

No. 031

Excellency,

I have the honor to refer to the Mutual Defense Assistance Agreement between the United States of America and Japan, signed at Tokyo on March 8, 1954 (hereinafter referred to as "the MDA Agreement"), which provides, inter alia, that each Government will make available to the other such equipment, materials, services, or other assistance as the Government furnishing such assistance may authorize, in accordance with such detailed arrangements as may be made between them.

In pursuance of this provision, the representatives of the Government of the United States of America and the Government of Japan have held discussions for the purpose of concluding such detailed arrangements as mentioned above concerning the program for the acquisition and production in Japan of the AH-64D Helicopter System and related equipment and materials (hereinafter referred to as "the System") necessary to enhance the defense capability of Japan. The following is the understanding of the Government of the United States of America regarding the results of the above-mentioned discussions:

1. In accordance with the detailed implementing arrangements to be concluded under paragraph 3, the Government of Japan will acquire or produce and the Government of the United States of America will authorize the sale or production, subject to paragraph 2, of the System.
2. The production of the System will be undertaken through the participation of the industries of the United States of America and Japan and through direct sales by the Government of the United States of America to the Government of Japan. Commercial exports of defense articles or services necessary to carry out this program will be individually authorized by the United States Department of State.
3. The present understanding will be implemented in accordance with the MDA Agreement and arrangements concluded thereunder, including the Agreement between the Government of the United States of America and the Government of Japan to Facilitate Interchange of Patent Rights and Technical Information for Purposes of Defense signed at Tokyo on March 22, 1956. The detailed implementing arrangements of the present understanding will be those arrangements concluded between representatives of the competent authorities of the two Governments concerning the acquisition and production in Japan of the System, and any subsequent amendments thereto.

Her Excellency

Yoriko Kawaguchi,

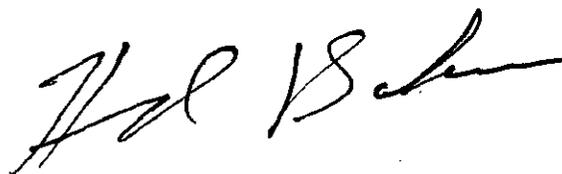
Minister for Foreign Affairs of Japan,

Tokyo.

4. Financial obligations or expenditures incurred by the Government of Japan under the present understanding and all arrangements to be concluded hereunder will be subject to budget authorization pursuant to the constitutional provisions of Japan.

I have the honor to propose that, if the above understanding is acceptable to the Government of Japan, the present Note and Your Excellency's reply of acceptance shall be regarded as constituting an agreement between the two Governments which shall enter into force on the date of Your Excellency's reply.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

A handwritten signature in dark ink, appearing to read "Ad. B. Schuler". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Translation

Tokyo, March 18, 2003

Excellency,

I have the honor to acknowledge the receipt of Your Excellency's Note of today's date, which reads as follows:

"I have the honor to refer to the Mutual Defense Assistance Agreement between the United States of America and Japan, signed at Tokyo on March 8, 1954 (hereinafter referred to as "the MDA Agreement"), which provides, inter alia, that each Government will make available to the other such equipment, materials, services, or other assistance as the Government furnishing such assistance may authorize, in accordance with such detailed arrangements as may be made between them.

In pursuance of this provision, the representatives of the Government of the United States of America and the Government of Japan have held discussions for the purpose of concluding such detailed arrangements as mentioned above concerning the program for the acquisition and production in Japan of the AH-64D Helicopter System and related equipment and materials (hereinafter referred to as "the System") necessary to enhance the defense capability of Japan. The following is the understanding of the Government of the United States of America regarding the results of the above-mentioned discussions:

1. In accordance with the detailed implementing arrangements to be concluded under paragraph 3, the Government of Japan will acquire or produce and the Government of the United States of America will authorize the sale or production, subject to paragraph 2, of the System.

His Excellency
Mr. Howard H. Baker, Jr.
Ambassador Extraordinary
and Plenipotentiary of
the United States of America

2. The production of the System will be undertaken through the participation of the industries of the United States of America and Japan and through direct sales by the Government of the United States of America to the Government of Japan. Commercial exports of defense articles or services necessary to carry out this program will be individually authorized by the United States Department of State.

3. The present understanding will be implemented in accordance with the MDA Agreement and arrangements concluded thereunder, including the Agreement between the Government of the United States of America and the Government of Japan to Facilitate Interchange of Patent Rights and Technical Information for Purposes of Defense signed at Tokyo on March 22, 1956. The detailed implementing arrangements of the present understanding will be those arrangements concluded between representatives of the competent authorities of the two Governments concerning the acquisition and production in Japan of the System, and any subsequent amendments thereto.

4. Financial obligations or expenditures incurred by the Government of Japan under the present understanding and all arrangements to be concluded hereunder will be subject to budget authorization pursuant to the constitutional provisions of Japan.

I have the honor to propose that, if the above understanding is acceptable to the Government of Japan, the present Note and Your Excellency's reply of acceptance shall be regarded as constituting an agreement between the two Governments which shall enter into force on the date of Your Excellency's reply."

I have the honor to confirm on behalf of the Government of Japan that the foregoing understanding is acceptable to the Government of Japan and to agree that Your Excellency's Note and this reply shall be regarded as constituting an agreement between the two Governments which shall enter into force on the date of this reply.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

Yoriko Kawaguchi
Minister for Foreign Affairs
of Japan