

**August 23, 1980**

**US Embassy Japan Telegram 14873 to State  
Department, 'GAO Review: Nuclear Nonproliferation  
Act of 1978'**

**Citation:**

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**Summary:**

The telegram describes the US Embassy in Tokyo reporting Japan's criticism of the Nuclear Nonproliferation Act of 1978 but its unwillingness to be strongly opposed in fear of a cut-off in enrichment services and nuclear reactor components.

**Original Language:**

English

**Contents:**

Original Scan

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E.O. RDS.1 08/21/00 (SHERMAN, W.C.) OR-M  
TAGS: AGAO, PARM, ENRG, TECH, JA  
SUBJECT: GAO REVIEW; NUCLEAR NON-PROLIFERATION ACT OF 1978

REF: (A) STATE 185247, (B) STATE 211410

1. (SECRET- ENTIRE TEXT)

2. THIS POST, LIKE U.S. EMBASSIES IN OTHER MAJOR COUNTRIES, HAS DEVOTED AN EXTRAORDINARY AMOUNT OF TIME TO NON-PROLIFERATION MATTERS DURING THE PERIOD SINCE THE LAST FORMAL GAO REVIEW IN 1979 (79 STATE 41043, 79 TOKYO 4364). THE JAPANESE VIEW OF U.S. NON-PROLIFERATION POLICY GENERALLY AND OF THE NNPA SPECIFICALLY HAS MATURED AND BECOME MORE EXPRESSIVE IN THE INTERVENING PERIOD, DUE NOT ONLY TO SOMEWHAT MORE OBJECTIVE AND INTERNATIONALIZED JAPANESE STUDY AND ANALYSIS OF U.S. INITIATIVES BUT ALSO TO AN INCREASING RECOGNITION BY THE U.S. OF THE IMPORTANCE OF JAPAN IN THE INTERNATIONAL NUCLEAR DEBATE AND A CONSEQUENT WILLINGNESS BY U.S. POLICY MAKERS TO BRING JAPAN INTO CONSULTATIONS AND DISCUSSIONS ON VARIOUS ASPECTS OF THE DEBATE. NOTWITHSTANDING OCCASIONAL MISUNDERSTANDINGS ON BOTH SIDES, THE EMBASSY CONSIDERS THE PAST YEAR AS BEING ONE OF MUTUAL CONFIDENCE BUILDING, WITH FREQUENT EXCHANGES OF VIEWS AMONG COUNTERPARTS AT THE POLITICAL AND TECHNICAL LEVELS. AT THE SAME TIME IT MUST BE RECOGNIZED THAT JAPAN STILL CONSIDERS MANY OF THE PROVISIONS OF THE NNPA TO BE ONEROUS, UNILATERAL, AND COUNTER-PRODUCTIVE IN TERMS OF ACHIEVING THE SHARED OBJECTIVE OF LIMITING THE SPREAD OF NUCLEAR WEAPONS. IT SHOULD BE NOTED ALSO THAT NOTWITHSTANDING THE CLOSE AND HARMONIOUS RELATIONSHIP THAT NOW EXISTS BETWEEN THE TWO COUNTRIES ON NUCLEAR NON-PROLIFERATION, VARIOUS LONG-STANDING BILATERAL ISSUES, SUCH AS CASE-BY-CASE MB-10 APPROVAL OF TRANSFERS OF SPENT FUEL FOR REPROCESSING, THE ULTIMATE FUTURE OF THE TOKAI MURA REPROCESSING PILOT PLANT, CONSTRUCTION OF A COMMERCIAL REPROCESSING PLANT, JAPANESE ENTRY IN THE URANIUM ENRICHMENT BUSINESS, FAST BREEDER DEVELOPMENT, PLUTONIUM UTILIZATION, AND NEGOTIATION OF A NEW BILATERAL AGREEMENT FOR COOPERATION, STILL REMAIN TO BE DEFINITELY RESOLVED.

3. THE EMBASSY'S AND THE DEPARTMENT'S REPORTING ON BOTH THE BILATERAL AND MULTILATERAL ASPECTS OF THE NUCLEAR RELATIONSHIP HAS BEEN HEAVY AND, FOR ALL PRACTICAL PURPOSES, COMPLETE. HOWEVER, MUCH OF THE TRAFFIC IS SENSITIVE AND CITATION OF TOKYO CABLES AND OTHER FORMS OF COMMUNICATION IS FOR DEPARTMENTAL REFERENCE PURPOSES ONLY, WITH THE UNDERSTAND-

ING THAT THE DEPARTMENT WILL MAKE THE APPROPRIATE DETERMINATIONS ON RELEASING INFORMATION TO THE GAO.

4. IN MARCH 1980 THE EMBASSY PERFORMED A NON-PROLIFERATION ASSESSMENT (TOKYO 5069) AT THE DEPARTMENT'S REQUEST (STATE 68365) WHICH IN ESSENCE UPDATED THE FIRST NON-PROLIFERATION REVIEW FOR THE GAO. TOKYO 5069 CITES 10 PREVIOUS COMMUNICATIONS COVERING THE PERIOD FROM AUGUST 1979 TO MARCH 1980, AMONG WHICH ARE SEVERAL REFERENCES OF PARTICULAR SIGNIFICANCE. FOR EXAMPLE, 79 TOKYO 14207 AND 79 TOKYO 14867 REPORTED ON A VISIT TO JAPAN BY A GAO STUDY TEAM WHICH COVERED THE GAMUT OF NON-PROLIFERATION ISSUES EXTANT IN AUGUST OF LAST YEAR. 80 TOKYO 1521 AND 80 TOKYO 1829 REPORTED ON AMB. PICKERING'S EXHAUSTIVE DISCUSSIONS IN TOKYO ON JANUARY 25, 1980. COLLECTIVELY, THESE MESSAGES FORM A GOOD FOUNDATION FOR UNDERSTANDING JAPANESE VIEWS OF U.S. POLICY.

5. AS AN ADDENDUM TO TOKYO 5069 CITED ABOVE PARA, THE FOLLOWING SUBSTANTIVE REPORTS ALSO WERE MADE PRIOR TO MARCH 1980:

--79 TOKYO 2675 (CONF., 02/15/79). BILATERAL DISCUSSION: REVISION OF US/JAPAN NUCLEAR COOPERATION AGREEMENT.  
--79 TOKYO 4688 (CONF., 03/19/79). INFORMAL TALKS ON POST-INFCE PERIOD AND OTHER NUCLEAR MATTERS.  
--79 TOKYO 07168 (SECRET) (EXDIS) PAKISTAN NUCLEAR ENERGY PROGRAM AND RELATION WITH INDIA.  
--79 TOKYO 07357 (SECRET) (EXDIS) PAKISTAN NUCLEAR PROGRAM.  
--79 TOKYO 07720 (CONF., 05/04/79). JAPANESE QUESTIONS ON AID TO PAKISTAN.  
--79 TOKYO 07765 (SECRET 05/07/79) (EXDIS). PAKISTAN NUCLEAR PROGRAM.

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--79 TOKYO 10377 (SECRET 06/12/79) (NODIS) PAKISTAN'S NUCLEAR PROGRAM.  
 --79 TOKYO 10345 (CONF., 06/12/79) REVIEW OF GOJ NUCLEAR ACTIVITIES.  
 --79 TOKYO 12229 (Q.O.U. 07/10/79) TECHNICAL ASSISTANCE TO PAKISTAN NUCLEAR PROGRAM.  
 --79 TOKYO 13470 (CONF., 07/30/79) DISCUSSIONS WITH GOJ ON PACIFIC BASIN SPENT FUEL STORAGE FACILITY.  
 --79 LETTER, BLOOM/SCRIBNER (CONF., 08/30/79) PERSONAL VIEWS ON PACIFIC BASIN SPENT FUEL STORAGE.  
 --79 TOKYO 17611 (CONF., 10/02/79) TASTEX STEERING COMMITTEE MEETING RECORD.

6. IN THE PERIOD FROM MARCH 1980 TO PRESENT, FOLLOWING SUBSTANTIVE REPORTS ARE PERTINENT:

--80 TOKYO 02149 (CONF., 02/06/80) (EXDIS) NON-PROLIFERATION POLICY AND REVENUE ASSISTANCE TO PAKISTAN  
 --80 TOKYO 02902 (SECRET 02/21/80) (EXDIS) VISIT BY JAPANESE DEPUTY FOREIGN MINISTER TO PAKISTAN AND INDIA.  
 --80 TOKYO 03704 (SECRET 04/01/80) REVIEW OF SAMPLING AND ANALYTICAL PRACTICES AT TOKAI MURA REPROCESSING PLANT.  
 --80 TOKYO 7726 (CONF., 05/02/80) NEWSPAPER REVELATION OF JAPANESE EXPORT CONTROL ON SENSITIVE NUCLEAR EQUIPMENT.  
 --80 TOKYO 8558 (CONF., 05/14/80) SAFEGUARDS APPROACHES TO ENRICHMENT PLANTS.  
 --80 TOKYO 10739 (CONF., 06/10/80) SAFEGUARDS APPROACHES TO ENRICHMENT PLANTS.  
 --80 TOKYO 10891 (CONF., 06/20/80) SAFEGUARDS APPROACHES TO ENRICHMENT PLANTS.  
 --80 TOKYO 12662 (CONF., 07/21/80) US/JAPAN DISCUSSIONS ON PACIFIC BASIN SPENT FUEL STORAGE STUDY.  
 --80 TOKYO 14417 (CONF., 08/15/80) US DELEGATION VISIT TO TOKAI MURA.  
 --80 TOKYO 14434 (Q.O.U., 08/15/80) NON-PROLIFERATION VIEWS OF JAPANESE OFFICIALS. (REFERS TO PUBLISHED ARTICLES TRANSMITTED BY POUCH TO DEPT.).  
 --80 TOKYO 14534 (CONF., 08/18/80) MULTILATERAL PROGRAM ON SAFEGUARDS APPROACHES AT GAS CENTRIFUGE PLANTS--US/JAPAN BILATERAL AND US/JAPAN/TROIKA TRILATERAL DISCUSSIONS.  
 --80 TOKYO 14582 (SECRET, 08/19/80) JAPANESE REPROCESSING AND ENRICHMENT PLANS; PRC ENRICHMENT OFFER.  
 --80 TOKYO 14612 (CONF., 08/19/80) JAPAN/AUSTRALIA DISCUSSIONS ON CONSTRUCTION OF A GAS CENTRIFUGE ENRICHMENT PLANT.  
 7. WITH THE ABOVE FOR BACKGROUND, FOLLOWING ARE RESPONSES TO QUESTIONS RAISED IN PARA 4 REFTEL (A), USING SAME SUBPARA NOTATIONS.

--A. JAPANESE OFFICIALS VIEW U.S. NON-PROLIFERATION POLICY AS TOO STRICT IN TERMS OF FAILING TO RECOGNIZE NUCLEAR ENERGY AS THE ONLY READILY AVAILABLE ALTERNATIVE ENERGY SOURCE IN SOME OF THE ADVANCED INDUSTRIAL NATIONS--JAPAN IN PARTICULAR. JAPANESE ENERGY POLICY EMPHASIZES DIVERSIFICATION IN ORDER TO REDUCE AN ALMOST 100 DEPENDENCE ON IMPORTED OIL, EVEN IF THE DIVERSIFICATION LEADS TO HIGHER COSTS AS THE PRICE OF ENERGY SECURITY. JAPAN IS NOW SECOND ONLY TO THE U.S. IN TERMS OF INSTALLED NUCLEAR CAPACITY AND IS TRYING TO MOVE TOWARD MAKING ITS NUCLEAR ENERGY INDUSTRY INDIGENOUS TO A LARGE EXTENT EXCEPT FOR THE IMPORTATION OF URANIUM. IN ITS BILATERAL RELATIONSHIP WITH THE U.S., JAPAN SEEKS EQUAL TREATMENT WITH WESTERN EUROPE AND JAPANESE OFFICIALS OFTEN HAVE INDICATED THAT THE U.S. SINGLES OUT JAPAN FOR EXCESSIVELY HARSH TREATMENT BY COMPARISON. IN THE PAST YEAR OR SO THE TONE OF SUCH VIEWS HAS MODERATED AS THE U.S. HAS REDUCED EFFORTS TO USE JAPAN AS AN EXAMPLE OF IMPLEMENTATION OF ITS INTERNATIONAL NON-PROLIFERATION CAMPAIGN AND HAS BROUGHT JAPAN MORE FREQUENTLY INTO ADVANCE CONSULTATIONS. THE REQUIREMENTS OF THE NMPA SEEM TO HAVE BEEN COMPLIED WITH IN JAPAN, ALTHOUGH NOT WITHOUT REGISTERING OF OBJECTIONS. JAPANESE OFFICIALS, BOTH GOVERNMENT AND PRIVATE, HAVE EXPRESSED HOPE THAT THE NMPA WOULD BE AMENDED IN THE FUTURE TO MAKE ITS EFFECTS MORE "REALISTIC". THEY DO NOT CONSIDER THE ACT TO BE PARTICULARLY FLEXIBLE, EXCEPT PERHAPS FOR THE LATITUDE GIVEN NPT COUNTRIES IN RENEGOTIATION OF THEIR BILATERAL NUCLEAR AGREEMENTS (I.E., NO TIME LIMIT SET). THERE IS NO QUESTION BUT THAT THE JAPANESE LOOK UPON U.S. NUCLEAR POLICY AS CHANGEABLE AND UNPREDICTABLE, AND IN FACT THERE IS THE HOPE EXPRESSED THAT IT WILL CHANGE AGAIN IN FAVOR OF OTHER COUNTRIES, OF COURSE THERE IS NO WAY FOR THEM TO EVALUATE WHETHER SUCH CHANGES WILL BE

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"UNANNOUNCED" OR "UNILATERAL".

--B. JAPAN HAS ACCEPTED AND ADHERED TO CURRENT U.S. NON-PROLIFERATION POLICY TO THE EXTENT THAT IT UNDERSTANDS OR IS INFORMED OF THE POLICY, ALBEIT SOMETIMES UNDER PROTEST (E.G., NB-10 APPROVALS). THE RECENT INCIDENT WHICH THREATENED THE CUT-OFF OF NUCLEAR EXPORTS FROM THE U.S. TO JAPAN BECAUSE THE NRC MIGHT MAKE A DETERMINATION THAT ALL OF JAPAN'S NUCLEAR FACILITIES WERE NOT UNDER IAEA SAFEGUARDS INSPECTION (SPECIFICALLY, THE NEW NINGYO TOGE GAS CENTRIFUGE ENRICHMENT PILOT PLANT) IS A CASE IN POINT WHERE THE JAPANESE THOUGHT THAT THEY WERE CARRYING OUT THE OBLIGATIONS OF THEIR NPT SAFEGUARD AGREEMENT WITH THE IAEA IN GOOD FAITH SECRET BUT IN EFFECT WERE TOLD OTHERWISE BY THE U.S. ALTHOUGH JAPAN DOES NOT HAVE THE LEGAL AND REGULATORY FRAMEWORK TO CARRY OUT A STRICT EXPORT CONTROL PROGRAM FOR SENSITIVE NUCLEAR TECHNOLOGY AND EQUIPMENT, IT HAS RESPONDED QUICKLY AND AFFIRMATIVELY TO BAR EXPORTS WHEN ALERTED BY THE U.S. TO POTENTIALLY DANGEROUS SITUATIONS (I.E., WITH INDIA AND PAKISTAN). TO OUR KNOWLEDGE, JAPAN HAS NOT TRIED TO SUBVERT ITS OWN STRONG NUCLEAR NON-PROLIFERATION POLICY FOR ECONOMIC GAIN, AS HAS BEEN THE CASE IN A FEW OTHER ADVANCED NATIONS.

--C. THE JAPANESE LOOK UPON THE U.S. AS THEIR STRONGEST AND MOST IMPORTANT ECONOMIC, MILITARY AND POLITICAL ALLY AND ACCEPT U.S. NUCLEAR POLICY LARGELY IN THIS CONTEXT. THAT IS, LIKE THE U.S., THEY WISH TO DEFUSE NON-PROLIFERATION ISSUES TO PREVENT THEM FROM BEING ELEVATED TO A MORE EMOTIONAL LEVEL WHICH MIGHT AFFECT ADVERSELY OTHER PARTS OF THE RELATIONSHIP. FURTHERMORE, JAPAN DEPENDS ON THE U.S. AS ITS MAJOR SUPPLIER OF ENRICHMENT SERVICES AND SOME NUCLEAR POWER PLANT COMPONENTS, AND ALSO BUYS SOME NATURAL URANIUM IN THE U.S. THEREFORE, JAPAN WOULD NOT WISH TO RISK A CUT-OFF OF SUCH SUPPLIES BY TOO STRIDENT OPPOSITION TO U.S. POLICIES WHICH RESULTED IN A CONDITION CONTRARY TO A PROVISION OF THE BILATERAL AGREEMENT OR OF THE HNPA. THESE FACTORS HARDLY "ENHANCE" JAPAN'S ACCEPTANCE OF U.S. POLICY, SINCE THEY ARE NEGATIVE IN CHARACTER. HOWEVER, THERE HAVE BEEN SOME SPECIFIC ACTIONS INITIATED BY THE U.S. WHICH HAVE ACTED TO GAIN WHOLE-HEARTED JAPANESE SUPPORT. WE THINK IMMEDIATELY OF THE SUCCESSFUL TASTEX PROGRAM FOR IMPROVING SAFEGUARDS AT REPROCESSING PLANTS, THE RECENTLY INITIATED MULTILATERAL PROGRAM FOR ESTABLISHING SAFEGUARDS PROCEDURES FOR GAS CENTRIFUGE ENRICHMENT PLANTS, AND THE SUCCESSFUL CONCLUSION OF INFCE---WHERE THE JAPANESE GENERALLY PLAYED A CONSTRUCTIVE AND USEFUL ROLE, EVEN IF NOT AGREE-

ING TO ALL U.S. INFCE INITIATIVES. ALSO, THE JAPANESE HAVE ACCENDED TO JOINING THE U.S. IN PERFORMING THE PACIFIC BASIN SPENT FUEL STORAGE STUDY, BUT WITHOUT COMMITTING THEMSELVES TO PARTICIPATION IN THE CONSTRUCTION OF AN ACTUAL FACILITY.

--D. WE HAVE ADDRESSED ALREADY THE FACTORS WHICH IMPEDE JAPAN'S ACCEPTANCE OF CURRENT U.S. POLICY. THE JAPANESE CERTAINLY WOULD LIKE TO SEE CHANGES MADE IN THAT POLICY. FOR EXAMPLE, GENERIC APPROVAL OF NB-10 TRANSFERS WOULD REMOVE A FESTERING THORN WHICH ADVERSELY AFFECTS ALL OTHER PARTS OF THE NUCLEAR RELATIONSHIP. AS RECENT CABLES HAVE REPORTED, JAPANESE PLANS FOR BUILDING A COMMERCIAL REPROCESSING PLANT APPEAR TO BE IN A STATE OF FLUX, BUT IF THE DECISION IS MADE TO PROCEED WITH SUCH A PLANT, IT WILL BE DONE ONLY WITH THE ASSURANCE THAT THE U.S. WILL CHANGE ITS POLICY, WILL SUPPORT THE CONCLUSIONS OF INFCE IN REGARD TO REPROCESSING, AND WILL NOT STAND IN JAPAN'S WAY. AT THE SAME TIME THE JAPANESE ARE REALISTIC ENOUGH TO REALIZE THAT U.S. DOMESTIC POLICY IN REGARD TO REPROCESSING PROBABLY WILL HAVE TO CHANGE ALSO. RELATED TO THIS IS JAPAN'S DESIRE TO SEE THE U.S. TAKE A MORE POSITIVE AND FORTHCOMING STANCE TOWARD THE INTERNATIONAL PLUTONIUM STORAGE CONCEPT. JAPAN ALSO WOULD LIKE TO SEE THE NRC RELIEVED OF ITS EXPORT CONTROL RESPONSIBILITIES.

--E. WE HAVE COMMENTED ALREADY ON THE EVOLVING RELATIONSHIP BETWEEN THE U.S. AND JAPAN DURING THE PAST TWO YEARS, AND ON THE NEGATIVE IMPACT OF THE HNPA.

--F. THIS POINT ALSO HAS BEEN COVERED.

--G. ALMOST ALL OF THE DISCUSSION HERETOFORE IS RELATED TO

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THE PERCEIVED RELIABILITY OF THE U.S. AS A SUPPLIER OF NUCLEAR FUEL. IN ALL ENERGY MATTERS JAPAN IS MOST RELUCTANT TO RELY ON A SINGLE SUPPLIER, EVEN IF THAT SUPPLIER IS CONSIDERED RELIABLE IN SOME TIME FRAME. THE SUSPENSION OF U.S. ENRICHMENT SUPPLY CONTRACTS IN 1974 WAS A FACTOR IN LEADING JAPAN TO CONTRACT WITH EURODIF FOR A PORTION OF ITS SEPARATIVE WORK REQUIREMENTS IN THE 1980'S AND TO EMBARK ON A VIGOROUS INDIGENOUS URANIUM ENRICHMENT PROGRAM. LIKEWISE, JAPAN HAS BECOME ALMOST INDEPENDENT OF THE U.S. AND OTHER COUNTRIES IN TERMS OF NUCLEAR EQUIPMENT SUPPLY FOR LIGHT WATER REACTORS, BUT PROBABLY COULD STILL BENEFIT FROM THE TRANSFER OF ADVANCED FAST BREEDER TECHNOLOGY AND EQUIPMENT. THE INTERNATIONAL FUEL BANK CONCEPT, AS PROPOSED BY THE U.S., SEEMS TO BE OF LITTLE INTEREST TO JAPAN SINCE IT WOULD NOT REALLY APPLY TO JAPAN'S SITUATION IN THE EVENT OF A CUT-OFF OF SUPPLY BY A COUNTRY SUCH AS THE U.S.

--H. JAPAN HAS A NUMBER OF RESEARCH PROJECTS ON SAFEGUARDS BEING CARRIED OUT FOR THE IAEA, INCLUDING ASPECTS OF THE MULTILATERAL TASTEX PROGRAM WHICH OF ITSELF IS DESIGNED FOR ENHANCEMENT OF IAEA SAFEGUARDS. ALSO, JAPAN HAS WORKED HARD TO INCREASE THE NUMBER OF JAPANESE NATIONALS ON THE AGENCY'S STAFF, INCLUDING THE RECENT APPOINTMENT OF H. IYAHOTO TO SENIOR SAFEGUARDS POSITION. THE CURRENT U.S. EFFORT TO DEVELOP IAEA SAFEGUARDS PROCEDURES FOR GAS CENTRIFUGE PLANTS HAS STRONG JAPANESE SUPPORT AND WE EXPECT THAT JAPAN WILL BE A MAJOR CONTRIBUTOR AND PARTICIPANT IN ANY PROGRAM WHICH EVOLVES FROM THE DISCUSSIONS NOW GOING ON. JAPAN IS ALSO ONE OF THE MAJOR PARTICIPANT'S IN ACDA'S RECOVER PROGRAM, WHICH WILL PROVIDE THE IAEA WITH THE CAPABILITY OF REMOTE SURVEILLANCE OF SENSITIVE NUCLEAR FACILITIES.

--I. --WE BELIEVE THAT THIS QUESTION IS NOT WITHIN OUR PURVIEW.

--J. SEVERAL INTENSIVE MEETINGS HAVE BEEN HELD WITH THE GOJ ON NEGOTIATION OF A NEW BILATERAL AGREEMENT. THE JAPANESE PREFER TO LOOK UPON THIS AS A SERIES OF DISCUSSIONS, BUT IT IS QUITE CLEAR THAT THE WORDING OF AN ACCEPTABLE AGREEMENT HAS BEEN EVOLVING STEADILY. THE GOJ HAS BEEN EXPLICIT IN STATING, HOWEVER, THAT IT WILL NOT ENTER INTO A NEW AGREEMENT UNTIL EURATOM HAS DONE LIKEWISE (OR PERHAPS UNTIL IT IS CERTAIN THAT THE EURATOM AGREEMENT WILL BE CONSUMMATED). OES/N IS MUCH MORE FAMILIAR WITH THE STATUS OF THE NEGOTIATIONS AND THE REMAINING OBSTACLES THAN IS THE EMBASSY, AND WE DEFER TO THE DEPARTMENT'S JUDGMENTS IN THIS REGARD. SO FAR, THE GOJ HAS NOT MADE A CONTENTIOUS ISSUE OF THE NHPA REQUIREMENT FOR A NEW AGREEMENT, BUT ALMOST

CERTAINLY WOULD DO SO IF AN ATTEMPT WERE MADE TO FORCE JAPAN TO CONCLUDE AN AGREEMENT BEFORE EURATOM DOES.

--K. WE DO NOT KNOW OF ANY SPECIFIC INSTANCES DURING THE PAST YEARS WHERE U.S. NON-PROLIFERATION POLICY HAS LED TO A LOSS OF SALES OF MATERIALS OR SERVICES. MOST SALES FROM THE U.S. ARE UNDER LONG-TERM GOVERNMENT OR PRIVATE CONTRACTS AND WE ARE NOT AWARE OF ANY OF THESE BEING ABROGATED. AT ONE TIME THERE APPEARED TO BE THE POTENTIAL FOR LOSS OF SALES OF HIGHLY ENRICHED URANIUM FUEL FOR RESEARCH REACTORS WHEN THE U.S. ADOPTED A POLICY OF GRADUAL MOVEMENT TOWARD FUEL WITH LOWER ENRICHMENT AND ULTIMATELY TOWARD THE USE OF LEU (LESS THAN 20 PERCENT U-235). HOWEVER, THE JAPANESE HAVE NOT SOUGHT OTHER SUPPLIERS AND IN FACT HAVE ENTERED INTO A JOINT DEVELOPMENT EFFORT WITH THE U.S. TO PERFECT LOWER ENRICHMENT FUELS. IN THIS INSTANCE, THE U.S. TOOK SPECIAL STEPS TO CONTINUE TO SUPPLY JAPAN WITH HEU AS AN INTERIM MEASURE, WHICH WAS GREATLY APPRECIATED BY THE RESEARCH REACTOR OPERATORS.

--L. AS POINTED OUT IN A NUMBER OF PLACES ABOVE, PASSAGE OF THE NHPA HAS HAD BOTH POSITIVE AND NEGATIVE EFFECTS ON JAPAN'S NON-PROLIFERATION POLICY. RELATIONS BETWEEN THE TWO COUNTRIES WERE AT A LOW EBB DURING THE PERIOD IN WHICH THE NHPA WAS BEING FORMULATED IN CONGRESS WITH THE TOKAI MURA ISSUE STILL FRESH, AND THE JAPANESE FEARED THE WORST ON THE PASSAGE OF NHPA. HOWEVER, THE PASSAGE AND IMPLEMENTATION OF THE ACT, ONEROUS AS IT WAS TO JAPAN, DEMONSTRATED THAT WHAT JAPAN CONSIDERED PREVIOUSLY AS THE UNPREDICTABLE VAGARIES OF U.S. NUCLEAR POLICY HAD BEEN CODIFIED BY LAW AND THAT CHANGING LAWS IS MORE DIFFICULT THAN CHANGING POLICIES. THUS WE BELIEVE THAT THE JAPANESE MORE OR LESS

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ARE RESIGNED TO LIVING WITH THE NPT AND ADJUSTING THEIR OWN POLICIES AND PROCEDURES ACCORDINGLY UNLESS IT APPEARS THAT A CONCERTED MOVE TOWARD LIBERALIZATION OF THE ACT TAKES PLACE IN THE U.S. UNFORTUNATELY, THE ADJUSTMENT OF GOJ POLICY MAY WELL TEND TOWARD PUTTING A GREATER DISTANCE BETWEEN THE TWO COUNTRIES IN THE SUPPLIER-CUSTOMER RELATIONSHIP. ALTHOUGH THIS PROBABLY WILL NOT BE A NEAR-TERM EFFECT, WE DOUBT THAT THE DECLINE IN THE U.S. SHARE OF SALES OF ENRICHMENT SERVICES OF ITSELF HAS HAD AN ADVERSE AFFECT ON THE U.S. ABILITY TO SPECIFICALLY INFLUENCE JAPAN'S NUCLEAR POLICIES. RATHER, THE OVERALL STRINGENCY OF THE U.S. NON-PROLIFERATION POLICY HAS ADVERSELY AFFECTED U.S. INFLUENCE ON JAPAN IN CONCERT WITH A LARGE NUMBER OF OTHER COUNTRIES, SO THAT JAPAN TOGETHER WITH THE OTHER COUNTRIES, PERHAPS FEELING SOME SAFETY IN NUMBERS, ARE NOW MORE INCLINED TO CHALLENGE OR AT LEAST DEBATE THE MERITS OF U.S. INITIATIVES. INFCE, OF COURSE, WAS THE FORUM WHERE THE DEBATE TOOK PLACE FIRST, AND NOW THE SECOND NPT REVIEW CONFERENCE PROVIDES ANOTHER VEHICLE FOR REACTION.

--M. JAPAN APPEARS TO UNDERSTAND THE NEED FOR THE EXPORT CRITERIA BUT QUESTIONS THE MANNER IN WHICH THEY ARE APPLIED. FOR EXAMPLE, THERE HAVE BEEN LONG DELAYS IN THE APPROVAL OF FUEL SHIPMENTS TO JAPAN (A PROBLEM THAT MAY BE RECEDING). PERHAPS THE MOST STARTLING EVENT CONCERNING THE EXPORT CRITERIA WAS THE ADMINISTRATION'S POSITION ON THE SHIPMENT OF FUEL TO INDIA--A CASE DISAPPROVED BY THE NRC BUT OVER- RULED BY THE PRESIDENT AND SUBMITTED TO THE CONGRESS FOR ULTIMATE DECISION. THE APPARENT LACK OF COHERENCE WITHIN THE USG, COUPLED WITH U.S. INTENTIONS OF SUPPLYING FUEL TO A NON-NPT COUNTRY WHICH HAD EXPLODED A NUCLEAR DEVICE AND WHICH DID NOT HAVE FULL-SCOPE SAFEGUARDS IN PLACE, WAS TOO MUCH FOR THE AVERAGE JAPANESE TO COMPREHEND--ESPECIALLY WHEN SUCH RESTRICTIONS AS MB-10 APPROVALS AND APPROVALS FOR SHIPMENT OF REACTOR FUEL TO JAPAN CONTINUE TO BE STRICTLY ENFORCED. NOTWITHSTANDING WORDS ALONG THESE LINES FROM MORE SOPHISTICATED GOJ OFFICIALS, WE BELIEVE THAT THEY FULLY UNDERSTAND THE REASONS AND THE NEED FOR THE ADMINISTRATION'S POSITION. HOWEVER, THEY MAY USE THE ARGUMENT TO THEIR ADVANTAGE IN THE EVENT THAT RESTRICTIONS ON EXPORTS TO JAPAN SHOULD OCCUR IN THE FUTURE FOR SOME UNPREDICTABLE REASON.

MANSFIELD

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