IN THAT THE DEPARTMENT WILL MAKE THE APPROPRIATE DETERMINATIONS ON RELEASING INFORMATION TO THE GAD.

4. IN MARCH 1980 THE EMBASSY PERFORMED A NON-Proliferation Assessment (Tokyo 5675) AT THE DEPARTMENT'S REQUEST (STATE 88305) WHICH IN ESSENCE UPDATED THE FIRST NON-Proliferation Review For THE GAD. TOKYO 5609 Cites 18 Previous Communications Covering the Period From August 1979 To March 1980, Among Which Are Several References of Particular Significance. For Example, 73 Tokyo 14207 and 73 Tokyo 14867 Reported on a Visit to Japan by A GAD Study Team Which Covered the Gamut of Non-Proliferation Issues Extant in August of Last Year. 88 Tokyo 1521 and 88 Tokyo 1229 Reported on Amb. Picken’s Exhaustive Discussions in Tokyo on January 25, 1988. Collectively, these Messages Form a Good Foundation For Understanding Japanese Views of U.S. Policy.

5. AS AN ADDENDUM TO TOKYO 5609 Cited Above, the Following Substantive Reports Also Were Made Prior to March 1980:

- 79 Tokyo 2675 (CONF., 02/15/80). Bilateral Discussion: Revision of US/Japan Nuclear Cooperation Agreement.
- 79 Tokyo 4684 (CONF., 02/19/80). Informal Talks on Post-INFCE Period and Other Nuclear Matters.
- 79 Tokyo 7164 (SECRET) (EXIS) Pakistan Nuclear Energy Program and Relations With India.
- 79 Tokyo 7357 (SECRET) (EXIS) Pakistan Nuclear Program.
- 79 Tokyo 7765 (SECRET 05/07/79) (EXIS) Pakistan Nuclear Program.

1. 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 GAD Review in 1978 (73 State 4104, 73 Tokyo 4364). The Japanese View of U.S. Non-Proliferation Policy Generally and of the U.S. Specifically Has Mellowed and Become More Expressive in the Intervening Period. We Not Only to some What 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 INFCE to Be Merely Unilateral, and Counter-Productive in Terms of Achieving the Stated 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 HE-18 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 Definitively 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 Department Reference Purposes Only, With the Understand-
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--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. IN PARTICULAR, JAPANESE ENERGY POLICY EMPHASIZES DIVERSIFICATION IN ORDER TO REDUCE AN ALMOST 100 PERCENT 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 INDEPENDENT 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 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 CONSIDERATIONS. THE REQUIREMENTS OF THE NPMA SEE TO BE COMPLIED WITH VARYINGLY, ALTHOUGH NOT WITHOUT REGISTERING OF OBJECTIONS. JAPANESE OFFICIALS, BOTH GOVERNMENT AND PRIVATE, HAVE EXPRESSED HOPE THAT THE NPMA 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 LIMITATION GIVEN NPT COUNTRIES IN NEGOTIATION 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
JAPAN HAS ACCEPTED AND AGREED TO CURRENT U.S. NON-PROLIFERATION POLICY TO THE EXTENT THAT IT UNDERSTANDS OR IS INFORMED OF IT, SOMETIMES UNDER PROTEST (E.G., MB-1B APPROVALS). THE RECENT INCIDENT WHICH THREATENED THE CUT-OFF OF NUCLEAR EXPORTS FROM THE U.S. TO JAPAN BECAUSE THE NRC CONSIDERED A DETERMINATION THAT ALL OF JAPAN'S NUCLEAR FACILITIES WERE NOT UNDER IAEA SAFEGUARDS 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.

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.

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 ADVERSARILY 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 RUN THE RISK OF 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 NIPA. 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 AIDED IN MAINTAINING WHOLE-HEARTED JAPANESE SUPPORT.

WE THINK IMMEDIATELY OF THE SUCCESSFUL FASTEX 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 INFE---WHERE THE JAPANESE GENERAL.'
SECRET
Department of State

INCOMING TELEGRAM

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

---Y. 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 TOWARDS FUEL WITH LOWER ENRICHMENT AND ULTIMATELY TO 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 LEU AS AN INTERIM measure, WHICH WAS GREATLY APPRECIATED BY THE RESEARCH REACTOR OPERATORS.


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ARE DESIGNED TO LIVING WITH THE NNPA 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 GOI 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 ENRICH-
MENT SERVICES ON ITS OWN 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
IN PACE, 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 RECEING),
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--ESEPECIALLY
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 GOI 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