

7 April 1959

AGENDA ITEM 4. a. Report on Japan
b. Japan Operations Plan

NIE 41-58, "Probable Developments in Japan's International Orientation", 23 December 1958, is basically valid, although subsequent events have emphasized some of the caveats in the estimate, particularly with regard to Kishi's position and Japanese pressures for independence. No revision is presently scheduled.

STATE: Regarding Japan's foreign trade in 1958, according to final returns for January-October and preliminary data for November and December, exports amounted to \$2,876.6 million, only 0.7% higher than in 1957, and imports totalled \$3,033.1 million, showing a striking decline of 29.2%. A resumption of the upward trend in imports is expected in 1959, and there are some signs that exports may also increase. (IR #7925, 21 Jan., U; The Intelligence Analyst, Feb.,)

3.5(c)

CIA: General accord has been reached on a program, costing approximately \$100 million, to expand Indian iron ore deliveries to Japan--expected to begin in 1966 and to reach about four million tons a year. US economic assistance for the project probably will be sought. Japan has extended \$60 million in credits to India for the purchase of Japanese products, primarily industrial equipment. (CIA Daily, 1 April)

3.5(c)

ARMY: Japan and Cambodia have signed an economic assistance pact under which Japan is scheduled to furnish \$4.2 million in grant assistance over a 3-year period. Japan now has reparations agreements, or economic assistance agreements in lieu of reparations agreements, with all Southeast Asian countries except South Vietnam, with which negotiations have been underway for almost two years. Japanese commitments of over \$1.5 billion during the next 20 years, largely in the form of capital goods and equipment, make Japan second only to the US as a source of aid in Asian development. (Daily Intelligence Bulletin, 2 April)

3.5(c)

CIA: On 30 March the Tokyo District Court ruled that the stationing of US troops in Japan is a violation of the constitution, which may make it more difficult for Kishi to effect an early revision of the US-Japanese security treaty. The decision could lead to additional juridical action on the entire question of military forces in Japan. Since the government has appealed the decision it will have no immediate effect on the legal status of US forces in Japan. (CIA Daily, 31 March,)

3.5(c)

The International Committee of the Red Cross (ICRC) has decided not to screen Korean residents in Japan to determine which ones desire to go to North Korea. The Japanese government is considering direct contact between

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the Red Cross societies of Japan and North Korea under nominal ICRC auspices. (CIA Weekly, 12 March, [redacted])

3.5(c)

New proposals introduced by the USSR at the annual fishery negotiations in Tokyo on 6 March would drastically limit Japanese fishing operations in the northwest Pacific. Tokyo has flatly rejected the Soviet proposals, but Japanese officials have admitted violations of the fishery treaty and will be under mounting pressure to reach an agreement as the fishing season approaches. (CIA Weekly, 12 March, [redacted])

3.5(c)

Conservative and independent political leaders in the Ryukyu Islands are engaged in a power struggle to establish and lead a conservative political party to a majority victory in the legislative elections scheduled for 1960. This may seriously divide the conservative elements and permit moderate leftists to improve their plurality position in the legislature. (CIA Daily, 3 March, [redacted])

3.5(c)

The extreme left-wing National Federation of Students' Self-Government Associations, which has a membership of approximately 300,000 college students, is attempting to organize and train high school students as future leaders who would be free from direct Communist party control. (CIA Daily, 25 March, [redacted])

3.5(c)

Kishi told a Diet committee on 17 March that the government was studying anti-espionage laws and hoped to propose such a bill at an appropriate time. It is believed that, while Kishi will not introduce any controversial legislation until after the upper-house elections in June, it is encouraging that he publicly stated the need for such legislation. (CIA Daily, 20 March, [redacted])

3.5(c)