SEA and on the balance of payments problem during the Sato visit.

Against this backdrop of cooperative action, one major question has remained unresolved between Japan and the US: reversion of the Ryukyus and the Bonin Islands. Satisfactory progress on this issue should encourage Japan to continue its cooperative stand on international problems in which the US is vitally interested. A mutually agreeable solution is also regarded by Sato as necessary to tide over the critical period around 1970, when the US-Japan Security Treaty will become open for renegotiation -- the present desire of the US and Japan is to let it remain in force (for which no action is required).

The US has retained administrative rights in these areas under Article 3 of the Treaty of Peace, while recognizing Japan has holding residual sovereignty. The Japanese no longer are satisfied, however, with the existing formula that these areas will be returned "when security conditions in the Far East permit." They regard it as too vague and offering little hope of action in the foreseeable future.

In recent weeks Japanese public opinion has focused on the Ryukyus and Bonins questions in anticipation of Prime Minister Sato's meeting with the President. Sato is under growing pressure from the public, the press, and even friendly political groups to make progress toward resolving these questions. Sato has



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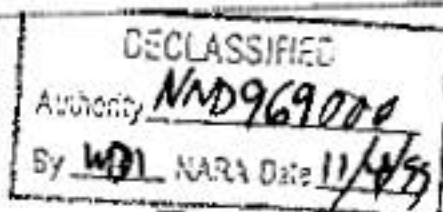
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staked a large measure of his political prestige on his handling of the reversion issue and his future position may be critically affected by the outcome of the negotiations and his presentation of the results to the Japanese public. Sato is aware, however, of the need to proceed in such a way that US-Japanese security interests are not compromised. He fully recognizes the major impediments from a security viewpoint against immediate reversion of the Ryukyus, particularly during the Vietnam hostilities. He has warned his countrymen not to expect too much, and has consequently been taken to task not only by the opposition but by conservatives for not moving fast enough.

The Japanese public considers "unnatural" the fact that one million of their fellow countrymen in an area that until the end of World War II had a status identical to that of the other 46 prefectures of Japan remain under alien rule and a disparate administrative system. Despite the Sato Government's efforts, the public tends to subordinate security considerations to popular desires for reversion. In the Bonins, formerly administrated as part of Tokyo Prefecture, some 7,000 islanders were evacuated to Japan during the war. These people were given compensation in 1961 for post-war loss of their land, but this was not viewed as a permanent solution to the problem. The Japanese have also found it difficult to understand why some 200 of Caucasian decent have been permitted to return while the others have not.

Taken together, we consider that proposed actions should demonstrate to the Japanese that the US is sincere in working toward the day when full reversion of administrative rights over both the Ryukyus and Bonins will be feasible. At the same time, we feel the package is the minimum that Sato needs to take home as earnest of forward motion to meet the strong political pressures that have been mounted in Japan on the Okinawan issue.

From the US viewpoint, a potential political problem is the return of Iwo Jima, in view of the special



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sentiment attached to it. We have discussed this with the Japanese and reserved our position on the need for special arrangements, including a joint memorial, pending congressional consultations.

Military Considerations

The proposed course of action took into full account our military requirements for bases in the Ryukyus and Bonins. The Ryukyu base complex is vital to U.S. operations in Southeast Asia today and plays a key role in our contingency plans for the defense of Japan and Korea. The bases are also important for deterring aggressive action by Communist China. The value of the bases is enhanced by our ability to launch combat operations without prior consultation with Japan, which would be required under the terms of the US-Japanese Security Treaty. We are also able to station all types of weapons there without prior consultation. While Japan has taken an increasingly realistic view of regional security needs, and much of the nuclear taboo has been overcome, opinion has not yet advanced to the point where Sato could agree to special arrangements for US base rights going beyond those in the existing Security Treaty. For these reasons, it was concluded that immediate reversion of the Ryukyus was not in our security interests.

In the Bonins, on the other hand, our installations have relatively little present military utility. US military personnel total 77 (44 Air Force and 33 Navy). The naval installation at Chichi Jima is used for ASW operations; an air station at Iwo Jima was to be turned over to the Coast Guard but the latter has been unwilling to accept responsibility and the refueling capability is to be eliminated. These facilities could be retained when the islands are returned to Japan. There are no plans to utilize the nuclear storage facility at the base unless other facilities in the Pacific Theater are denied to us. But, we have reserved the right to discuss this problem with Japan during the negotiation on specific arrangements.

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- G US-Japan Financial Relations
- H Japan and Asian Regional Cooperation
and Assistance
- I Iwo Jima
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