

## Department of State TELEGRAM

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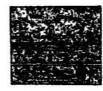
E.O. 11652: GDS TAGS: PARH, ENTCH, JA SUBJ: BILATERAL APPROACH TO GOJ ON REGIONAL REPROCESSING REFS: A. STATE 285359 B. STATE 280819 C. STATE 245808 D. STATE 291713

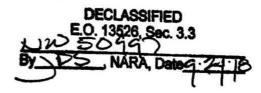
SUMMARY: EMBASSY PRESENTED USG PROPOSAL FOR HOLDING BILATERAL TALKS ON REGIONAL REPHROCESSING CENTERS TO MOFA OFFICIALS. INITIAL NEGATIVE REACTION WAS AT LEAST PARTIALLY OVERCOME BY DETAILED EXPLANATION OF USG INTENTIONS, BUT FAVORABLE RESPONSE CANNOT BE EXPECTED UNTIL MOFA HAS CONSULTED INTERNALLY AND WITH OTHER INVOLVED GOJ AGENCIES. END SUMMARY

1. SINCE OTSUKA OUT OF TOWN ATTENDING UNGA MEETING UNTIL MIDDLE NEXT WEEK OR LATER, EMBOFFS MET WITH ETO AND OBATA (MOFA) ON DECEMBER 11 PER INSTRUCTIONS REFTEL A. AFTER LISTENING TO SUMMARY OF U.S. PROPOSAL AS STATED REFTEL A PARA. 6 AND REFTEL C PARA. 4, ETO RESPONDED WITH HIS OWN UOTE INITIAL, PERSONAL UNQUOTE REACTIONS.

2. ETO'S ENUMERATED R U.S. CONCERNS OVER PROLIFERATION. HOWEVER, U.S. SHOULD CONCENTRATE ON IMPLEMENTATION OF NPT AND ON INCREASING NUMBER OF NPT STATES RATHER THAN INTRODUCING NEW SCHEMES AT THIS TIME. SUCH NEW DEPARTURES AT THIS TIME COULD PAGE 02 TOKYO 00001 1304022

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JEOPARDIZE NPT RATIFICATION BY MAKING NPT APPEAR TO BE INSUFFICIENT NON-PROLIFERATION INSTRUMENT. (B) JAPAN IS ALREADY DEEPLY INVOLVED IN LONDON SUPPLIERS MEETING FOLLOd-UP, AND SINCE CONSENSUS WAS REACHED IN LONDON, NEW IDEAS AT THIS STAGE SEEM PRE-

MATURE, (C) REGIONAL NUCLEAR FACILITIES ARE QUOTE BASICALLY DIFFICULT IDE; UNQUOTE. ALL COUNTRIES, EVEN SMALL ONES, WAN' FULL FUEL CYCLE CAPABILITY TO ENHANCE NATIONAL SECURITY OR PRESTIGE AND ENSURE SUPPLY OF ENERGY RESOURCE. U.S. MUST UNDERSTAND THIS THINKING. (D) IAEA STUDY IS NOW UNDERWAY AND SHOULD BE COMPLETED. AGAIN, NEW DEPARTURES AT THIS STAGE ARE PREMATURE. (C) JAPAN WILL NOT HAVE FULL FUEL CYCLE BEFORE 1985, QUOTE IF EVER UNQUOTE. JAPAN IS DEPENDENT ON U.K. FOR REPROCESSING AND IT IS QUOTE ALMOST IMPOSSIBLE UNQUOTE TO THINK OF HAVING A LARGE REPORCESSING PLANT IN JAPAN. JAPAN DOES NOT WANT TO ACCEPT SPENT FUEL FROM OTHER COUNTRIES. RECENT PUBLIC CONTROVERSY OVER MUTSU AND PNC REPROCESSING PLANT ARE EVIDENCE OF THIS GUOTE CLOSE TO IMPOSSIBLE UNQUOTE TO CONSIDER LOCATING A REPROCESSING CENTER IN JAPAN. (F) WHY NOT CONSIDER AUSTRALIA, U.S. MAINLAND OR U.S. PACIFIC ISLANDS AS SITE FOR REPROCESSING CENTER?

3. AFTER HEARING OUT ETO, EMBOFF RESPONDED AS FOLLOWS IN LOW KEY MANNER TO EACH OF SIX POINTS. (A) THE NPT, WHILE VITALLY IMPORTANT, REQUIRES AUGMENTATION AND U.S. WISHES TO TIGHTEN NUCLEAR MATERIALS CONTROL AT SENSITIVE POINTS IN FUEL CYCLE. IN UNDERTAKING THIS BILATERAL INITIATIVE WITH THE GOJ, U.S. HAS NO INTENTION OF DISRUPTING MOMENTUM TOWARD NPT IN JAPAN OR OTHER COUNTRIES. (B) LONDON SUPPLIERS MEETING RESULTED IN COMPROMISE, NOT REAL CONSENSUS. PRINCIPLE OF REGIONAL REPROCESSING WAS ACCEPTED THERE AND U.S. NOW WISHES TO DISCUSS THIS POSSIBILITY FURTHER BILATERALLY WITH GOJ, (C) NO SMALL COUNTRY CAN JUSTIFY ON ECONOMIC GROUNDS A FULL NUCLEAR FUEL CYCLE CAPABILITY. MOREOVER, WITHOUT SELF-SUFFICIENCY IN REACTOR COMPONENT MANUFACTURE, URANIUM ORE SUPPLY, ETC., IT IS NOT LOGICAL

TO ARGUE NEED FOR NATIONAL REPROCESSING PLANT ON GROUNDS OF FULL FUEL CYCLE CAPABILITY. (D) IAEA STUDY, AS GOJ'S OWN NUCLEAR INDUSTRY CONSULTANTS HAVE POINTED OUT, WILL NOT DEFINE SIZE, LOCATION, ETC., AND NEED NOT STAND IN WAY OF CONCURRENT X

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5. ETO ALSO RAISED QU DIALOGUE BEGIN. EMBOFF STATED THIS SUBJECT HELD IN STRICT CONFIDENCE BOTH IN EMBASSY AND IN DEPARTMENT AND ONLY VERY LIMITED NUMBER OF PERSONS AWARE OF THIS PROPOSAL FOR BILATERAL

INQUIRY AS TO WHETHER U.S. OFFICIALS TRULY UNDERSTOOD JAPANESE RELUCTANCE WITH REGARD TO REPROCESSING PLANT LOCATED IN JAPAN. HE THEN CITED INCIDENT WHICH OCCURED DURING NPT REVCON IN GENEVA WHERE UNNAMED U.S. OFFICIAL APPROACHED JAPANESE DELEGATE IN CORRIDOR TO SUGGEST POSSIBILITY OF LOCATING REPROCESSING PLANT IN JAPAN. ETO DID NOT ELABORATE ON THIS ANECDOTE BUT WAS RELIEVED TO HEAR IT WAS NOT INDICATION OF FIRM U.S. POLICY REGARDING NEED FOR REGIONAL PLANT ON JAPANESE SOIL. HAVING BEEN RELIEVED ON QUESTION OF SITING, ETO ASKED YMAT HIS REMARKS CITED PARA 2 (E) ABOVE BE STRICKEN. THAT HIS REMARKS CITED PARA 2 (E) ABOVE BE STRICKEN.

DIALOGUE, AND WHILE NOT DIS-MISSING JAPAN AT THE OUTSET AS A POSSIBILITY, THERE WAS NO DESIRE TO PRESSURE GOJ ON THIS POINT. ETO PURSUED MATTER WITH INQUIRY AS TO WHETHER U.S. OFFICIALS TRULY UNDERSTOOD

COMMERCIAL REPROCESSING PLANT WILL NOT BE OPERATIONAL UNTIL 1977 OR 1978. THEREFORE, ARGUMENT THAT REPORCESSING PLANT IS ESSENTIAL FOR SMALL NATIONAL NUCLEAR INDUSTRY IS NOT CONVINCING. (F) U.S. HAS NO PRECONCEIVED IDEAS AS TO LOCATION OF M MULTI-NATIONAL REPROCESSING PLANT, AND CERTAINLY RECOGNIZES SENSITIVITY OF JAPANESE GOVERNMENT AND PUBLIC TO SUCH MATTERS. 4. ETO LISTENED PATIE POINTS, AND INTERJECTED OCCASIONAL POINTS FOR CLARIFICATION OR ELABORATION. ETO VISIBLY RELIEVED AND APPEARED SURPRISED THAT U.S. NOT.PRESSING TO LOCATE REPROCESSING PLANT ON JAPANESE TERRITORY. EMBOFFS REITERATED U.S. DESIRE TO DISCUSS QUESTION OF SITING ALTERNATIVES AS ONE OF MAJOR ASPECTS OF PROPOSED

BILATERAL TALKS ON ISSUES OUTSIDE FRAMEWORK OF IAEA STUDY. U.S. FEELS CONFIDENT, HOWEVER, THAT IAEA STUDY WILL DONFIRM U.S. BELIEF THAT SMALL SCALE REPROCESSING PLANTS UNECONOMICAL,

THEREBY LENDING SUPPORT TO REGIONAL REPROCESSING FLANTS UNDERSTANDS (E) AS TO JAPAN'S OWN REPROCESSING PLANS, U.S. UNDERSTANDS THAT JAPANESE INDUSTRY IS INDEED LOOKING AHEAD TO COMMERCIAL SCALE REPORCESSING PLANT, EVEN THOUGH IT MAY NOT COME INTO DEPARTON UNITS INTO THE FUEL OF THE PLANT OF COME INTO OPERATION UNTIL AFTER 1985. EVEN IN U.S., WHERE NUCLEAR POWER REACTORS HAVE BEEN IN OPERATION SINCE 1957, FULL SCALE

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TALKS. WHEN PRESSED ABOUT POSSIBLE LEAKS, EMBOFF STATED THAT ANY UNAUTHORIZED DISCLOSURES ON

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