

EXDIS
EXDIS
EXDIS
EXDIS
EXDIS



POL 19 Ryo

DECLASSIFIED
Authority NND 969000

Department of State

TELEGRAM

~~SECRET~~ 603

PAGE 01 TOKYO 09358 01 OF 02 101356Z

ACTION COPY

50
ACTION SS 45

INFO OCT 01,CCO 00,SSO 00,NSCE 00, /046 W

109805

O R 101030Z NOV 69
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 9615
INFO HICOMRY OKINAWA

Telegram
9358
11-10-69

~~SECRET~~ SECTION 1 OF 2 TOKYO 9358

DECLASSIFIED
E.O. 13526, Sec. 3.3

EXDIS

NW 29571
By JDS NARA, Date 1-17-20

STATE FOR UNDERSECRETARY JOHNSON

TREASURY FOR SECRETARY KENNEDY FROM JURICH

SUBJ: OKINAWA REVERSION: ECONOMIC/FINANCIAL ASPECTS

REF: STATE 186208

SUMMARY: 1. AGREEMENT HAS BEEN REACHED WITHIN LIMITS GUIDELINES REFTEL. AMBASSADOR MEYER AND MINISTER SNEIDER CONCUR WITH PROPOSED AGREEMENT AS THE MOST FAVORABLE POSSIBLE TO USG AND AS CONSISTENT WITH OVER-ALL OKINAWA REVERSION GOALS. STRONGLY URGE TOP PRIORITY WASHINGTON CONCURRENCE. PROPOSED LUMP SUM AGREEMENT COMPREHENDS FOLLOWING COMPONENTS AND VALUES AS KEYED TO REFTEL: (1) CIVILIAN AND JOINT USE ASSETS - \$175M; (2) SOCIAL SECURITY (ACCRUED DEBT) - \$33M; (3) PAYMENT IN KIND FOR RESIDUAL VALUE MILITARY FACILITIES, ATTRIBUTED TO POSSIBLE MILITARY RELOCATION AND OTHER UNSPECIFIED COSTS TO US RELATED TO REVERSION - \$200M; (4) CURRENCY SUBSTITUTION - \$112M.

2. PROPOSED AGREEMENT WITH GOJ THUS TOTALS \$520M, WITHOUT AGGREGATING ADDITIONAL \$165M FROM SEPARATE DISPOSITIONS BOR AND POL AND USG BUDGETARY SAVINGS FOR FIVE YEARS AFTER REVERSION. GRAND TOTAL PROPOSED AGREEMENT THUS WOULD BE \$685M. END SUMMARY.

1. AGREEMENT IS IN FORM OF MEMORANDUM OF UNDERSTANDING TO BE ACKNOWLEDGED ORALLY TO JURICH ON NOV 12 BY FUKUDA AND CONFIRMED IN WRITING BY KASHIWAGI SEVERAL WEEKS AFTER SATO-NIXON MEETING.

①

~~SECRET~~

NOT TO BE REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY

EXDIS
EXDIS
EXDIS
EXDIS
EXDIS



Department of State

DECLASSIFIED
Authority NND 969000

TELEGRAM

~~SECRET~~

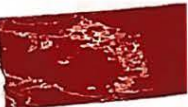
PAGE 02 TOKYO 09358 011 OF 02 101356Z

REASON FOR THIS PROCEDURE IS COMBINATION GOJ CONCERN THAT VI-
BILITY PRE-COMMUNIQUE FINANCIAL DISCUSSIONS BE KEPT TO ABSOLUTE
MINIMUM AND FUKUDA'S UNDERSTANDING THAT SECRETARY KENNEDY AGREED
AT FAIRFIELD FARM TO ACCEPT HIS ORAL COMMITMENT. WE BELIEVE
THAT WE MUST ACCEPT BOTH GOJ CONCERN AND FUKUDA'S UNDERSTANDING
AS VALID. ACCORDINGLY, WE PROPOSE FOLLOWING SCENARIO, WHICH WE
BELIEVE FULLY ADEQUATE FOR OUR PURPOSES:

- A. JURICH-KASHIWAGI AGREEMENT ON CONTENTS MEMORANDUM - TUESDAY
EARLY AFTERNOON.
- B. JURICH-FUKUDA MEETING WEDNESDAY MORNING. FUKUDA TO ACKNOW-
LEDGE THAT MEMORANDUM CONSTITUTES HIS AGREEMENT WITH SECRE-
TARY KENNEDY.
- C. JURICH-TO-KENNEDY MEMORANDUM OF CONVERSATION OF WEDNESDAY
MEETING.
- D. WE PROPOSE ALSO ON TUESDAY TO LET KASHIWAGI KNOW, IN REASON-
ABLY DELICATE WAY, THAT JURICH-KENNEDY MEMCOM BEING PREPARED
AND WHAT ITS CONTENTS ARE. WILL OFFER COPY OF MEMCON TO KASHI-
WAGI FOR HIS INFORMATION BUT PLAN NOT TO INSIST THAT HE ACCEPT
IT.
- E. IN EARLY DECEMBER KASHIWAGI TO PASS THROUGH WASHINGTON AND
CONFIRM MEMORANDUM WITH JURICH BY JOINTLY INITIALLING.

2. COMMENT ON PROPOSED SCENARIO -- WHILE THIS PROCEDURE OBVIO-
USLY NOT IDEAL WE HAVE NO FEAR THAT FUKUDA WILL BACK AWAY FROM
AUTHORIZING KASHIWAGI TO CONFIRM MEMORANDUM POST-COMMUNIQUE.
FUKUDA IS PREPARED TO GIVE US HIS WORD ON THE MATTER. IT CLEARLY
WOULD BE BOTH DEMEANING AND DANGEROUS TO INSIST ON SIGNATURE
NOW GIVEN FUKUDA'S PERSONAL COMMITMENT TO SECTY KENNEDY. RE-
QUEST APPROVAL OF PROPOSED SCENARIO.

3. MEMORANDUM OF UNDERSTANDING FOLLOWS: QTE MEMORANDUM OF UNDER-
STANDING BETWEEN THE MINISTRY OF FINANCE OF JAPAN AND THE UNITED
STATES TREASURY, DECEMBER -----, 1969. REPRESENTATIVES OF THE
MINISTRY OF FINANCE AND THE DEPARTMENT OF THE TREASURY HAVE
HELD CONVERSATIONS CONCERNING THE PRINCIPLES TO BE FOLLOWED BY
BOTH SIDES DURING THE DETAILED NEGOTIATIONS CONCERNING CERTAIN
ECONOMIC AND FINANCIAL ASPECTS OF THE REVERSION TO JAPAN OF AD



PAGE



~~SECRET~~

REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY

BOTH COMMONS AND REPR
DEPARTMENT OF STATE
UNITED STATES OF AMERICA

DECLASSIFIED
Authority AND 969000

Department of State

TELEGRAM

~~SECRET~~

PAGE 03 TOKYO 09358 01 OF 02 101356Z

MINISTRATIVE RIGHTS IN OKINAWA. AS A RESULT OF THESE DISCUSSIONS, THE REPRESENTATIVES HAVE REACHED THE UNDERSTANDING OUTLINED BELOW.

- 1. PURCHASE OF CIVIL AND JOINT USE ASSETS 175
 - A. POWER CORPORATION
 - B. R D L C
 - C. WATER CORPORATION
 - D. ADMINISTRATIVE STRUCTURES
 - E. ROAD SYSTEM OUTSIDE BASES
 - F. SUCH NAVIGATION AND COMMUNICATIONS AIDS AS MAY BE AGREED UPON

(NOTE)

- (1) EACH SIDE MAY CHOOSE TO ATTRIBUTE AND ASCRIBE DIFFERENT VALUES TO THE COMPONENTS OF THE CIVIL AND JOINT USE ASSETS.
- (2) TOTAL WOULD INCLUDE ANY INCREMENTS THROUGH THE REVERSION DATE.
- (3) PAYMENTS IN CASH OVER AGREED NUMBER OF YEARS.
- (4) U.S. INTEREST IN RYUKYU BANK AND P O L FACILITIES TO BE DISPOSED OF. IN THE EVENT OF A SALE, THE USG TO FIX THE ASKING PRICE, WHICH SHALL BE A REASONABLE PRICE AND NOT AN ARTIFICIALLY HIGH PRICE WHICH WOULD, IN EFFECT, NULLIFY THE PREEMPTIVE RIGHTS DESCRIBED BELOW.
 - (A) RYUKYUAN PERSONS WILL HAVE PREEMPTIVE RIGHTS TO BUY SOME OR ALL OF RYUKYU BANK SHARES AT ASKING PRICE.
 - (B) ANY BALANCE REMAINING AFTER THESE ASSETS MAY HAVE BEEN OFFERED FOR SALE TO RYUKYUANS TO BE SOLD BY PUBLIC AUCTION IF NOT FULLY TAKEN UP BY RYUKYUAN PEOPLE.

~~SECRET~~

NOT TO BE REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY

EXP-15

DECLASSIFIED
Authority NND 969000



Department of State

TELEGRAM

EXDIS
EXDIS
EXDIS
EXDIS
EXDIS

~~SECRET~~

PAGE 04 TOKYO 09358 01 OF 02 101356Z

(C) ANNOUNCEMENT OF SALE OF ABOVE ASSETS IS NOT TO BE MADE UNTIL AFTER SUBSTANTIAL SETTLEMENT OF ASSETS QUESTION IS REACHED AND CAN BE ANNOUNCED PUBLICALLY.

(D) THE SPECIFIC METHOD OF DISPOSITION OF THE P O L FACILITIES HAS NOT YET BEEN DECIDED UPON.

(5) SINCE THE UNITED STATES GOVERNMENT, AFTER NOVEMBER, 1969, MAY BE IN NEED OF FUNDS TO FINANCE PROJECTS IN THE RYUKYUAN ECONOMY, THE USG AND THE GOJ WILL CONSULT AS TO THE EFFECT OF DISPOSITION OF ANY OF THE CIVILIAN AND JOINT USE ASSETS PRIOR TO REVERSION FOR SUCH NEEDS. SUCH DISPOSITION, IF ANY, WILL BE CARRIED OUT AFTER CONSULTATION; AND PROCEEDS OF ANY SALE WILL BE DEDUCTED FROM THE \$175M AGREED TO BY THE GOJ.
MEYER

~~SECRET~~

NOT TO BE REPRODUCED WITHOUT THE AUTHORIZATION OF THE EXECUTIVE SECRETARY