



AMBASSADOR OF
THE UNITED STATES OF AMERICA
TOKYO

November 14, 1978

CONFIDENTIAL

OFFICIAL-INFORMAL

The Honorable
Gerard Smith
Ambassador at Large
Department of State
Washington, D.C. 20520

Dear Gerry:

My reply to your note of October 23 has been delayed by my absence from Tokyo. I am happy to address your questions.

There is absolutely no question about the fact that the U.S. policy on non-proliferation has had a widespread impact at all levels of Japanese political leadership and public opinion. It has been expressed as questioning and concern by senior Government officials, the Diet (in committee hearings and by individual members), by the nuclear industry (witness the many visitations to Washington) and by the press. Although the intensity of concern has died down during the past few months, an undercurrent remains which indicates that the Japanese are still skeptical. The skepticism is likely to increase as the INFCE and Tokai Mura agreements approach their end. This is not to say that all has been bad. The more moderate and reasonable approach taken by the U.S. starting with your entry into the Tokai Mura negotiations, repeated assurances that we understand the Japanese energy situation, and Secretary Schlesinger's strong posture of cooperation and support for Japan's nuclear programs have all acted to make the Japanese more understanding of our proliferation concerns. Both Prime Minister Fukuda and Foreign Minister Sonoda showed their awareness of and a general spirit of cooperation with our policy in

CONFIDENTIAL

GDS

CONFIDENTIAL

2

their conversations with Secretary Schlesinger, for example. Furthermore, the Japanese have cooperated fully with us in INFCE, TASTEX, IAEA meetings, and London suppliers activities and are numbered among our reliable allies in such fora. It is necessary that we continue to treat the Japanese as co-equals in nuclear policy matters and that we not revert to the heavy-handed approach already shown to be non-productive or counter-productive. We must also keep in mind always that there are other bilateral economic and political issues lying before us which are of great importance and the total context of the relationship requires continuous evaluation and balancing.

The new nonproliferation legislation unfortunately presents some potential for opening up old wounds and causing us political difficulties. It is too early to predict the extent and depth of these ramifications, but I think that it is clear already that Japan will not want to get too far ahead of the European countries in acquiescing to the increased controls that the U.S. will place on the export and use of nuclear fuels, plant components, and technology. I caution particularly against trying to impose controls on Japan which are not imposed equally on other advanced countries such as Germany, even though some may argue that Germany--as a member of the European Community and Euratom--has to be treated in somewhat different fashion. I am thinking of Japan's imminent entry into the uranium enrichment field as an example, but there are other possible difficulties as well. Our position, and that of Japan, will become much more clear when we enter into the negotiations on the new bilateral nuclear cooperation agreement required by the Nonproliferation Act. Retrospectively, our negotiating position should take into account that Japan has acted in a completely responsible manner in its nuclear dealings with other countries; it has not tried to go around COCOM rules or the London suppliers' guidelines in making exports that we would look upon with disfavor, as has been done by some of its European counterparts.

CONFIDENTIAL

CONFIDENTIAL

3

Of course the new legislation has had an immediate effect in Japan because of its applications to the U.S. for approval of the export of spent fuel to the UK and France for reprocessing. A problem which could have degenerated into a major political issue was averted by the skillful handling of the matter by the Administration. My former colleagues in Congress were not quite as understanding (witness the letters to the President from Senator Glenn and Congressman Bingham), but reason prevailed. The Japanese are fully aware of the fact that the approval they obtained was ad hoc and that as future shipments are scheduled, they will have to repeat the rather embarrassing process of seeking U.S. approval each time. I trust that the approvals already granted will form some sort of interim precedent, so that Executive and Congressional reviews are not required for each proposed transfer.

Taking a longer term perspective, I am troubled by what may come later. The Administration has made it clear that its approval for the transfer of spent fuel to Europe for reprocessing should not be construed as implying that it will automatically approve the return of separated plutonium to Japan. At the same time, the Administration insists that it is not interfering with the development of fast breeder reactors in other countries. Should the time come when the Japanese need the plutonium they own in Europe for their fast breeder program but are not permitted by the U.S. to receive it, we are going to become engaged in another major confrontation in my opinion. There is a tendency in Washington, I am sure, to put off consideration of this issue because it lies several years ahead. I think questions are going to arise earlier than that, either from Japan or from other countries similarly affected. We should be addressing how we will handle this situation with the major nuclear energy countries about whom we have no proliferation concerns.

CONFIDENTIAL

CONFIDENTIAL

4

Some of the other requirements of the new legislation that will be incorporated into revised bilateral agreements, such as the requirement that U.S. approval be obtained for storage of certain classes of nuclear materials, may cause difficulties with the Japanese but we have not heard enough yet to tell how much of a problem they will be.

Concerning Japanese attitudes toward the outcome of INFCE, I believe that Japan will seek shelter in whatever consensus develops. That is, I don't believe that Japan will go so far toward meeting U.S. non-proliferation concerns that it will isolate itself from the European consensus position. This assumes that Europe will continue to resist the full acceptance of U.S.-proposed nonproliferation measures and that Japan will go along with the other major nuclear power nations so that it is not placed at a disadvantage in economic or strategic terms vis-a-vis energy developments. On the other hand, Japan--as a major supporter of the INFCE program, and a nation which wishes to continue close and cooperative relations with the U.S. in this field--will not take the lead in opposing U.S. efforts. I am somewhat limited in my view of the INFCE activities since I cannot become familiar with the myriad of technical detail involved and since we receive relatively little information about U.S. perceptions of country attitudes at INFCE meetings held in other parts of the world. I do recall some cable traffic of a few weeks ago which appeared to reflect some heated reaction by other countries to efforts by the U.S. to require proliferation resistance analyses in one of the working groups. Although Japan also joined the negative side, its position was not as adamant as that of some others.

The INFCE approach has both good and bad aspects. From the good side, it has increased the awareness of most countries of the proliferation problem and has given the U.S. a forum to express its position in great detail. From the bad side, there are indications that the

CONFIDENTIAL

results of INFCE may not be in the form of a consensus meeting U.S. needs, or alternatively there may be no consensus at all on some facets of the problem. The question then is what does the U.S. do next? The future of the Tokai Mura plant hinges to some extent on the outcome of INFCE, and I hope that you will be taking this into account over the course of the final year's deliberations on INFCE--not in the sense of giving Japan specially favorable consideration but in insuring that Japan as a non-nuclear weapons state and party to the NPT is not isolated by the U.S. for special treatment because it has a reprocessing plant and other nations of the same status do not. In other words, the political framework of the post-INFCE period should put Japan in the category of the UK, France, FRG, and the United States as an advanced nation with heavy nuclear power interests. To what extent this view can be factored into the ongoing INFCE process is known far better to you than to me.

My views above have been very frank and are largely in the perspective of the overall U.S.-Japan relationship. What you could do for me in return is to give me an equally frank analysis of how we are doing in convincing other countries about the merits of our nonproliferation policy, either bilaterally or in INFCE. If we have a loser on our hands, I would like to know about it early in the game. If we are going to win, I would like to know that too. Nonproliferation policy will continue to be one of the most important issues we and Japan deal with, and it retains a potential for political difficulty. It is important to me to know where we stand and what our prospects are.

Sincerely,

Mike Mansfield
Gerry, - It was good to see you
in D.C. if only for a short visit.
Keep up the good work. I can't begin
to tell you how happy I am that you are
where you are. All the best - as always
Mike M.