

THE FSX QUESTION IN JAPAN—US RELATIONS

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C E R T I F I C A T E

Certified that the dissertation entitled "THE FSX QUESTION IN JAPAN-US RELATIONS" submitted by Mr. SRINIVASA CHAKRAVARTHY DASARI is in partial fulfilment of Master of Philosophy of this University. This dissertation has not been submitted for any other degree to any other University and is his own work.

We recommend that this dissertation be placed before the examiners for evaluation.

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PREFACE

Japan-US relations have witnessed serious strains in recent years, notwithstanding the continuance of the bilateral security alliance that has bound them together since 1951. While swiftly changing international relations have considerably altered the complexion of the alliance, the emergence of Japan as an economic giant has subjected it to growing pressures. Japan's continuously mounting trade surplus has inevitably led Washington to seek relief in the form of expanded Japanese role in the security area accompanied by substantial military purchases from the US. The growth of Japan's technological prowess has also been seen as posing a serious threat to different high technology sectors like electronics, microcomputers, civil aviation, etc. To be sure, the FSX (Fighter Support Experimental) question started essentially as a subject within the ambit of Japan-US defence cooperation. But later, Washington, which feared that Tokyo was keen to develop the next generation fighter aircraft on the basis of its own technological capabilities, brought up the question of Japan's surplus trade as a bargaining point to seek a joint development programme for FSX. The FSX issue brought into sharp focus the basic clash of interests between the US, which was anxious to restrict the potential Japanese challenge in the aviation industry and Japan which was very keen to make headway in that sector.

In Japan the question of developing a new type of aircraft arose during the early 1980s. As part of the modernization programme under the National Defence Policy Outline (NDPO) 1976, it was felt that Japan should opt for a new system of sophisticated aircraft in the Air Self Defence Force (ASDF) to improve its own security and to replace the present F-1 fighters, which were getting obsolete. The 1981 joint communique between Prime Minister Suzuki Zenko and President Ronald Reagan underlined the willingness of Japan to undertake the safety of the sea around Japan extending upto one thousand nautical miles. The Japanese government felt that in order to meet new responsibilities in the future, it had to develop a sophisticated aircraft. Some of the defence related firms like the Mitsubishi Heavy Industries also evinced great interest in the development of the next generation fighter aircraft and started studying the question seriously. When the FSX selection process started in 1985, the initial reaction of the US government appeared to be favourable. But by the middle of 1986 serious criticisms were voiced in US Congress and press against the independent development of the FSX by Japan. The US government, therefore, modified its earlier position, and negotiations were soon started between the two governments. When in October 1987, Kurihara Yuko, the Director General of the Japanese Defence Agency and Casper Weinberger, the US Secretary of Defence met in Washington, the former showed his inclination to support joint development

programme. After prolonged negotiations an agreement was reached on November 29, 1988, called the Memorandum Of Understanding (MOU) wherein both agreed that F-16 of the General Dynamics of the US would be the model for the FSX. The understanding, however, did not determine the respective shares of the two countries in the development of the major parts of the aircraft.

But with the advent of new Bush administration in January 1989, influential segments both in congress and the Press questioned the terms of the MOU and vigorously campaigned for a reexamination of the November agreement. Under severe pressure, negotiations were started by the two governments on the following points raised by the US that Japan should (a) accept US restrictions on the transfer of information on basic flight control software for F-16 fighter; (b) guarantee a maximum share for the US at the production stage and (c) assure that it would make new technology derived from the project available to the US. An agreement was reached on 28 April 1989 and Japan accepted the terms of the US. It was approved by the Congress and the exchange of agreement went into effect on the June 1, 1989.

In the selection process and joint development of the next generation fighter aircraft, there were sharp differences within the Japanese government agencies. The Japan Defence Agency (JDA) and the Ministry of International Trade and Industry (MITI) strongly opted for independent project, but the Foreign Ministry

favoured joint development with the US. Bureaucrats played an important role in the decision-making process. The Japanese political parties evinced considerable interest in the subject, but were too preoccupied with the political controversy arising out of the Recruit Cosmos scandal to devote their usual attention to this question. However, many leaders of the ruling Liberal Democratic Party (LDP) followed the FSX issue carefully. The business leaders attached utmost attention to this issue and strongly advocated the need for Japan to develop the new fighter aircraft on its own. The Mitsubishi Heavy Industries and other business firms were disappointed with the government's decision on the joint development.

In the initial period the American government under Reagan kept the FSX issue apart from the trade question. But after January 1989 the new administration under Bush showed strong tendencies to strike a linkage between the two, because there were formidable pressures exerted on him particularly by Congress and the Department of Commerce. One may state that this linkage between trade and defence ultimately clinched the FSX issue in favour of the US.

The FSX Question has been a subject of acrimonious debate both in Japan and the US during the last few years. The present work attempts to focus attention on the way the FSX issue arose and the channels through which it was negotiated. It seeks to

analyse in depth the respective viewpoints of the two countries. It would carefully examine how the domestic forces in Japan were strongly committed to develop FSX independently. But, a compromise had to be struck in the face of severe pressure exerted by the US for a joint development. And due consideration would also be given to examine the sources of pressure coming from the US.

The dissertation, in all, consists of three main chapters besides concluding remarks.

The first chapter presents the background of the Japan-US defence cooperation. It also examines the causes for the need for the sophisticated aircraft.

The second chapter deals with the detailed coverage of negotiations. It also examines the factors which influenced the negotiations.

The third chapter deals with the attitudes of the political parties, business world and media in Japan and the United States toward the FSX Question.

The methodology adopted has been analytical rather than descriptive. The focus of study is on Japan-US relations with special reference to the controversial question of FSX Fighter Development Project. The various "Defence White Papers" issued by the Defence Agency, Diet Discussions and Congressional Debates

were very much helpful in completing this work in addition to other Secondary Sources like press releases of Government of Japan, opinion of Political Parties and various articles published in different journals etc. Further, discussions with eminent academicians in the field proved extremely helpful in preparation of this work.

CHAPTER - I

Chapter-I

INTRODUCTION : THE NEED FOR A NEW TYPE OF SOPHISTICATED AIRCRAFT (FSX)

The subject concerning the development of the next generation fighter aircraft (FSX) in Japan has been a source of considerable irritation in Japan-US bilateral relations. Though, the FSX issue fell within the ambit of bilateral defence cooperation, it got mixed up with other issues like trade friction etc. The US Department of Defence showed a strong inclination that the FSX should be produced from U.S. technologies. But, in Japan the Japan Defence Agency (JDA) and private industrial houses favoured the production of FSX on the basis of Japanese skills and technologies. After tortuous negotiations, a decision in favour of Joint development was arrived at.

Before we examine the different aspects of the FSX Question, it would be useful to briefly consider the evolution of U.S. - Japan cooperation in the field of defence.

The foundation for the Japan U.S. defence cooperation was laid by the mutual security treaty of 1951. Though Article IX of the post-war 'Peace Constitution' prevents Japan from maintaining land, air and naval forces of any size, whatsoever, it has built up an impressive defence system with the active support of the U.S.. After the war, the economic & political

conditions were not favourable for Japan to develop its own defence. When in 1952 Japan attained sovereignty, it had already entered into a security treaty with the U.S.. The Allied Powers did not wish Japan to rearm again because they feared that the revival of Japan's military strength would again pose a threat to the neighbouring countries.

However, as Japan started finding its political and economic moorings, it formulated the basic national defence policy in 1957. It took into account Japan's domestic and external conditions and their impact on defence capabilities. The policy spelt out clearly that its aim was to prevent direct and indirect aggression, so that the independence and peace of Japan founded on democratic principles could be preserved. During 1956-76 Japan had drawn up four defence build-up plans, all of them aiming at quantitatively increasing defence capabilities with specific targets.

In 1976 the National Defence Program Outline (NDPO) was adopted, which was a major landmark in Japan's defence policy. The outline emphasized the need for Japan to maintain a defence capability within the scope permitted by the constitution. The Outline stipulated that Japan would (a) depend on the United States for nuclear deterrence (b) secure U.S. cooperation against large-scale conventional aggression and (c) maintain enough capability to cope effectively with situations upto the point of a limited and small scale aggression on its own. A very

important feature of the Outline was the introduction of a new concept called 'Standard Defence Forces Concept' which stressed the importance of qualitatively improving the defence capability in maintenance and operation of defence functions".¹ In order to promote better coordination, both Japan and the U.S. established a sub-committee on defence cooperation in 1976.

In 1978 Japan and the U.S. adopted a detailed set of guidelines for wider cooperation. The changing conditions around Japan and America's East Asian Policy gave rise to scepticism among the Japanese about their dependence on America for their Security. The most important factor behind the adoption of the guidelines was undoubtedly the potential "threat" perceived from the Soviet Union. The preface to Japan - U.S. Defence cooperation clearly says that "in order to maintain the reliability of Japan - U.S. security arrangement and secure their smooth operations, it is essential that the Japanese and U.S. officials keep close contact with each other on the prevailing international situation and on various problems pertaining to the security of the two nations, including those related to the operations of security treaty and its related arrangement".²

The guidelines only represent the modalities of defence cooperation between the two countries but not a "bilateral

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1. Kesavan K.V., Japanese Defence Policy Since 1976: Latest Trends (Canberra papers on Strategy and Defence, 1984), P.2.
 2. Defence of Japan, (Defency Agency, Tokyo), 1979, p.165.

government level agreement", the disposition of which "is left to the judgement of the respective governments of Japan and the United States.³

The guidelines adopted in November 1978 were centred mainly on three aspects of cooperation missing in different situations. They are:

- (i) Action to be taken when armed attack is imminent;
- (ii) Action to be taken when attack has really taken place;
- (iii) Action to be taken jointly in response to the changes in the Far-Eastern region that will have influence on Japan.

I Action When an Armed Attack is imminent: Japan will possess an appropriate degree of defence capability necessary for self-defence and ensure the effective use of facilities and areas in Japan by the US Forces. There will be joint exercises and training, development and exchange of intelligence, and close coordination in matters like supply, transportation etc.

II Action when an armed attack has taken place: As noted earlier, Japan's response will depend upon the scale of the threat. If it is a limited threat, Japan will cope with it on the basis of its own capability. But if it is a large-scale threat, the SDF and the US will make preparations in order to ensure coordinated joint action, including the setting up of a

3. Defence of Japan, 1979.

coordination centre between the two military forces. The functions of the two forces are clearly specified in ground, air and sea operations.

III US-Japan cooperation in dealing with changes in the Far Eastern situation: Any change in the Far Eastern region outside of Japan will be a subject of assistance to be extended to the US Forces. Such studies will include joint use of the SDF bases by the US Forces.⁴

The guidelines have broadened the area of joint cooperation. As one writer stated, 'In all thirty years of the joint arrangements, it was never really defined upto now, to what extent Japan should offer facilities as set out in the treaty.'⁵

Under the Mutual Defence Assistance Agreement of 1954 Japan has received military technology for manufacturing and import of defence equipment under license from the US. To name a few, Japan's defence manufacturers have produced such items like CH-47D helicopters, F-15J interceptors, P-3C Orion maritime patrol planes, sea-sparrow missiles, 214 ST Model helicopters etc. under license from the United States.⁶

For a long time the transfer of technology had flowed

4. Op.cit., Kesavan K.V., p. 17.

5. Ibid.

6. Defence of Japan, 1985, p.163.

only in one direction—from the U.S. to Japan. During the 1950s the question of transfer of Japan's technologies to the US did not arise. Later in the 1960s and 1970s Japan had made considerable technological capabilities, But in 1967, it adopted three principles which laid down that Japan (a) would not export weapons or military technology to any communist country; (b) would not export to countries that did not adhere to the UN Charter, and (c) would not export to countries likely to be involved in an international dispute.⁷ And these three principles were reiterated by Miki's government in 1976

Because of these principles, the Japanese leaders refused to entertain US demands for transfer of technology in the military field. But the US government had always put pressure on the Japanese to relax its policy on the arms export front and to accommodate the American demands.

Under strong pressure from the US, the Japanese government officially announced its decision on January 14, 1983 to furnish arms technology to the United States in the future.

In November 1983, both US and Japan exchanged notes on the transfer of technology and the Nakasone government took a decision to transfer technology to the US. The US and Japan agreed to set up a Joint Military Technology Commission. The

7. Op.cit., Kesavan K.V., p. 24.

Commission was assigned the task of deciding and recommending the items of technology to be transferred in response to US request.

Though, Japanese opposition political parties strongly criticized the government's decision on signing the agreement for transfer of technology, Nakasone government went ahead with its decision.

Under this agreement Japan decided in 1986, to participate in US-Strategic Defence Initiative by allowing its companies to conduct research under contract with the US Defence Department.

The Strategic Defence Initiative (SDI) of the United States, is a research program to study the feasibility of a system to render ballistic missiles ineffective by non-nuclear defence means and to pursue ultimate elimination of nuclear weapons. In July 1987, Japan signed a Japan-US Inter-governmental agreement on Japan's participation in the SDI research program, on a one - Year term, in the western pacific Defence Missile Architecture study as part of the SDI research program.⁸

Public reaction in Japan was not positive, and the opposition parties and the media were also opposed to the decision.

8. Diplomatic Blue Book (Ministry of Foreign Affairs, Government of Japan, Tokyo), 1989, p.174.

U.S.-Japan defence relations were stronger during the Nakasone's period. During his tenure, actual increases in defence capability resulted from the execution of the 1986-90 defence plan, the removal of arbitrary barriers to the continued steady growth of Japan's defence effort, the legislation of the transfer of Japanese military technology and the encouragement of the flow of commercial and military technology to the United States, and the commitment to find new legal ways to support United States forces in the defence of Japan.⁹

However, US had been asking Japan to increase its defence budget, but Japan could not increase its defence budget because of its self-imposed one percent of GNP, and the compulsion of domestic factors. For the first time in 1987, the Japanese Defence budget was increased from one percent of GNP to 1.004 percent. It came under serious criticism both from Japan and its neighboring countries.

But, in the field of military technology, Japan started showing greater interest for strengthening defence cooperation with the US.

In Japan, the question of developing a new type of aircraft arose during the early 1980s. As part of the modernization programme under the NDPO, adopted in 1976, it was

9. James E. Auer, "Japan's Defence Policy", Current History (Philadelphia), vol.87 no.528, April 1988, p.181.

felt that Japan should opt for a new system of sophisticated aircraft in the Air Self-Defence Force (ASDF) to improve its own security and to replace the present F-1 fighters, which were getting obsolete.

President Reagan and Prime Minister Suzuki Zunko met in May 1981 and in their joint communique, they acknowledged the appropriateness of a rational division of labour in defence. The US welcomed Suzuki's statement that Japan could "within the framework of the constitution protect its sea-lanes of communication (SLOC) to 1,000 miles and would do so as a national policy".¹⁰

In September 1985, Japan adopted a five year defence build-up plan for the period (1986-90) providing for a steady build-up plan, particularly, in air and naval forces.

The 1986-90 Mid-Term Defense Estimate (MTDE) proposed significant improvements for the three branches of the Japan self-Defense forces. The Estimate (1986-90) included weapons that would extend Japan's defense capability further offshore in accordance with Nakasone's concept of an ocean defense of the archipelago.

To extend the air defence capability around the Japanese main islands, the 1986-90 MTDE called for:

¹⁰. Ibid., p. 146.

- (a) increasing the number of modern front-line F-16 fighter interceptors, the most modern aircraft flown by the United States Air-force, to 200;
- (b) modernizing the approximately 100 F-4 phantom interceptors, thus providing Japan with a total of 300 capable, tactical fighters (200 F-15's plus 100 F-4's);
- (c) research on the acquisition of 100 state-of-the-art air-to-surface support fighters to use in the 1990's over the Sea against invasion;
- (d) research on the acquisition of tanker aircraft to increase the effective near of the 600 interceptors and air-to-face fighters Japan would have in the 1990's;
- (e) replacement of the surface-to-air Nike-J missiles with the United States Army's modern Patriot System;
- (f) research on an extremely long-range Over-the-Horizon Radar (OTHR) system capable of early detection of aircraft operating in a broad area of Soviet Far Eastern airspace; and
- (g) acquisition of additional short-range, early warning aircraft capable of detecting low-flying aircraft like the Soviet MIG-25, which landed in Hokkaido without detection in 1976.

The Estimate also envisage the expansion of sea defense by:

- (a) increasing the number of destroyer-type surface ships from 50 to 60, almost three times as many as in the United

- States Seventh Fleet, which has responsibilities for the entire western Pacific and Indian oceans;
- (b) acquiring two guided missile destroyer type ships with the United States Navy's State-of-the-art Aegis air defense systems.,
 - (c) doubling the number of modern United States Navy P-3C Anti Submarine Warfare (ASW) aircraft, bringing the total to 100, about four times as many as the United States has in the Seventh Fleet.

The ability to counter an invasion, the principal responsibility of the Ground Self Defense Force was also to be strengthened with the acquisition of new domestically designed tanks, the latest United States Army antitank helicopters and other associated equipment.¹¹

The need for Sophisticated Aircraft and FSX selection arose at this critical stage in the development of Japan's defense cooperation. One has to examine the factors that necessitated Japan to go in for the FSX Selection.

Though, Japan has made spectacular technological progress in fields like automobiles, electronics, semi-conductors, and computers during the post-war years, it has not

11. Details of the 1986-90 MTDE are contained in Japan Defense Agency, "The Mid-Term Defense program (Fy 1986-90)", Defense Bulletin, published by the JDA, vol. 9, no. 1 (September 1985).

made impressive strides in the aircraft industry. The development of aircraft industry in Japan has been modest. A quick look at the Japanese aerospace industry would be useful now.

Aerospace industry was strong during the Second World War. Until the end of the War, Japan's aerospace and military industries compared fairly well with other Western countries. There were twelve independent airframe producers and seven manufacturers in 1944.¹² Even during the War, Warframe Zero fighters were produced in Japan. After the War, the occupation authorities banned all aircraft manufacturing industries. The major manufacturers broke up into smaller, less threatening enterprises. The ban was lifted after seven years, but by that time the west had made technologically advanced aircraft. Japan failed to develop the industry because of reasons like the lack of domestic demand, the strong position of the U.S., the ban on the military exports and lack of experience with aircraft designs and other technological advances.

Despite a prolonged domestic debate over the merits of defense production, however, Japan's rearmament was started in 1954. But, the arms industries did not play a key role in the Japanese economy, as the government barred the export of armed

12. Samuels, Richard J. and Whipple, Benjamin C., "The FSX and Japan's Strategy for Aerospace", Technology Review, (Cambridge), Vol. 92, no. 7, October 1989, p.44.

and weapons technology. After the Korean war, Japanese firms began producing spare parts for overhauling warplanes. During the period 1950-83, an estimated \$ 10 billion in advanced technology entered Japan by means of licensed production in defence contracts.¹³ Since the share of military related production was still small, only 5.8 percent was allocated for most suppliers such as Mitsubishi Heavy Industries. An exception, however, was the aerospace industry which had been singled out by the Ministry of International Trade and Industry (MITI) as a growth industry eligible for special state subsidies.¹⁴

Later, Japan began producing under license the sophisticated U.S. designed combat planes for its military the Korean war Vintage F-86 sabrejet, F-104 in the late 1960s, the F-4 Phantom in the 1970s, and the F-15 starting in 1981.¹⁵ The Japanese aerospace industry depended on the Defence Agency (JDA) for its orders. The FSX project offered a crucial opportunity to promote Japan's aircraft industry. That is why, Japanese aircraft manufacturers proposed the domestic development of the

13. Corning Gregory P., "U.S.-Japan Security Cooperation in the 1990 : The Promise of High Tech Defence", Asian Survey (Berkeley, Calif.), Vol. XXIX, no. 3, March 1989, p. 278.

14. Ibid., P.279.

15. Towell Pat., "Japan's Technology", Congressional Quarterly Weekly Report (Washington, D.C.), 11 March 1989, p. 536.

next generation support fighters. Further, FSX would provide Japan a welcome opportunity in world aircraft industry. The total aircraft production in Japan, in 1986 amounted to just \$3.9 billion was only one twentieth of the value in the United States. The Japanese aircraft industry estimated that development costs alone for the new fighter would be \$1.3 billion. The planes would sell for about \$38 million each and the Japanese Defence Agency expected to order about 100 aircraft.¹⁶ So, the Japanese aircraft manufacturing industry strongly opted for the domestic development. MITI also opted for independent development to improve its own defence technology and to develop the aircraft industry which was lagging far behind those in the Western Countries.

The Japanese Air Self-Defence Force was determined to build the new fighter for several reasons. Today, the Japan Air Self-Defence Force (JASDF) flies three different fighters, the F-4J and F-15J designed in the United States and co-produced in Japan in the 1950s and 1960s respectively. The third type - the F-1 was the first produced fighter plane in Japan, and it is a smaller, slower and less capable aircraft and it was first flown in 1977.¹⁷ But, by the early 1980s JASDF felt that Japan should

16. Naoaki Usui and Griffiths Dave., "Japan's New Jet Fighters Will Be Homemade", Business Week (New York), 17 November 1986, p. 82.

17. Op. cit., Samuels, Richard J. and Whipple Benjamin C., p.46.

opt for a new system of sophisticated aircraft to improve its own security and to replace the present F-1 fighters, which were getting obsolete. It decided to replace some of the F-4Js also. When the JDA decided to phase out the F-1 fighter earlier than anticipated, the formal requirement for the FSX was born. The FSX will be deployed in the late 1990s, by that time the advanced F-16 and other tactical fighters would be more than 20 years old approaching the end of their operational life. Neither the United States nor the Western Europe has yet developed a replacement model.

According to the Defence Agency the FSX could be used "to prevent the enemy from landing in Japan and to support her ground forces by attacking from the air, the enemy units that have landed 'with a secondary role as an air combat interceptor'.¹⁸ Its deployment is scheduled to start in 1997 and its selection required a long term assessment of Japan's strategy in the changing military environment of East Asia. It is important to note how Japan's perception on the USSR as a possible "threat" had some bearing on the FSX Question.

The soviet invasion of Afghanistan in late 1979 caused serious concerns about Japan's role in international security. After some serious domestic debates, Japan decided to fall in

18. Shinji Otsuki., "Battle Over the FSX Fighter who won?", Japan Quarterly, April-June 1988, p.140

line with the U.S. Policy of enforcing sanctions against the Soviet Union. At the same time, the Soviet Union started increasing its forces in the Far East and Western Pacific. Tokyo naturally considered all this as a source of threat to its security. The number of SS-20 missiles in Asia was increasing, as was the frequency of Soviet military flights around the Japanese archipelago. The Japanese Air Self Defence Force for instance, "Scrambled" against approaching Soviet military aircraft between 850 to 900 times a year.¹⁹ The Japanese felt insecure.

But what irritated the Japanese was the pace at which Moscow had developed military bases in the disputed Kurile islands. The ground forces deployed in the islands had already reached the size of a division. In addition, the Soviet Union had deployed missiles, tanks, long-range 130mm cannons, helicopters, etc.²⁰ The growth of Soviet military strength made the Japanese very uneasy. So, Japan started expanding its own defence forces to counter the growth of Soviet military power in the Far East Asia. The JDA was keen to develop its own technologically advanced FSX to counter the Soviet challenge.

Another important reason should be seen in the role of

19. Nishinara Masashi, "Nakasone's Impact And Japanese Security Policy", Asian Defence Journal, January 1989, p.38.

20. Op.cit., Kesavan K.V., pp. 5-6.

electronics in the production of up-to-date weaponry. Electronic components including ICS are vital to guide and control systems for sophisticated weaponry.²¹ However, in the case of SDF, in FY 1980 the share of electronics in total weapon cost was 23 percent for the T-74 tank, 21 percent for the F-4 aircraft, and 40 percent for the p-3C aircraft²². So, many Japanese electronic companies showed interest in providing supplies for the FSX project in the field of high technology.

Finally, the shipbuilding industry in Japan was in a difficult state. As part of the worldwide decline in the industry, new ship orders in Japan declined by 90 percent during the period 1973-78.²³ The aircraft industry drew the utmost of the government. It was very clear that the Japanese needed the sophisticated aircraft to improve their defence capabilities, and to develop their own aerospace industry.

The FSX project was first conceived in 1982 in response to the dissatisfaction of the Japanese Air Self Defence Force (JASDF) with the Mitsubishi F-1 support fighters. By the turn of the 1980, Japan had emerged as a technological giant. Further, the US government was systematically prodding Japanese to

21. Op. cit., Gregory, Corning. P., p. 278.

22. Ibid.

23. Ibid., 279.

undertake new responsibilities in the security sphere. Japan was asked to expand air power to protect its territory, airspace, coastal waters, and sea-lanes upto one thousand aeronautical miles as agreed to by President Reagan and Prime Minister Suzuki²⁴. The Japanese government felt that in order to meet new responsibilities in the future, it had to develop a sophisticated aircraft. Some of the defence related firms like the Mitsubishi Heavy industries (MHI) also evinced keen interest in the development of the FSX and the government started studying the FSX question seriously. It is important to know how the FSX selection process was undertaken.

There was a basic difference in the perceptions of the Ministry of Foreign Affairs (MOFA) on the one hand and the Defence Agency and Several Private companies involved in the defence on the other, Actuated largely by diplomatic considerations, the MOFA believed that it would be wise to develop FSX in collaboration with the United States. It felt that working in close coordination with the US would also assuage Washington in matters relating to bilateral trade friction. But the Defence Agency and particularly the ASDF coupled with several business enterprises felt that Japan should develop FSX with indigenous technologies. They feared that the United States would be very tough if Japan sought joint development with it.

24. Kansuke Ebata, " Dogfight Over the Pacific", Tokyo Business Today (Tokyo), April 1989, p. 14.

It should be noted that the Technical Research and Development Institute (TRDI) had already in 1970s begun funding next generation fighter studies primarily to identify needed technologies. On the basis of its findings, the Agency embarked upon an ambitious programme to correct domestic deficiencies and foster indigenous expertise in fields such as advanced metallurgy, composite materials, stealth technology avionics and CCV.²⁵

The FSX selection process was started in 1985. In January 1985, the JASDF Commissioned the TRDI to undertake a study of domestic development of the next generation support fighter. In September 1985, the TRDI submitted its report, which stated that "domestic production of the replacement fighter was feasible and that it could be completed within ten years".²⁶ Finally, on September 18, 1985, the Japanese government decided to open deliberations on the choice of a successor to the F-1 fighter and the Defence Agency was asked to review all the possible options. The options were (a) the domestic production of a new support fighter, (b) the conversion of aircraft currently in use or (c) the import of a foreign made aircraft.²⁷

25. Op. cit., Samuels, R.J. and Whipple, B.C., p. 49.

26. Asian Security (Tokyo), 1989-90, p.28.

27. Ibid. p.28.

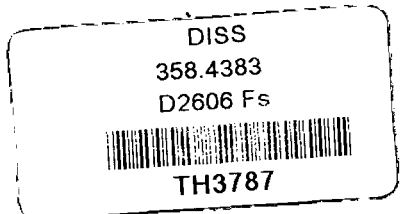
MHI officials pointed out that only the FSX could provide the Japanese industry with needed experience in high performance aircraft development, which could then be transferred to other advanced programs.²⁸ Mitsubishi sought to convince government officials that it was possible to develop and produce the FSX for the Japanese military requirements. Mitsubishi integrated its engineering and production teams to find jointly the cost reduction needs in the design of the aircraft.²⁹ The Mitsubishi FSX developmental program centered its efforts on: (1) Advanced composites, which offer a weight advantage of as much as 40 percent over a metal structure but cost about the same. Mitsubishi has advanced programs in composite structure development and manufacturing and has fabricated major structural test components for the FSX. (2) Stealth technology, both in the form of Computer codes to help develop radar cross-section calculations and radar-absorbing materials. Test work is under way in a specially designed RF anechoic chamber at Mitsubishi's Komaki South factory. Work in the development of advanced radar-absorbing materials is being done by several Japanese companies in cooperation with Mitsubishi, with which they have negotiated non-disclosure agreements. By blending these two methods.

28. Brown David. A., "Japanese Industry urges FSX Fighter Development Despite U.S. Opposition", Aviation Week & Space Technology (New York), 21 September 1987, p. 47.

29. Ibid.

Mitsubishi also anticipates achieving the lowest cost solution to the need for stealth capability in the FSX. (3) Advanced metallurgical processes, including super plastic forming and diffusion bonding. These processes are seen as helping control costs by reducing the number of parts that must be fabricated. Initial work was centered on super plastic forming and diffusion bonding of titanium and was extended to aluminum. Mitsubishi was also looking at how lithium aluminum could be used in combat aircraft and seeking to determining the advantages and disadvantages of its use. (4) Control configured vehicle technology, including both direct lift and side force control capabilities and integrated flight and fire control system technologies. Much of this work stems from the results of the Mitsubishi T-2 CCV program, conducted from 1979 through 1983. One of the factors determined during this program was the effectiveness of direct lift and side-force controls in the final stages of air-to-air and air-to-ground attacks. These capabilities and the integrated flight and fire control system are expected to be integrated into the FSX design. (5) Integrated cockpit designs and integrated information display systems, Mitsubishi is using an integrated cockpit model to evaluate its designs in terms of the Pilot machine interface. The Mitsubishi cockpit has been studied by U.S. Defence Department Officials. (6) Voice recognition techniques and associated command and control systems. Mitsubishi anticipated that it would use a voice recognition and command system

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initially for display mode selection and worked to develop a voice system that would work satisfactorily in the high ambient noise level of the cockpit. (7) Advanced hybrid navigation systems, combining global positioning system and inertial navigation technologies. (8) Advanced fiber-optic systems, including a fiber-optic data bus system. Mitsubishi has developed a star coupled data bus configuration using multi-channel fiber optic connectors with the data bus configuration based on the proposed U.S. Mil-Std-1773 requirements. (9) Active phased array radar technologies, with equal air ground and air-air capabilities. This radar is being developed by Mitsubishi Electric and uses a phased array beam shifter that can be used both for air-to-air and air-to-ground work and can shift rapidly from one mode to the other.³⁰

And Mitsubishi FSX design called for a twin engine with a shoulder mounted double delta wing, a single seat with horizontal canards and canted twin vertical fins. Its engineers were seeking a 10 percent weight reduction from the F-18 and at least 15 percent more power than the US aircraft. The aircraft could be built with technologies now available in Japan.³¹

30. Reproduced from Aviation Week & Space Technology, 21 September 1987, pp. 48-49.

31. _____, "Japanese Near Decision on FSX as replacement for Mitsubishi F-1", Aviation Week & Space Technology Vol. 124, 10 March 1986, p. 89.

Furthermore, in April' 1986, a meeting between the Japanese Director General of the Defence Agency Kurihara Yuko and the US secretary of Defence Casper Weinberger, Washington unequivocally stated that, "the decision on the FSX was Japan's to make, and there was no intention on the American side to put pressure on Japan in reaching a decision about which route to take in the development of a new fighter".³² It was being debated whether Japan should develop and produce a new generation fighter (FSX) or remodel the presently deployed F-1 support fighters. Since F-1 had been produced in Japan, Japanese manufacturers wanted to produce the FSX indigenously.

Finally in October 1986, the Japanese Defence Agency (JDA) sent a study group to Mc Donnell Douglas and General Dynamics to probe their positions with regard to the FSX development. Both seemed inclined to undertake joint development of the FSX. However, on Dec 26, 1986 Gen. Omura Hitoshi said "Japan's National Security Council had decided to consider joint work on the FSX along with two options for developing a new combat plane. The options included converting the existing F-4EJ "Phantom" fighter and introduction of a foreign made model".³³

But, a military observer in Japan said that "the Dec. 26 decision apparently indicated that Japan was favoring joint

32. Asian Security, 1989-90, p.28.

33. Mainichi Daily News (Tokyo), 28 December 1986.

development with the United States. FSX was a key element of the country's medium term defence buildup plan for fiscal 1986-90".³⁴

At the earliest stage of the project, an examination was conducted of American and European fighters such as the McDonnell Douglas F/A Hornet, the General Dynamics F-16 fighting Falcon, and the Panavia Torando Interdiction Strike (IDS).³⁵ After considering all details JASDF preferred the US model to the European ones.

However the trade relations between Japan and the US worsened in the 80s. By the mid 1980s, the US Congress was strident in its demands that 'Japan should increase the volume of American import'. Furthermore, Nakasone who was Prime Minister at the time promised to president Ronald Reagan that "he would extend every support to expand Japan's imports."³⁶ Meanwhile, Thomas Hubbard, Director of the State Department's Office of Japanese Affairs said on March 16, 1987 "Along with the Defence Department, we are discussing the question with the Japanese. We feel we have good products to sell them and it is clear that the Japanese are aware of the sentiments in Congress. Obviously, this is a decision that Japan has to make by itself. But we

34. Ibid.

35. Op.cit., Kansuke Ebata, pp.15-16.

36. Ibid.

believe, we have products that can meet Japan's needs in a cost effective manner".³⁷

In the meantime, there was a good deal of heated discussion in U.S. Congress. For instance, US senator John Danforth warned Japan in March 1987 that "its relations with the US would be impaired if Japan decides to develop its own aircraft. Japan would have to spend \$ 8 billion to 10 billion to develop its own next generation fighter, but would need only \$ 4 to 4.5 billion if it decides to buy F-18".³⁸

When the former Secretary of Defence Casper Weinburger visited Tokyo in June 1987. he requested the Japanese Director General of the Defence Agency Kurihara Yuko to consider US fighters seriously as models for FSX.³⁹

Later, Kurihara Yuko and Casper weinburger reached an agreement on October 2, 1987 that "the countries should jointly develop the aircraft, FSX by remodelling either the Mc Donnell Douglas F-15J or the F-16".⁴⁰

However, the Japanese Defence Agency had decided to

37. Mainichi Daily News, 18 March 1987.

38. The Japan Times (Tokyo), 19 March 1987.

39. Manichi Daily News, 29 June, 1987.

40. _____, "Japanese to Codevelop U.S. Aircraft Derivative for FSX", Aviation Week to Space Technology, 12 October 1987, p.34.

choose the F-16 because it would be cheaper. The cost of developing a modified version of the F-16J would be 7 billion Yen per plane, while modifying F-16 would cost 5.5 billion Yen. So the Defence Agency preferred the F-16, a support fighter should be different from the mainstay interceptor, currently the F-16J".⁴¹

In remodelling the F-16, Japan's advanced technologies would be used for the main wings, tail assembly and fuselage. The new plane lighter in weight, has better take-off and landing capabilities, improved radar and computerised functions, and would use new alloy materials, thus being almost entirely different from the F-16. The engine and canard for greater mobility would be developed by the US.⁴²

Japan and the US agreed on November 25, 1987 to exchange notes in April 1988 on joint development of the FSX.

Altogether, the FSX Question was important as it involved the development of their next generation support fighter for Japan. Moreover, it also affected the country's overall Defence policy and the nature of Japan-US Defence cooperation. After prolonged negotiations both concluded an agreement on the

41. _____, "Japan's Defense Agency, Selects F-16 as Basis for FSX Aircraft", Aviation Week Space Technology, 26 October 1987, pp. 22-23.

42. The Japan Times, 22 October, 1987.

joint development project. A detailed analysis of the negotiations and US criticism on the FSX joint development, is attempted in the following chapter.

CHAPTER - II

Chapter - II

THE FSX NEGOTIATIONS AFTER 1987

Bilateral negotiations an agreement on the joint development of the FSX were protracted, and passed through many ups and downs. In a sense, negotiations on the FSX followed the usual difficult path which marked Japan-US dialogues in a variety of fields. In the case of FSX, issue like trade friction got mixed up leading to serious difficulties in hammering out a settlement. A study of the protracted negotiations should carefully examine not only the position taken by the two governments but also the critical role played by several actors like the US Congress, the Japanese Diet, the media and the business world. The present chapter seeks to address itself to a study of the twists and turns in the bilateral negotiations before the agreement was reached at.

The FSX was intended to replace the domestically developed F-1 fighter, which was designed to attack naval vessels and landing troops of an invading force before they reached Japanese territory. Japan's advanced technologies would be used for main wings tail assembly and fuselage.¹ The new plane was planned to be lighter in weight, would have better take-off and landing capabilities, improved radar and computerised functions

1. "Japanese Defense Agency selects F-16 as basic for the FSX Aircraft", Aviation Week to Space Technology, Vol. 127, 26 October 1989, pp. 22-23.

and was to use new alloy materials, It was to be almost entirely different from the F-16. The engine Canard for greater mobility was to be developed by the US.

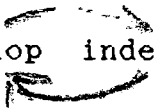
Japan's Air Self defence Force (JSDF) and several military contractors planned to design and manufacture the aircraft in 1985. However, the Defence Agency was ready, if necessary to seek technological help from Western Europe as well as the United States.² But the Mitsubishi Heavy Industries, the project manufacturer, stressed that all procurements could be locally met with.


When the FSX selection process was started in 1985, the Japanese found the U.S. rather lukewarm in its reaction. But, by the middle of 1986, serious criticisms were voiced in US congress and the press, against the independent development of the FSX by Japan. Further, powerful segments in Congress wanted to link the issue with Japan's surplus trade with the U.S.. It is important to know briefly the problem posed by Japan's surplus trade with Washington.


Since the 80s Japan's trade and current account surplus had swollen greatly and this trend was a major factor behind the intensification of trade friction. The Japanese products

2. Shinji Otsuki, "Battle over the FSX fighter : Who Won?", Japan Quarterly (Tokyo), April-June 1988, p.140.

specially in the areas such as electronics were 'highly competitive in terms of price, quality, speed up delivery terms and service'. The cheaper dollar and higher Yen broadened the trade gap between the two countries. The Japanese argued that the problem could not be solved until the US reduced its huge 'budget deficit' and the US congress insisted that Japan should export less and import more ³. They further pointed out that Japan had considerably opened up its domestic markets to other countries and positively encouraged the import of foreign products.

Since 1980, Japan has posed a serious threat to American industries such as electronics, automobiles, semi-conductors, etc. The US presently is worried that its aerospace industry may lose its technological lead to Japan in the years ahead. The US government did not hesitate to use the trade surplus against Japan's desire to develop  independently the next generation fighter.

A look at Japan - U.S. bilateral trade clearly shows that Japan ~~was~~ consistently maintained ~~that~~ a huge trade surplus every year. 

In view of this mounting trade friction, the US began to adopt a tough position on the FSX issue. 

3. Bhat, T.P. (Deputy Secretary International Affairs, FICCI, New Delhi), "Japan and Emerging Global Trade Scenario", A seminar paper presented in SIS, JNU, New Delhi, 1989, p.4.

Table: Bilateral United States-Japan Trade Balances, 1981-1990

Year	U.S. Bilateral Deficit (\$ billion)	U.S. Imports from Japan (\$ billion)	U.S. Exports to Japan (\$ billion)
1981	15.8	37.6	21.8
1982	16.7	37.7	21.0
1983	19.3	41.2	21.9
1984	33.6	57.1	23.6
1985	46.2	68.8	22.6
1986	55.0	81.8	26.9
1987	56.3	84.6	28.2
1988	52.1	89.8	37.7
1989	49.0	93.5	44.5
1990	41.1	89.6	48.6

Source: United States Department of Commerce.⁴

Bilateral talks on the FSX issue were held between the two countries in march 1987, and the US tried to persuade the Japanese to buy American equipment. American proposal on joint development for a new aircraft did not find favour with the JDA, which wanted the indigenously produced FSX, that would be developed by the Japanese firm the Mitsubishi Heavy Industries Ltd. Since the F-1 had been produced in Japan, the Japanese aircraft manufacturers believed that the FSX could as well be produced indigenously.

4. Cohen. Stephen D, "United States-Japanese Trade Relations", Current History, Vol. 90, No. 555, p.153.

Meanwhile, on 5 March 1987, Senator John Danforth sent a letter to the White-House urging Reagan administration to put pressure on the Japanese government "to abandon domestic FSX production."⁵

Later, U.S. congressmen increased their efforts to block the domestic development of the FSX. John Danforth and some other congressmen warned Nakasone on 22 April, that "if Japan developed and produced FSX without American help in technology, this would run counter to the inter-operability of arms under the Japan-U.S. security treaty." ⁶ Japan was under heavy pressure from the United states to buy the US fighters in order to reduce its surplus trade and to correct the trade imbalance between the two countries.

Finally, in the negotiations which Weinberger conducted with Kurihara in June, the terms proposed that Japan should either buy American warplanes or remodel US aircraft in line with Japanese technologies in selecting its next generation fighter. He believed that Mc Donnell Douglas F-15, F-18 and General Dynamics F-16 were capable of the requirements of the FSX.⁷ Japan was, therefore, faced with three options-'domestic

5. Mainachi Daily News, 7 March 1987.

6. The Japan Times, 24 April 1987.

7. Mainachi Daily News, 29 June 1987.

development, import of foreign made aircraft or remodelling an existing air plane'.

Further, in late July the Japanese defence Agency (JDA) held talks in Tokyo with James Auer, special Assistant for Japanese Affairs at the state Department, and the Agency reiterated the importance of the domestic development of the FSX for the growth of Japan's aerospace industry⁸. At the same time the US Senate passed the omnibus trade bill in July, 87 which contained a call for Japan to purchase the F-16s from the US in order to reduce its trade surplus.⁹

Meanwhile, Japan began its own arrangements to develop the FSX. In August Kurihara urged the Defence Agency officials to finalise its recommendations, and the Defence Agency proposed some options - (a) joint development of a new plane (b) remodelling of the f-16 of General-Dynamics and (c) remodelling of the FA-18 made by Mc Donnell Douglas or work with European countries on a modified Torando fighter, an aircraft developed by British, West Germans and Italians.¹⁰

Besides, a mission was sent to the US comprising 20

8. *ibid.*

9. Mainichi Daily News, 23 July 1989.

10. "The FSX Project : Changing the Nature of Defense Technology Transfers", Japan Economic Institute Report, (Washington), No. 21A, 26 May 1989, p.3.

engineers from five Japanese manufacturing industries (Mitsubishi Heavy Industries, Fuji Heavy Industries Limited, Kawasaki Heavy Industries, Ishikawarima-Harima Heavy Industries Co., and Mitsubishi Electric Corp.) to find out more about the joint development possibilities with US aircraft makers. On its return the mission submitted its report to the defence Agency on September 11' 87, which recommended that the FA-18 of the McDonnell Douglas corporation was the most promising as the base for joint Japan-US fighter development. The McDonnell Douglas corporation agreed that Japan might modify as much as 60 per cent of the F A-18 aircraft, while the General Dynamics refused to consider large-scale modification to the F-16. But, the JSDF rejected the mission report. Further, this report made American congress more vocal for the joint development and it began increased pressure on the Japanese to select a US aircraft as the model.

However, Japan reached an agreement with the US on 2 October, 87, on the joint development. This agreement came between Kurihara and Weinberger in Washington. Both agreed to remodel the US made F-15 or F-16. Before Nakasone stepped down in 1987, the Japanese government had already been considering to make its final decision, on the kind of aircraft that the new Japanese support fighter should be patterned after. Kurihara said "Japan gave up the idea of domestic development of the FSX in order to maintain reliable relations with the US based on the

Japan-U.S. security treaty".¹¹ The US agreed to make Japanese companies as the main contractors. Japanese and U.S. military experts decided to meet again in November in Washington to discuss cooperation in the military equipment and technology fields.

Finally, the Defence Agency announced on 21 October 1987, that the F-16 was chosen as the basic model for the FSX. But, the General Dynamics was surprised at the JDA's decision, because the General Dynamics was not suggested by the mission's report. The F-16 fighting Falcon is one of the world's best tactical fighters having excellent capability in ground attack as well as superiority in air dogfight combat, due to which the JDA chose the F-16 as the model. However, the JASDF expressed some reservations on the capabilities of the F-16 and requested General Dynamics to allow major modifications in the joint development project. The aircraft industry was not satisfied with the government's decision. and showed its anxiety to ensure a place for its advanced technologies in the joint project.

Again, on 25 November Yamamoto Masashi, Head of the Agency's Equipment Bureau, held talks with the Pentagon officials in Washington and both decided to exchange notes in April 1988 on the joint development of the Japan's next generation fighter.

On 29 November Japanese and US officials signed an

11. The Japan Times, 4 October 1987.

agreement, under which Japan would bear the costs of planning and producing the jet. The Japanese had selected F-16 for its model. In selecting the model, much consideration was given to cost factor. For instance, the development costs of the F-15 derivative were estimated to be \$1.5 billion with a unit price, per aircraft at \$63 billion in total program costs. The FSX derivative was expected to cost \$1.1 billion to develop with a unit cost of \$35 million.¹²

Meanwhile, the Pentagon decided to send a delegation to Japan in January 1988 to study the Japanese technological advances. Beginning in January 1988, the JDA held the first expert level meeting with the US to exchange views on the procedures for the joint development of the FSX and plans for starting the design work. An agreement was reached between the two sides in June 1988 on the framework of joint development of a next-generation support fighter, and it was agreed to adopt advanced technologies from both Japan and the US in close cooperation. The Defence Agency was to have the decision-making power on the project and a Japanese Company was intended to act as a prime contractor with US firms participating in the project as subcontractors.¹³

12. "Japanese Defense Agency selects F-16 as Basis for FSX Aircraft", Aviation Week to Space Technology, Vol. 127, 26 October 1987, pp. 22-23.

13. Japan News Letter, Kyodo News Service (Tokyo), 1 June 1988, p.2.

The Defence Agency decided to bear the aircraft development costs. While design manufacturing and tests of prototype of FSX were to be made with the cooperation of the US defence Department. US firms also decided to conclude another agreement at the mass production stage. The two sides decided that "technological spin-offs from the development would belong to the Defence Agency and that the US Defence Department would provide technological information on the F-16 of the general Dynamics".¹⁴ The JDA agreed to supply technological information to the US Defence Department under the 1983 arrangement on transfer of military technology to the US.

Further more, on 29 November 1988, the Japanese Foreign Minister Uno Sousuke and the US Ambassador to Japan Mike Mansfield concluded a Memorandum of Understanding on the joint development of next generation support fighter. The MOU was based on the Japanese decision in October '87 to jointly develop the fighter with the US by the remodelling of F-16 of General Dynamics.¹⁵ Under the agreement, Japan was to bear the costs of planning and producing the jet fighter. Both concluded that the FSX would combine advanced-defence related technologies of the two nations on a major scale for the first time and was expected

14. Ibid., pp. 2-3.

15. Watanatre Yumiko, "Japan, U.S. agree to work on new fighter for ASDF", The Japan Times Weekly Overseas Edition, 17 December 1988.

to serve as a model for similar collaborative efforts between the two Allies in the future. The US Defence Department, General Dynamics Corporation and three-tier US sub-contractors were expected to take part in the design, manufacturing and flight testing phases of the project.

In exchange for supplying Japan with sensitive technological data on F-16, the agreement stated that spin offs from the research and development of the FSX, would be provided to the US. The MOU set the U.S. share of research and development at 35 to 45 percent. It also designated Mitsubishi Heavy Industry as the main contractor to design and build the aircraft. It stated that the General Dynamics on the American side and the Kawasaki Heavy Industries. Ltd. and the Fuji Heavy Industries, Ltd. on the Japanese side would act as the primary subcontractors.¹⁶

Tokyo agreed to shoulder all the estimated Yen 165 billion (\$1.3 billion) development costs of the new fighter aircraft. The engines for the development phase were to be provided by either general Electric Co. or the United Technologies Corp. 's Pratt Whitney Unit.¹⁷ The overall project called for the construction of 130 FSX aircraft by the year 2001.

16. Japan News Letter, Kyodo News Service, 2 December 1988, pp. 1-2.

17. Ibid., p.1.

It was agreed that a separate MOU would be concluded at a later date to govern the production phase of the project.¹⁸

The JDA and the ASDF criticized the MOU because they felt that it was the Americans who had barged into what originally was an exclusive Japanese development plan. Even, the Japanese Private companies like the MHI were also not satisfied with the MOU.

After difficult negotiations, the MHI and the General Dynamics reached a company-to-company agreement, in January 1989. The proposed joint venture also raised the question of the possible export of Japanese developed technologies to the third countries. This Question was raised because of the clandestine transfer of high technology of the Toshiba Company to the Soviet Union in violation of COCOM rules. The US Congress recorded its resentment to the clandestine dealings of the Toshiba and raised serious concern about the FSX also. It would be useful to note in brief Toshiba's COCOM Violation and how it aroused the anxieties of the U.S. in the case of FSX.

The Toshiba Machine, a subsidiary of the Japanese electronics giant the Toshiba Corp., sold to the Soviet Union sophisticated milling machinery in 1983 and 1984 in violation of COCOM [coordinating Committee for Export Control] restrictions

18. Ibid. p.2.

on trade with communist bloc countries. Engaged in the manufacturing of submarine propellers, the Toshiba Meshine was alleged to have helped the Soviets make their submarines significantly quieter and thus harder to track.¹⁹ The U.S. complained to the Japanese government in late 1985. about Toshiba's violation, and claimed to possess proof that the Toshiba Machine had helped make Soviet submarines quieter. It pressed Japanese to investigate the case. Finally, the Ministry of International Trade & Industry (MITI) brought charges against Toshiba Machine and took action against it.

So, the US congress raised serious doubts on the FSX technology also. It feared that Japanese might use the FSX technology for other purposes and wanted guarantees against such risks.

This was clearly seen in January 1989, when Voices were raised in US congress, in the media and among different segments of the Bush administration. The general tenor was that either they opposed the agreement or wanted a serious review of it.

The criticism began with an article, "Giving Japan a Handout" by Clyde Prestowitz, former counselor for Japan affairs in the department of Commerce. He pointed out that it had cost \$5 billion to \$7 billion to develop America's F-16 fighter, on

19. "Fallout from the Toshiba Affair", Japan Echo, Vol. 15, no.4, Winter 1987, p. 25.

which the FSX was to be based, Prestowitz complained that the US government was preparing to hand over America's expensively-acquired technology to Japan for a pittance" 20.

The crux of the situation was that the US had faced severe challenges in several of its stronger industries and lost out to Japan's superior technology. It feared that a similar fate might as well befall the aero-space industry of the U.S.

In the face of fierce criticism from different quarters, in particular the Commerce Department, the Bush administration decided to review the agreement.

The criticism started again with Republican Senator. Alfonse D'Amato who commented that "this is a bad deal for the U.S. tax-payers who have spent \$7 billion on the development of the F-16 only to have the technology given away for a more pittance of its value".21

At the same time, one should also note that the FSX project gained support from certain Quarters in the U.S.. For instance, former defence Secretary Frank Carlucci said, "If we now reverse gears, Japan will almost certainly revert to developing its own aircraft as the Europeans are doing".22

20. "The FSX Fighter Flap", Japan Echo, Vol. 16, no. 3, 1989, p. 57.

21. Mainichi Daily News, 12 February 1989.

22. The Japan Times, 1 February 1989.

The GAO criticized the US defence Department for neglecting formal consultations with the Commerce Department on the FSX co-development proposal as required by law".²³ In addition to this, in February 89 Sen. Alfonse D'Amato and eleven other Senators wrote a letter to Bush calling for a review of the deal.²⁴

Later, on 6 & 7 February, official level talks were held between the two countries to see if the agreement could be put into effect. The Japanese officials requested the U.S. to work for rapid congressional approval. The U.S. delegation promised to do what it could to resolve the problem quickly.

However. When in February 1989 Prime Minister visited the US, he held discussions with the congressional leaders and urged that the FSX joint development agreement was desirable from the perspective of industry, trade and the improvement of defence capabilities. Takeshita implored congress to separate defence from the trade issues and give its approval to the transfer of F-16 technology. Takeshita attempted to allay fears that F-16 technology transfer posed a threat to the US aerospace industry by telling congressional leaders that it would take many years for the Japanese aerospace industry to become competitive.²⁵

23. Mainichi Daily News, 10 February 1989.

24. Ibid.

25. Shinji Otsuki, "The FSX Problem Resolved", Japan Quarterly, January-March 1990, p. 73.

Soon after that, on 9 February, Senator Alan Dixon and 20 other senators introduced a resolution in the senate calling for a 60 day delay in informing congress if the sale of General-Dynamics F-16 fighter aircraft technology to MHI. They urged the US government to submit a report about the FSX project's "long term impact on the health and competitiveness of the nations' aerospace industry to the chairmen of the Senate Foreign Relations and Armed Services Committees".²⁶

There was no consensus within the US governmental agencies. A US inter agency meeting was held on 10 February, but it failed to produce a consensus on the joint development of the FSX. The Department of State and the Pentagon supported the project and other departments including the Department of Commerce, and the Office of the US Trade Representative (USTR) opposed the MOU of 1988. In addition, the media also criticised the MOU.

When Japan signed the agreement in November 1988 with the US to share in the development of a new fighter, it presumably thought it had done a deal. The American government was split asunder over whether to honour the agreement or not.

The Senators, the Commerce Department, the Intelligence agencies, the Department of Labour and the Office of the Trade

26. Mainichi Daily News, 11 February 1989.

Representative saw three things wrong with the deal. (a) The Japanese would get access to American military technology, which might be transferred to third countries. (b) The Japanese would use the experience of working with the General Dynamics to become competitive in civilian aerospace and (c) It encouraged the Japan bashers in America to become more critical of Tokyo and to bring more pressure on the Japanese to buy American F-16s off the shelf.²⁷

The commerce Department was especially displeased with the Pentagon for not revealing more about the technologies that would be transferred to the Japanese under the deal.

After several contentious meetings, the National security council put off a decision on the joint development agreement until 10, March and directed the Defence and Commerce Departments to review the deal and report back.²⁸

However, US congressional criticism on the FSX agreement had provoked a debate in Japan. Irritated by the internal dispute within the US administration and calls by some US legislators for a review of the deal, several Japanese lawmakers demanded that "Japan should scrap the deal and independently

27. ———, "Feeling Slightly Exasperated", The Economist, 25 February 1989, p. 29.

28. The Japan Times, 28 February 1989.

develop its own plane".²⁹ A group of senior members of the Diet argued that Japan should consider abandoning the agreement to develop its future mainstay fighter using technology from the US F-16 of the General Dynamics. Former Transport Minister Ishihara Shintaro and two other senior legislators took the lead and suggested that Japan should go ahead with development of its own jet fighter.³⁰

The Japanese aircraft industry suspected that the principal aim of the US attempt to prevent Japan from developing the next generation fighter was to block the development of Japan's own aircraft industry.

When President Bush visited Japan in February 1989, the FSX controversy had reached its peak, and the US President called the bilateral alliance "not a new partnership, but continuing cooperation".³¹ Bush's visit did not have any impact on the FSX issue. In fact, criticism on the MOU became more fierce.

On 23 February 1989, many US legislators questioned the proposed transfer of advanced US aircraft technology to Japan. James Floria, Chairman of the House of Representatives

29. Mainichi Daily News, 17 February 1989.

30. Ibid.

31. ———, "President's Trip to Japan, China and South Korea", Department of State Bulletin (Washington, D.C.), Vol. 89, no. 2146, May, 89, p.9.

subcommittee on commerce and competitiveness, speaking at a hearing on the FSX, "raised serious doubts over the deal and technology transfer to Japan."³² Further, a group of twenty one senators introduced a resolution in the senate saying that they had "strong reservations about the deal".³³ In the meantime, the situation was further complicated by certain disclosures made by the U.S. intelligence officials disclosed that involvement of Mitsubishi Heavy Industries in the construction of a very controversial chemical plant in Libya. It was also further believed that in addition to MHI, Toshiba Corp., Mitsubishi Corp., C. Itoh and Co. and several more Japanese firms also "transferred their high technologies" to Libya.³⁴ Mitsuzuka Hiroshi, the minister of International Trade and Industry denied the US allegations and argued that he had found no evidence to support the claims".³⁵

Soon, the US congressmen mounted their protest against the MHI and the joint development. Several US congressmen had asked Bush to withdraw from the project because "MHI could be one of the main companies involved in building a poison gas plant in Libya".³⁶

32. Mainichi Daily News, 25 February 1989.

33. Ibid.

34. The Japan Times, 11 March 1989.

35. Ibid.

36. Ibid.

Further, on 15 March 1989, nine senators introduced a bill calling for close scrutiny of high technology transfers such as those that would take place in the proposed U.S.-Japan project to build a new Japanese fighter plane, the FSX.

FSX opponents in the Commerce Department argued that "the deal should be amended to safeguard the flow of vital technology to Japan".³⁷ They argued that Japan desired to develop a civilian aerospace industry within the next ten years by taking advantage of technology transfers such as the FSX. But, the Japanese Foreign Ministry argued that "the FSX should be seen in a correct perspective as a political and security matter rather than just an economic issue".³⁸

Meanwhile, in the National Security Council (NSC) meeting held in the 3rd week of March '89, tempers ran high. US Trade representative Carla Hills argued vehemently that Bush should scrap the agreement in favour of persuading the Japanese to buy standard F-16s, minus the instructions for putting their most sensitive components together.³⁹ On the other hand, National Security Adviser Brent Scowcroft and secretary of state

37. Macham Michael, "Bush Approves FSX Codevelopment, But Japan Must Accept New Terms", Aviation Week & Space Technology, Vol. 13, 27 March 1989.

38. Mainichi Daily News, 22 March 1989.

39. Gorman Christine, "A Deal that Nearly Came Under", Business Week, 27 March 1989, pp. 7-71.

James Baker contended that the agreement should proceed unchanged.⁴⁰

Commerce Secretary Robert Mosbacher thought that he could abide by the deal as long as the most crucial U.S. design secrets were not given away.⁴¹

In the end, Bush decided on a compromise, and announced on 21 March, that he had decided to go forward with the proposed FSX project with Japan but "with certain clarifications to safeguard US technology". He said, "We've pretty much finished our deliberations here inside the administration".⁴²

But, Japan's Director General of the Defence Agency Tazawa Kichiro^{reacted} rather sharply. On 22 March, he said that Bush should "respect what has been agreed upon", and that the FSX agreement "should not be changed, and we want to ensure that it is not".⁴³ Soon consultations were started among the Defence Agency, the Foreign Ministry and the Prime Minister's Office on the Bush's proposals.

40. Ibid.

41. Ibid.

42. Towell Pat, " Bush seeking to modify deal for Japanese War planes (FSX)", Congressional Quarterly Weekly Report, 25 March 1989, p. 659.

43. Ibid., p.659.

One immediate response was that Takeshita decided to send Vice Defence Minister Nishihiro Seiki to the US to assist the Japanese Ambassador Matsunaga Nobuo, in his negotiations with Washington.

On March '23' 89 Nishihiro held talks separately with Secretary of Defence Richard Cheney, secretary of commerce Robert Mosbacher and National security Adviser Brent Scowcroft. Nishihiro gave the Japanese government's response and said "Japan could not change its frame work on the agreement."⁴⁴

There were chief differences relating to the US share of work, technological spin-offs from the FSX project and the conditions under which Japan would be given access to certain integrated computer programs for controlling the plane's avionics and weapon systems. The US was seeking a share of at least 40 per cent of the work in both the development and production phases of the war plane in account of the sharp differences between the two sides, Nishihiro broke off his talks with James Baker and other senior US officials on 28 March and returned to Tokyo.⁴⁵

Meanwhile, the JDA decided on 30 March, to sign a contract with the MHI, in the absence of the formal agreement

44. The Japan Times, 25 March, 1989.

45. The Japan Times, 30 March 1989.

with the US. But, some U.S. congressmen showed anger over the JDA'S decision. However, the Japanese industry welcomed the agreement with the MHI.⁴⁶

The US side presented three major demands in the negotiations (a) supply to the US of Japanese technologies gained through the joint development, (b) the guarantee of a US share in the production of the aircraft and (c) non-use of the controversial computer software source code for purpose other than FSX.⁴⁷

Defence Agency sources maintained that Japanese had found the first and third demands relatively easy to compromise on. However, there was hesitation on the second point as both the government and heavy industries wondered why they had to discuss the matter again.⁴⁸

As the new fiscal year was to start from 1 April, the Japanese side was very keen to reach an agreement, so that there would be no difficulty in the allotment of funds. But it did not materialize as the negotiations were stalled.

46. The Japan Times, Weekly Overseas Edition, 15 April 1989.

47. The Japan Times, 12 April 1989.

48. op.cit., Shinji Otsuki., P.75

However, the second round of negotiations was started on April 10' 89. From the Japanese side Matsunaga Nobuo held talks with Robert Kimmit, Under secretary of State for political Affairs. Simultaneously, serious discussions were held in Japan among the various concerned government agencies, the Liberal Democratic Party and the business. These discussions led to the Japanese government to propose a set of compromises.

In the negotiations, the Japanese side put forward three new proposals (a) the sharing of production work, (b) guarantees of technology transfer from Japan to the U.S. and (c) protection of the U.S. computer technology involved in the project.⁴⁹ But the Americans showed dissatisfaction over the new Japanese proposals. The JDA and the ASDF placed considerable importance on the third proposal. They argued that unless a certain portion of the work was done by the Japanese, they would feel uneasy about the safety of the plane. However, the Americans rejected the Japanese argument and maintained that the issue of engine production should be discussed when the project moved from the development to the production phase and that it was impossible to set a specific work share figure before the project had even begun.⁵⁰

49. The Japan Times, 26 April 1989

50. The Japan Times, 26 April 1989

Meanwhile, the Japanese government had sent Yamamoto Masashi, director of the Defence Agency's equipment Bureau to the U.S. He held talks with Armitage, Air force General Ronald Yates (who was working on the production issue) and Mosbacher. His talks with Yates related to portions of the computer software source code for the F-16 flight control and mission control systems which would be made available and those which would be restricted. These negotiations, however, did not lead to any understanding on the terms of the MOU.

On 20 April, Japan and the US decided that they should create groups of technology experts to oversee the project to jointly develop the fighter.

At the same time the domestic politics in Japan cast its shadow on several foreign policy issues including the FSX negotiations. The Recruit Scandal and opposition to the 3% consumption tax had put domestic politics in a state of chaos. Takeshita announced on April 25, that he would resign to take responsibility for the popular distrust of politics fostered by his involvement in the scandal.⁵¹ Before his resignation, he wanted to pass the fiscal 1989 budget and speed up the FSX negotiations. But the opposition decided to boycott the Diet. Takeshita asked the agencies involved with the FSX issue to adopt a flexible attitude, in order to facilitate an agreement.

51. The Japan Times, 26 April 1989.

Matsunaga Nobuo was also advised by Tokyo to start the negotiations immediately. Matsunaga held talks with Secretary of State James Baker, Defence Secretary Richard Cheney and Commerce Secretary Robert Moschacher. Both sides exchanged letters to confirm some aspects of the FSX deal including a guarantee of a US share of about 40 per cent of the project's production phase.⁵²

The letter submitted by Japan stated "the Japanese side would transfer to the US side, in accordance with previously agreed procedures, all the technologies which the US side wishes to obtain, and the US side would have full access to technologies, through procedures established in the MOU and the participation at no cost of US personal who wish to do so in each of the phases of design, prototype manufacturing and testing in the course of this development program". The letter clearly stated that technologies already developed by Japan in four areas (radar, electronic countermeasures, initial reference systems and mission computer hardware) would be transferred to the US side in accordance with procedures agreed to in the MOU and the military technology provision agreement.⁵³

Baker's response expressed satisfaction with the FSX agreement and then discussed the reciprocal exchange of

52. The Japan Times, 28 April 1989.

53. Japan News Letter, Kyodo News Service, 2 May 1989.

technology. It stated that the U.S. Defense Agency should be assured that under the terms of the FSX MOU, Japan would be allowed access to flight source would essential to develop the mission control computer.⁵⁴

Both agreed on two other issues not listed in their letters or record of the oral exchange. First, Japan pledged not to supply or export any derived technologies from FSX development to third countries without US approval. Second, it agreed to use any such derived technologies only in the FS-X and not to make them available to any other companies or any other projects.⁵⁵

After the Matsunaga-Baker talks ended on April 28, Bush announced that the US and Japan had cleared the final hurdle to jointly develop a new Japanese support fighter and that "the governments of the US and Japan had reached understandings that would allow us to proceed with joint development of the FSX fighter aircraft" ⁵⁶

After the negotiations, on 30 April Bush stated that

"I am pleased to announce that the Governments of the United States and Japan have reached understandings that will allow us to proceed with joint development of the FSX fighter aircraft. I am ready to submit the FSX agreement to Congress for its review.

54. Japan News Letter, Kyodo News Service, 2 May 1989.

55. Ibid.

56. "Deal Reached on FSX", Congressional Quarterly Weekly Report, Vol. 47, 29 April 1989, pp.

We have been conducting talks with the Japanese to clarify both sides' understandings of this agreement. I am convinced that the co-development of this aircraft is in the strategic and commercial interests of the United States. And we weighed this matter from the standpoint of trade, of our industrial growth, and technology transfer, as well as strategic and foreign policy considerations.

This aircraft will improve the basic F-16 design and will contribute to the security of the United States and our major ally, Japan. There will be no cost to the American taxpayer, and, at the same time, the Japanese will improve their ability to carry their share of the defence burden. The United States will have a 40% work share in the initial development stage of this aircraft, and we will have a similar share when the aircraft goes into production."⁵⁷

1989 Agreement

- (1) Japan agreed to supply all its relevant aviation technology to the United States free of charge, while consenting to pay patent royalties and license fees for American technology.
- (2) The US agreed to supply some technology for the project, but it reserved the right to refuse many of the items sought by Japan.
- (3) The US could use the Japanese technology for any purpose that it desired, but Japan could not use the US technology except in the project.
- (4) The US would have a 40 per cent share in the development

57. Department of State Bulletin, July 1989, p. 48.

stage of the aircraft and would gain a "similar share" of the plane's production.⁵⁸

The US Congress had 30 days to review the military technology agreement, and the House of Representatives and Senate could reject it by a joint resolution of disapproval.

Tazawa Kitchiro Defence Agency Director General welcomed the completion of talks with the US for clarification of the FSX project.

But, still the US Congressmen criticized the deal and suspected that American jobs and technology would be compromised by a US plan to proceed with joint production of FSX.

The agreement on the FSX was a welcome development and it came at a time when the climate of American-Japanese relations was seemingly turning toward the worst. One of the reasons used reportedly to reopen the November 1988 agreement was that USTR and the commerce Department were not involved in the previous negotiations.⁵⁹

Even after the new agreement, many Congressmen were not happy with the deal and mounted their criticism. The Bush administration started campaigning vigorously for the approval of

58. Ishihara Shintaro, "From Bad to Worse in the FSX Project", Japan Echo, Vol. 16, no. 2, 1989, p. 65.

59. Mainichi Daily News, 3 May 1989.

the joint development and it argued that since critical US technology would be protected both countries would benefit from the deal. Sentiment against the project was running high in the Senate. The US senate Foreign Relations Committee postponed a scheduled vote on May 10 on the FSX.⁶⁰

But, Bush administration maintained the tempo for getting the approval of Congress and a trio of top administration officials defence secretary Dick Cheney, Commerce secretary Robert A. Mosbacher, and Deputy secretary of state Lawrence Eagleburger argued that "the joint development and manufacturing with Japan of an advanced jet fighter would not endanger the U.S. Commercial aircraft industry, would provide jobs in the U.S. and improve security in the north western pacific".⁶¹

Bush submitted a formal notice of the FSX deal to Congress on 1 May. At the same time, Senator. Alan Dixon introduced a resolution seeking to halt the extension of the fighter technology to Japan.⁶²

Finally, the FSX won a narrow initial victory in Congress on May 11. The Senate Foreign Relations Committee voted

60. The Japan Times, 12 May 1989.

61. Surman Barry S., "Bush Administration Official Defend Accord with Japan", Congressional Quarterly Weekly Report, 6 May 1989, p. 158.

62. The Japan Times, 3 May 1989.

9-8 to support the accord.⁶³

Nevertheless, most observers agreed that the opponents would not be able to muster two-thirds majority in the Senate needed to kill the project.

On 16 May, the Senate rejected efforts to defeat the Project, but adopted a non-binding resolution which called for guarantees that US firms would receive "not less than 40% of all FSX production contracts including spare parts over the life time of the aircraft. This amendment also barred critical engine technology from being given to Japan, prohibited Tokyo from selling (or) transferring FSX technology to third parties and called for regular reports to Congress on any Japanese violations of the pact.⁶⁴ The US senate voted 72-27 on May 16, to allow the US to go ahead with the FSX agreement.⁶⁵

The matter did not stop there. Even at that stage Robert Byrd introduced an amendment in the Senate which urged the US government "to ban transfer of critical engine technologies to Japan, and Japan to give more than 40 per cent of the plane's

63. The Japan Times, 13 May 1989.

64. Morocco Jhon D., "Senate Bolsters Commerce Dept's Authority In Reviewing Coopeartive Arms Agreements", Aviation Week & Space Technology, 9 August 1989, p.28.

65. Ibid., p. 28.

production work to American companies".⁶⁶ But the Senate voted 72-27 on the proposed amendment. The House Panel adopted substitute resolution drafted by Stephen J. Solarz that made two major changes in Byrd's proposal".⁶⁷

The House of Representatives passed a legislation on the FSX deal on the 7 June by 265 to 155 votes. The House also passed by 320-98 a non-binding resolution disapproving the FSX deal.⁶⁸

George Bush on 31 May, vetoed legislation to impose conditions on the US negotiated deal to co-produce an advanced jet fighter with the Japanese, saying it would tie his hands unduly and damage prospects for an agreement.

Bush said that "the measure is unnecessary to protect U.S. interests and also contains binding provisions that he believes infringe unconstitutionally upon the powers of the executive branch." He continued "I am committed to the protection of U.S. security, economic and technological interests. Shortly after assuming this office, I directed that a review of the FSX program be undertaken to reassess its impact on the United States. This evolution included active participation

66. Ibid., p.28.

67. The Japan Times, 18 May 1989.

68. Op.cit., Morocco John D, p. 28.

by the Departments of State, Defense and Commerce, and the Office of the U.S. Trade Representative, among other agencies. Following the review, we reopened discussions with the Japanese and clarifications were made to ensure that valid U.S. concerns and requirements were met in such areas as U.S. work share and technology flow back.

With agreement reached on these clarifications, I decided that we should proceed with the joint development of the FSX aircraft. I determined that the program is in the strategic and commercial interests of the United States and will contribute to our security and that of a major ally. The ability of Japan to carry its share of the defense burden will be enhanced as a result of the program, at no cost to the American taxpayer. Moreover, the program will produce substantial work for the U.S. aerospace industry without jeopardizing our commitment to the continued excellence of that industry. The U.S. economy will gain some \$ 2.5 billion and 22,700 man years of employment over the course of the co-development and co-production phases."⁶⁹

Finally, the joint development of the next generation fighter called the FSX deal was approved by the US.

The agreement came at the end of very long and tortuous negotiations between the two countries. Powerful forces both

69. White House Message : Bush Veto's Congress Plan to stop FSX Program", Congressional Quarterly Weekly Report, 5 August 1989, p.21.

political and economic were operating behind the negotiations. President Bush maintained that the FSX question should be considered in the larger context of U.S.-Japan security ties as a main tool to bolster Japan's defense capability and to help it assume greater security responsibilities. But during the negotiations several extraneous factors came to play a role. The most important of these related to the sensitive question of trade friction. The U.S. Congress as well as the U.S. Dept. of commerce made every attempt to link the FSX issue with the trade deficit. Of equal importance were the deep misgivings shown by the Congress leaders on the critical question of technology transfer. They feared that joint development of FSX would pave the way for Japan's future challenge to American aero-space industry. In addition, political leaders in both the countries, business people and the press displayed keen interest. And in the next chapter a brief attempt will be made to examine, how political parties, business firms and media reacted on the issue.

CHAPTER - III

Chapter - III

A STUDY OF THE ATTITUDES OF MAJOR INTEREST GROUPS IN JAPAN AND THE USA

In the FSX selection process and joint development of the next-generation fighter, many serious questions arose between the two countries leading to much acrimony in the bilateral relations. In Japan there were sharp differences within the governmental agencies. Unlike the US Congress, the Japanese politicians did not show much interest in the FSX negotiations, because during the FSX controversy, the Japanese politics was embroiled in serious political controversy on the Recruit cosmos scandal and 3% consumption tax. All the political parties were too involved in these issues to pay adequate attention to the FSX issue. However, the Japanese bureaucracy especially Japan's Defense Agency (JDA), and the Business world took keen interest in the issue. It is important to know how the political parties, bureaucracy and the media reacted on the FSX issue.

The Nakasone administration came to office in 1982. Since he had put more importance on the Japanese defence than any of his predecessors and improved its defence ties with the U.S., Nakasone decided to exempt military technology transfer to the U.S. from the traditional policy of prohibiting the export of arms and arms technology. In July 1986 double elections, Liberal Democratic Party's (LDP) won a landslide victory and Nakasone's

premiership was extended for another year beyond a total of four years allowed by the LDP's rule. The defeat of the Japan socialist party (JSP) in the July 1986 election was as notable as the LDP's victory, and it appeared to give Washington, as well as the LDP, a mandate to opt for a stronger military collaboration between the two countries!

In 1988-89 when the FSX negotiations had reached a decisive stage, it was very difficult for Japan to make a consensus, because the political climate in Japan was highly surcharged on account of domestic issues like the Recruit Cosmos scandal, consumption tax, the liberalization of markets. In the 1989 elections foreign policy questions did not play any significant role. As has been noted earlier, the question of ethics in public life, the consumption tax, and liberalization of Japanese agriculture etc. agitated the minds of the voters, and the political parties naturally concentrated on these issues. Nevertheless, it should be pointed out that a few LDP politicians showed some interest in the FSX Question, and among them Ishihara Shintaro was quite prominent. Ishihara strongly supported the indigenous development idea. When the Japanese government signed the agreement in 1988 with the United States, he criticized the government's decision on the joint development.

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1. Kohno, Masaru, "Japanese Defence Policy Making the FSX Selection, 1985-87, Vol. 16, no. 5, Asian Survey (Berkeley, May 1989, p. 473.

The serious criticism voiced by the U.S. Congress on the agreement for joint development had provoked interesting discussions in Japan. A group of senior members of the Diet said that "Japan should consider abandoning an agreement to develop its fighter wing technology from the U.S. F-16".² Ishihara and two other senior legislators suggested that "since there clearly are disagreements over the accord, the agreement be reviewed and possibly abandoned".³

In addition to Ishihara, Kamei Shizuka filed a petition with chief cabinet secretary Obuchi Keizo, who said that, it was regrettable that the U.S. had raised objection to the accord, which had been signed last November. "If there is concern over the accord in the United States, Japan should scrap it and develop the fighter independently," the petition said.⁴

Most of the leaders of the ruling Liberal Democratic party (LDP) made no overt show of their dissatisfaction and anger with the anti-FSX sentiment in the United States. The exceptions were Ishihara, and Kamei who together urged the LDP to formulate LDP's official position on the issue.⁵ Ishihara felt that

2. Mainichi Daily News, 17 February 1989.

3. Ibid.

4. Japan News Letter, Kyodo News Service, 7 April 1989, p.

5. Shinji Otsuki, "The FSX Problem Resolved", Japan Quarterly, January-March 199, p.72.

statements by members of the US Congresss betrayed a sense of arrogance towards Japan. In the March 1989 issue of the magazine Bungei Shunju, Ishihara made his position clear in the following words:

The cowardly former Prime Minister (Nakasone Yasuhiro) comprehensibly sullied the independent development Plan.... Deployment by Japan alone of a fighter craft Japan built with its own advanced technology would give it absolute authority over its own aerospace, and this would alter both the meaning and the value of the Japan-U.S. defense alliance. The United States then would be unable to continue patronizing Japan in the area of defense.⁶ (p. 172-173)

Ishihara said that he "heard not a single echo of agreement from within the LDP, which seemed to lack the will to debate the subject".⁷ One reason why there was little criticism within the LDP was that the LDP politicians feared that the failure of the joint development project could lead to further deterioration in U.S.-Japan relations. For instance, Shiina Motoo, Vice Chairman of the LDP policy Affairs Research council emphasized the need to avoid emotionalism and cultivate perserverance in order to maintain the alliance between Japan and the United States. He stated that "opposition to the FSX

6. Bungei Shunju, March 1989, pp. 172-73.

7. Shinsi Otsuki, op.cit, p.72.

deal stems simply from ignorance... if we keep on fighting over the issue, the argument will become caught up in racial antagonism. When countries are negotiating with each other, they need to believe that such things do not exist."⁸ Shiina also said: "Alliances are founded on a recognition of mutual benefit for all participating nations, and of stabilizing effects on the world as a whole. Unless such a recognition is widely embraced among ordinary citizens in both Japan and the United States, it will be impossible to maintain a stable alliance."⁹

After the agreement Ishihara compared the FSX deal to an arranged marriage." we were expecting a virgin of 21 but what we got was a divorcee in her 30's."¹⁰. Further, he pointed out that "the Diet should scrutinize the FSX project. If uncle sam can modify the MOU to suit himself, so can we. security is a country's first priority,"¹¹

Meanwhile, the opposition parties, though busy with pressing domestic issues, did not altogether ignore the FSX question. Initially the Japan Socialist Party (JSP) wanted the Japanese government to promote independent development. It even boycotted certain Diet sessions along with the other Opposition

8. Ibid., p.73.

9. Ibid., p. 73.

10. Isihara Shintaro, "FSX: Japan's Last Unequal Treaty", Chuo Koron, (Translated in English), July 1989.

11. Ibid.

parties during the period of crucial negotiations. Later, the JSP however, shifted its position and wanted total elimination of the project itself. Naotakau, a member of the United Social Democratic Party also said that "I wonder if Japan's hightech development might have a situation in which the US and the Soviet Union try to encircle Japan".¹² After the final agreement had been signed, the JSP demanded that all relevant documents should be disclosed to the public, but the Japanese government refused to concede the demand saying that there "is a promise with the U.S. government to keep them secret."¹³

On the whole, the Japanese political parties maintained a low profile. They were not unduly concerned with the FSX issue as they were more busy with other firing domestic questions.

In the FSX selection, the Japan Defense Agency and the Ministry of International Trade and Industry (MITI) favoured the indigenous production. While the Ministry of Foreign Affairs (MOFA) supported the introduction of a foreign model in order to assuage the US on the surplus trade issue. The Japanese Defense Agency's Director General of Research and Development Tsutsui Ryozo was a keen supporter of the Japanese project. At the early stage of the selection process, the U.S. was not involved and the

12. The Japan Times, 1 April 1989.

13. Mainichi Daily News, 17 June 1989.

JDA was to play a dominant role in reviewing the FSX options outlined in the new mid-term defense program. In late september 1985, the ASDF Chief General. Mori Shigehiro released the report of the TRDI, which reiterated the importance of domestic development for Japan.¹⁴

The Defense Agency, however, did not come out immediately in support of independent Japanese development. One reason for this should be seen in the principle of free competition accepted by the different segments of the government. Further. It was believed that free competition would provide Japan with the opportunities of obtaining much detailed information at relatively no cost. It should be pointed out that by and large opinion in the Defense Agency favoured indigineous development, and the U.S. reluctance to help Japan develop its new FSX fighter infuriated the Japanese defense officials. Some defense experts warned that Japanese nationalism might break out in a new area-high technology. A defense expert, shiina Motoo said that "I am very much afraid of the repercussions from the U.S. action the emergence of Japanese techno-nationalism".¹⁵

It is also very important to examine the differing perspectives of the Foreign office on this question. If

14. "From Domestic Development to Joint Development", Asian Security, 1989-90, p.28.

15. The Japan Times, 1 April 1989.

approached the question purely from the viewpoint of long term U.S.-Japan diplomatic relations. It apprehended that any attempt on the part of Tokyo to overemphasise the importance of indigenous development could offend the U.S. government and strain bilateral relations. It, therefore, preferred to pursue a cautious approach. During his tenure, Nakasone assumed Washington that he would exert every effort to alleviate bilateral trade. Watanabe Taizo, Foreign Ministry spokesman said that "this is not a matter of commercial trade actions. It is a matter we regard as very vital for maintaining our security alliance with the United States".¹⁶

Those officials as well as party leaders who initially supported the idea of Japan's independent development came round ultimately to back a joint project with the United States. They did it with great reluctance. What made them unhappy was the pressures exerted by the U.S. Congress and the US Department of Commerce on the whole process of negotiations.

After the signing of the agreement in 1989, the Defense Agency diluted its own position and showed considerable appreciation of its terms. Tazawa Kichiro of the Agency stated that "the settlement of FSX dispute reflected strong determination by both governments to support the project." He said that the co-development plan was important for security

16. Mainichi Daily News, 22 March 1989.

cooperation between Japan and the U.S. He requested the U.S. government to establish procedures soon so that the Pentagon could begin the project smoothly.¹⁷ Japanese officials said that "by settling the dispute the two countries reaffirmed a continuation of basically sound bilateral relations."¹⁸

Though the JDA was disappointed with the government's decision on the joint development, it finally agreed to it in the larger interest U.S.-Japan security relations.

It is also necessary at this point to know the role of the certain business interests involved in the aircraft industry. The Mitsubishi Heavy Industries (MHI) and several other business firms were disappointed with the government's decision on the joint development.

The Japanese policy makers always attached utmost importance to the development of a strong civilian aerospace industry. In order to achieve this, they have evinced interest in certain military aerospace projects including the FSX. They have considered aerospace industry as very vital to Japan's heavy industrial sector. In recent years, the government has supported the aero-space industry which is still lagging behind the West.

The aerospace industry in recent years tried to convince

17. Japan News Letter, Kyodo News Service, 2 May 1989, p.3.

18. Ibid., p.3.

the Japanese public that the domestic development of the fighter was indeed feasible. The industry projected its superior technology to the Japanese public through the media. After the agreement, MHI's engineers pointed out that the agreement signed by Japan and the United States in November 1988, made available to Japanese only decade-old American technology. They argued that "the deal would give them nothing of what they are really hungry for."¹⁹ The Mitsubishi men meant that they cannot even get the information they read to carry on with their own part of the FSX design"²⁰. They alleged that America's two jet engine manufactures Pratt & Whitney and General electric were under instructions from the Pentagon not to divulge any of the technical details about the engines that would be used in the FSX project.

They believed that the Japanese aircraft manufacturing industry would miss a vital opportunity to initiate its younger engineers into the technologies and know-how of developing sophisticated aircraft if it lost the chance to develop its own FSX. So they put pressure on the Japanese government for the domestic development. Many MHI officials felt very strongly that the US indeed had underestimated the ability of Japan to build a "Supersonic aircraft 20 years after our complete defeat in world

19. "Very Well, alone", The Economist, 25 February 1989, p. 30.

20. Ibid. p. 3.

war II."²¹ Sasaki Toshio a MHI executive frankly stated that "Japan can build a foundation for the next century development of Japan's own fighter planes depending on the involvement of Japanese manufacturers in the FSX project".²²

When in March 1989, the Defense Agency signed contract with the MHI, the Japanese industry expressed its relief. However, the Japanese business firms were not happy over and they felt betrayed when the government suddenly agreed to U.S. participation.

The Japanese media also did not initially give much importance to the FSX issue. The media was more preoccupied with other issues like the Recruit cosmos scandal, 3% consumption tax etc. In October 1987, when the Japanese government decided to choose the F-16 as the model for the FSX, the Asahi Shimbun wrote that "the FSX issue is important because it not only involves the development of new generation support fighters, but also affects the nation's overall defense policy and military systems and the nature of Japan-U.S. defence cooperation."²³

Shortly after the FSX negotiations were concluded. major newspapers in Japan came out with a flood of editorials

21. Ibid. p. 3.

22. Mainichi Daily News, 16 February 1989.

23. Ibid.

decrying the outcome. For example the Nihon Keizai Shimbun in its editorial said "the ineptitude of Japan's negotiating tactics, which featured one small concession after another, has led to an agreement that benefits Japan a little... The FSX negotiations have shown that we need to change our view of the United States as the benevolent "big brother" hovering over the western alliance. That image is gone, replaced by that of a country which acts totally in its own interest... if the United States is going to change from being the leader of the western alliance to being simply one country among many, Japan need to recognize this and adjust its policies accordingly".²⁴

The Mainichi Shimbun in its editorial continued that "overturning an intergovernmental agreement because of domestic political considerations within the United States cannot help but damage the sense of trust built up over the years between Japan and the United States... Dissatisfaction with the United States is causing a build-up of stress on the Japanese side, and concern is mounting over the spread of anti-American sentiment among the Japanese people. Both the Japanese and the Americans need to work harder to maintain harmonious relations"²⁵

The Asahi Shimbun made very serious criticism of an important aspect of the U.S.-Japan 1989 agreement. It said that

24. Asahi Shimbun, 4 October 1987.

25. Nihon Keizai Shimbun, 1 May 1989.

"the U.S. side reserves the right to restrict the supply of high-technology information to Japan, while Japan is obliged to unconditionally hand over to the Americans technology if develops on its own. Is this any way to conduct a joint development project, which supposedly benefits both parties?"²⁶

It is also necessary to examine the role played by American Congress, business men and the media. As has been noted earlier, the US Congress played its crucial role and detailed the outcome of the long-drawn out negotiations. It was greatly exercised over the consistently expanding Japanese trade surplus and desperately looked for opportunities to pin down Japan. The FSX Question was used by Congress, to force the Japanese to make reasonable amends to prevailing unequal bilateral economic relations. One should also note the deep misgivings displayed by several Congressmen on the potential threat from Japan if American aerospace industry were to be thrown open to the Japanese. When the FSX selection process started in 1985, the Japanese had found the US response somewhat lukewarm. In the beginning the U.S. did not take seriously the idea of indigenous production and even supported it. For instance, in March 1987, Weinberger supported the Japanese indigenous production. Later, the US Congress sent a mission to Japan, which found Japanese technology, quite advanced, It then started putting pressure on

26. Mainichi Shimbun, 2 May 1989.

the Japanese for the joint project. Then negotiations were held between the two countries and finally both concluded the agreement in 1989. It is necessary to examine in detail the underlying concern of the US Congressmen on the issue. Many Congressmen and politicians feared that U.S. plans to develop FSX fighter with Japan could give Tokyo a vital edge in the aerospace industry, one of the few high-technology fields in which Americans still dominate. They together with the media took the issue very seriously and forced the Bush administration for a review of 1988 agreement. The agreement created feud in the US between the Defense Department which had championed the FSX deal as a strategic and technological boon for the U.S., and Commerce Department, which challenged it as a giveaway technology to Japan.

Another factor that weighed with the U.S. Congress related to Japan's burden-sharing in the field of defense. The US had been asking Japan to increase its defense budget, but Japan could not respond fully because of the compelling domestic factors. When in 1987, the Japanese defence budget crossed the traditional 1% GNP mark, it came under serious criticism both in Japan and her neighboring countries.

Despite Japanese defence cooperation with the U.S., there have been continuing and even increasing U.S.-Japan tensions. while some members welcomed the recent changes in the

Japanese defense policy, many Congressmen complained that Japan was still doing very little in the defence area.

The Reagan administration pressured Japan to spend more on defense, but it was keen to avoid the confrontational tactics advocated by some members of Congress. When Nakasone was Prime Minister, his clear public commitment to an increased defense role for Japan and his good personal rapport with Reagan helped to reduce U.S.-Japan tensions. Though Takeshita endeavored to continue the same policy, American Congressmen now looked rather intransigent. They were bent on using the FSX issue as a bargaining counter.

It is necessary now to examine the reaction of the U.S. Congress to the joint development.

Strong Congressional criticism began when both sides signed the agreement in November 1988 (Memorandum of Understanding). In the 1988 MOU, both decided to work together and America would get 35-45 percent work share in the joint development. In return America would give its F-16 technology to Japan. There were difficulties since the agreement had to be approved by Congress within 30 days. Soon the Congressmen and the media began their efforts to block the joint development. The Department of Commerce and the United States Trade Representative (USTR) raised many serious doubts on the terms of the agreement. Meanwhile, the new Bush administration took

office in January 1989, and a segment of Congress which had been opposed to the agreement from the beginning, used this opportunity and conducted hearings for the re-examination of the joint development. An important article written by Clyde Prestowitz, former Consultant to the Department of Commerce, questioning the desirability of the US giving Japan aircraft technology stimulated the discussion on the issue. US Congressional opponents were concerned that the proposed technology transfer would improve the capability and competitiveness of the Japanese aerospace industry at the expense of the US. The opponents of the deal represented a wide spectrum, from conservative Republican senator Jesse Helms, N.C., to Liberal House Democrat Mel Levine Calif. They called the agreement a "Trojan Horse" with which the Japanese engineers could exploit General Dynamics' experience in "systems integration", the science of fitting together the thousands of components and processes that go into the production of a sophisticated plane.²⁷ The critics warned that the skills that Japan would acquire through the FSX deal could be melded with its efficient production methods to accord with the U.S. aircraft firms, the same fate which the Japanese firms had dealt to the U.S. consumer electronics industry. Mel. Levine said that, "Japan has a long history of using co-production and co-development ventures to acquire U.S. technology, which allows

27. Asahi Shimbun, 4 May 1989.

them to leapfrog... and rapidly become major competitors with their American Counterparts".²⁸ He continued "We cannot, of course, prevent Japan from becoming a competitor in aerospace, but, I do not see why we have to subsidize the development of our own competitors."²⁹

The critics of the deal also warned about the missed opportunity. Don Ritter, Pa, senior Republican on the House panel said that the "purchase of U.S. built or modified F-16s would have gone a long way toward demonstrating Japan's sincerity about reducing its \$ 55 billion surplus trade with the United States".³⁰

Many members of the House of Representatives opposed to the deal were present at the public hearing organized by Republicans to probe into the advisability of transfer of the F-16 technology to Japan. In the public hearing Richard Perle urged that "enactment of an anti-espionage law and other legal measures by Japan should come before the US technology transfer involving the joint development of Japan's next generation fighter".³¹

28. Towell Pat, "U.S.-Japanese Warplane Deal Raises a Welter of Issues", Congressional Quarterly Weekly Report, 11 March 1989, p. 535.

29. Ibid., p. 535.

30. Ibid., p. 535.

The critics of the deal insisted that the U.S. government should give a larger role to the Department of Commerce and the office of the U.S. Trade Representative. They complained that these two offices had not been given opportunities to play their new role in the earlier negotiations.³²

Further, the Commerce secretary Robert A. Mosbacher warned that the joint project would enormously sharpen the Japan's technological edge in the aircraft industry and make it compete with the U.S.. It has already been noted in the second chapter, how, in February 1989, Dixon and 20 other senators introduced a resolution expressing the senate's "strong reservations" about the deal's impact on the long-term health of the U.S. aircraft industry and called president Bush to allow 60 days for an inter agency review of the FSX project before sending it to Congress.³² The debate reflected on the underlying disagreements over the long-term costs and benefits on the FSX deal.

The critics also wanted changes in the FSX deal to ensure that U.S. firms got more money and jobs from Japan—"giving us a bigger piece of the pie".³³ Helms wanted the Japanese to

31. The Japan Times, 6 April 1989.

32. Mainichi Daily News, 2 March 1989.

33. Mainichi Daily News.

buy 50 to 60 F-16s off-the-shelf from General Dynamics to boost its military power.³⁴ Frank J. Gaffney Jr., a Pentagon official in Reagan administration also supported this idea.³⁵

Levine and the Senate majority whip Alan Cranston D-Calif., went to the extent of introducing a legislation that sought to make the Secretary of Commerce a statutory member of the National Security Council (NSC), along with the President, Vice President, and Secretaries of State and Defense.³⁶

Critics agreed that the Department of Commerce, the Trade Representative and other related agencies needed a larger role in future arms cooperation negotiations. But, on 10 March former Defense Secretary Frank C. Carlucci told the Senate hearing that he would object to the Commerce Department being involved in the arms deals. In the face of the mounting opposition from the Congress, President Bush decided to seek clarifications from the Japanese government on the agreement. Again negotiations were started and the Commerce Secretary also took part in the negotiations.

Finally. On 30 April both reached an agreement though the American side still put many restrictions on the transfer of

34. Mainichi Daily News

35. Meham Michael, "Technological Concern Delay Approval of FSX Agreement", Aviation Week & Space Technology, February 1989, p. 17.

36. Op. cit., Towell Pat, p. 536.

technology and related parts. U.S. Congressmen were still not satisfied and continued their efforts to block the agreement in the Congress. Again they introduced some resolutions for changing certain terms of the agreement. But Bush vetoed their resolutions.

The stand taken by the business interests involved in the industry appeared to be divided. For instance, Joel Johnston, vice President of the international Aerospace industries Association of America (AIA) argued that "the FSX deal as negotiated was probably the best agreement that was realistically achievable"³⁷ He further stated that "We do not believe that it would be in our interests to encourage the Japanese to walk away from this agreement and pursue their original objective of building new aircraft without U.S. involvement."³⁸ On the contrary, James Burns, a vice president of Hercules inc., an aerospace company based in the Eastern state of Delaware questioned "the value of transferring composites,"³⁹

The American media right from the beginning showed considerable interest in the subject by giving wide coverage. The views expressed in the media influenced the politicians and

37. Ibid., p. 537.

38. The Japan Times, 2 April 1989.

39. Ibid.

public especially after the 1988 agreement. A large number of critical editorials, articles and news items highlighted the negative aspects of the agreement suggesting that the government should critically review it altogether if not scrap it.

The Journal of Commerce, in an editorial entitled "shoot Down the FSX", castigated Japan for failing to do enough to correct the trade imbalance between the two countries. It said "it is a test of the sincerity of Japan's commitment to play a responsible role in the world economy, and of its willingness to open its markets to others rather than exporting from behind protectionist walls".⁴⁰

The New York Times wrote editorially that "civil aviation is one of the few high-technology areas in which America still holds an edge over Japan. Why help Japan undermine Boeing and other American manufacturers?".⁴¹

In contrast with Japan, the US which strongly favoured the joint development was backed by Congress. Which was adamant on the issue. Congress linked the FSX issue to bilateral trade friction. Further, Congress feared that the aerospace industry of Japan would gain a lead leaving behind the American aerospace industry which is the supreme leader in this area.

40. The Journal of Commerce, 10 February 1989

41. The New York Times, 12 February 1989.

During the whole FSX controversy one could see a great degree of harmonious thinking among the different segments of American decision making process. On the contrary, as has been noted earlier the Japanese side could not would, the speedy consensus on the subject.

CHAPTER - IV

Chapter - IV

CONCLUSION

Japan-US relations have come a long way since 1952 following Japan's attainment of Sovereignty. The post-war bilateral relations have been centered around the mutual security pact. Together, both Japan and the United States today occupy a substantial portion of global GNP and world trade. The Japan-US partnership has been remarkably stable notwithstanding several stresses it has witnessed on many occasions.

The complexion of the bilateral partnership has changed in recent years in view of the fact the Japan has emerged as an economic super power. Since the 1970, there have been a series of difficulties witnessed particularly in Japan-US economic relations. These have related to questions concerning the consistently growing Japan's trade surplus and investments. In addition, the US side has also perceived that despite, its enormous economic strength, Japan is not making any significant contribution to bilateral security interests. In recent years, American disappointment with Japan has been increasingly seen in its keenness to link the trade problems with those of security. The FSX Question clearly demonstrated this trend. Furthermore, it also underlined the American anxieties to keep Japanese technological capabilities within bounds, particularly, in the aerospace industry.

The idea of the development of the FSX which Japan conceived in the 1980 took many twists and turns before it was given a final shape of an agreement. The FSX Question stated within the ambit of Japan-U.S. defence cooperation, later it got mixed up with the trade issues. During the FSX controversy, the US Congress played a crucial role and for the first time the US Commerce Department got involved in the arms deals.

In 1985, the Japanese government decided to develop a fighter (FSX) indiginously to replace the present F-I fighters, which will get obsolete in the mid 1990s. The Japanese Defense Agency and the business world showed keen interest in the indiginous production of the FSX. An expert committee of the Defence Agency found that Japan had adequate technology to build the next generation fighter aircraft. To suit the "no war clause" (Article 9) of Japan's peace constitution, the FSX would have the "defence only" features built into it. This was a major attempt by the Japanese government to reduce its over dependence on USA for its defence needs. The Japanese decision to independently develop the advanced aircraft sent shivers down the American government and the business firms. The American were not concerned about the military but they were very much concerned with the aerospace industry and the trade surplus with Japan. What caused concern and consternation to the U.S. was not so much the military aspect as the two questions-the future of the aerospace industry and the bilateral trade friction. The US

Congress exerted utmost efforts for the joint development. After long negotiations, both Reagan and Nakasone administrations reached an understanding in 1988 and signed the agreement (MOV). Even in Japan Nakasone administration favoured the joint development in order to reduce the trade deficit and maintain good relations with the US. Nakasone administration took keen interest in the defence issues and wanted to increase the defence budget. That is why in 1987, Japanese defence budget crossed 1 per cent to 1.004 percent of the GNP. But the problem began in the new Bush administration.

When the Bush administration was inaugurated in 1989, the US Congress, the Commerce Department and the media raised many doubts on the terms of the agreement and they started criticizing the administration and began putting pressure for a review of the agreement. Finally Bush administration decided to review the agreement with certain clarifications. Again after protracted negotiations, both sides signed the agreement in April 1989.

During the negotiations the Japanese leaders did not show as much interest in the subject as was expected as they were busy with several domestic issues like Recruit scandal, 3% consumption tax etc. But, some like Ishihara and others in the LDP were, however, critical of the deal. They argued that agreeing for a joint development would be nothing less than a total sellout. But the Pentagon and Congress argued that Japan

might utilise the American technology to undermine the US strategic interests and that they could not be relied upon. They ~~Sighted the examples~~ of the Toshiba's clandestine sale of sensitive military technology to Soviet Union and the Mitsubishi Heavy industries involvement in the construction of chemical weapons manufacturing plant in Libya.

Japan, with all its economic and technological might had to swallow this bitter pill of joint development because of its overwhelming dependence on the US market for her products. In 1987 the trade deficit of the US Vis-a-vis. Japan was a whopping \$ 56 billion. America used the Japanese dependence on its market as a trumpcard to kill the Japanese initiative to control world aerospace sector.

Besides the economic aspect of the FSX project, the military aspect also played a role in that US saw in it a Japanese move to emerge as a regional military power and as a major supplier of military aircraft to the world market. Thus, reducing the US supremacy in the regional military structure.

CHRONOLOGY OF EVENTS

- July 1982 : The Japanese Defense Agency decides to develop an FSX.
- January 1985 : The Japanese Air Self-Defense Force (ASDF) Commissioned the Technical Research and Development Institute to undertake a Study of Domestic Development of the next Generation Support fighter.
- September 1985 : The TRDI submitted its report.
- October 1986 : The Defense Agency sent a study group to McDonnell Douglas and General Dynamics.
- April 1987 : The United States Defense Department sent a study group to Japan.
- October 1987 : The F-16 chosen as the model for the FSX.
- November 1988 : The U.S. and Japanese governments signed an MOU.
- January 1989 : Mitsubishi and General Dynamics agreed upon sharing the work of the development project.
- April 1989 : Again Agreement Signed.
- May 1989 : Bush submitted the agreement to Congress for approval.
- June 1989 : The approval of the agreement.

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