

Message Text

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EXDIS

USIAEA

E.O. 12065: RDS 2/15/85 (SHERMAN, WILLIAM) OR-M
TAGS: MNUC, ENRG, TECH, JA
SUBJECT: (S) BILATERAL NUCLEAR CONSULTATIONS WITH JAPAN

1. (S) ENTIRE TEXT.
2. ASSISTANT SECRETARY PICKERING, ACCOMPANIED BY DAS NOSENZO, DOE DAS HANDYSIDE, AND OTHER USG OFFICIALS SPENT FULL DAY FEBRUARY 13 IN INFORMAL CONSULTATIONS WITH GOJ ON BROAD RANGE OF NUCLEAR ISSUES. ATMOSPHERE WAS MOST CORDIAL AND FRANK, WITH NO MAJOR SURPRISES DEVELOPING.
3. COURTESY CALL ON AMBASSADOR NIIZEKI (JAEC COMMISSIONER) PROVED TO HAVE CONSIDERABLE SUBSTANCE. NIIZEKI

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LISTENED TO AMBASSADOR PICKERING'S PROPOSAL THAT TOKAI-MURA JOINT COMMUNIQUE AND ALL CONDITIONS THEREIN BE EXTENDED TO APRIL 1980 (WHICH WOULD MAKE IT A "SUBSEQUENT ARRANGEMENT" UNDER NNPA) AND AGREED IN PRINCIPLE TO PROPOSAL, SUBJECT TO REVIEW BY MOFA. PICKERING THEN OUTLINED AN APPROACH TO FUEL CYCLE MANAGEMENT FOR THE 1980S AS CONTAINED IN THE US ILLUSTRATIVE ELEMENTS FOR HAR-

MONIZING NUCLEAR POLICY AMONG KEY INDUSTRIALIZED COUNTRIES AND PRESENTED TO THESE COUNTRIES LAST NOVEMBER IN MARGIN OF INFCE PLENARY. PICKERING NOTED THAT THIS APPROACH WOULD PROSCRIBE USE OF PU IN LWR RECYCLE BUT WOULD PROVIDE PU FOR R&D FOR FBRS AND ADVANCED THERMAL REACTOR R&D. PICKERING SAID THAT SUCH AN APPROACH, IF AGREED, WOULD FORM A BASIS FOR MORE ROUTINE US APPROVAL OF MB-10S. THIS APPROACH ALSO WOULD NECESSITATE ADDITIONAL SPENT FUEL STORAGE; FOR THE US AND JAPAN, A PACIFIC ISLAND INTERIM STORAGE FACILITY COULD BE EFFECTIVE IN MEETING MUCH OF THE TWO COUNTRIES' NEEDS AS WELL AS OTHER PACIFIC BASIN COUNTRIES OVER NEXT 35 YEARS. PICKERING SAID THAT US TEAM WAS HERE TO DISCUSS SUCH A BILATERAL PROJECT AND SUGGESTED THAT IT BE CONSIDERED AS A DEVICE TO SUPPORT THE USE OF NUCLEAR ENERGY IN BOTH COUNTRIES. NIIZEKI REITERATED JAPANESE COMMITMENT TO AN EARLY PU ECONOMY WHILE RECOGNIZING NON-PROLIFERATION PROBLEMS EN-TAILED. HIS SOLUTION, HE SAID, WAS TO RELY ON INTER-NATIONAL CONTROL OF FLOW OF PU IN ACCORDANCE WITH IAEA STATUTE. HE POINTED OUT THAT JAPAN HAS BEEN WAITING FOR INFO ON PACIFIC ISLAND STORAGE AND HE PROMISED TO STUDY ANY US PROPOSAL CAREFULLY. HE THEN RAISED SUBJECT OF URANIUM ENRICHMENT, SAYING THAT JAPAN ALREADY HAD INVESTED DOLS. 200M IN CENTRIFUGE R&D OVER PAST SIX YEARS AND PLANNED TO HAVE SOME NATIONAL ENRICHMENT CAPABILITY. HE NOTED DIFFICULTIES THAT MIGHT BE ENCOUNTERED IN SAFEGUARDING

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COMMERCIAL SCALE ENRICHMENT PLANT AND PROPOSED US/JAPAN COOPERATION IN R&D ON CENTRIFUGE PLANT SAFEGUARDS. AT SAME TIME, HE SAID THAT JAPAN HELD VIEW THAT THE ALTERNATIVE OF A MULTINATIONAL ENRICHMENT PLANT DID NOT PRECLUDE SPREAD OF ENRICHMENT TECHNOLOGY, FAVORING LIMITED NUMBER OF NATIONAL PLANTS UNDER STRICT SAFEGUARDS, AND WITH NEEDS OF LDCS BEING MET BY INTERNATIONAL ORGANIZATION SUCH AS FUEL BANK. (PAPER FROM WHICH NIIZEKI READ WAS HANDED TO PICKERING AND HAS BEEN TRANSMITTED TO DEPARTMENT BY SEP-TEL.) PICKERING DISCUSSED RATIONALE FOR MULTINATIONAL PLANT CONCEPT, ASKED FOR JAPANESE SUPPORT FOR STUDYING IT, AND POINTED OUT PRECEDENTIAL IMPLICATIONS OF JAPANESE NATIONAL ENRICHMENT PLANT ON LDCS WITH ENRICHMENT ASPIRATIONS. PICKERING STRESSED THROUGHOUT IMPORTANCE US PLACED ON HARMONIZATION OF NON-PROLIFERATION VIEWS OF JAPAN AND OTHER NATIONS.

4. PLENARY MORNING SESSION WAS ATTENDED BY REPRESENTATIVES OF MOFA, STA AND MITI/ANRE ON GOJ SIDE, WITH MOFA'S S&T DIRECTOR-GENERAL YATABE LEADING DISCUSSION. PICKERING REPORTED ON US BILATERALS WITH FRANCE, UK AND FRG, NOTING THAT FRANCE AND UK VIEWS ON NUCLEAR FUEL CYCLE

ISSUES WERE CLOSE TO THOSE OF US, WITH EXCEPTION OF TIMING OF INTRODUCTION OF FBR AS COMMERCIAL POWER SOURCE. HE STRESSED THAT COMMITMENT TO FBR WAS MATTER OF NATIONAL DECISION BUT SHOULD NOT BE MADE PREMATURELY OR WITHOUT CAREFUL ANALYSIS AND R&D. IN US VIEW, HE SAID, USE OF THE FBR SHOULD BE RESTRICTED TO THOSE COUNTRIES WHOSE ELECTRICAL GRID WOULD JUSTIFY INTRODUCTION OF BREEDERS. MAJOR

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C O R R E C T E D C O P Y (TEXT PARA 8)

POINT OF ISSUE WAS WITH FRG OVER THERMAL RECYCLE, WHO HAVE TACITLY AGREED THAT THEIR RATIONALE FOR GOING AHEAD WITH THERMAL RECYCLE WAS POLITICAL AND NOT TECHNICAL (I.E., RESOURCE NEEDS AND ECONOMICS DO NOT JUSTIFY NEAR-TERM THERMAL RECYCLE). FRG DID, HOWEVER, APPRECIATE PROLIFERATION DANGER OF PRECEDENT OF THERMAL RECYCLE FOR COUNTRIES WITH SMALL NUCLEAR PROGRAMS. HE INFORMED GOJ OFFICIALS THAT FRG WAS ALSO THINKING ABOUT BUILDING SPENT FUEL STORAGE FACILITY IN NORTH RHINE/WESTPHALIA REGION WITH CAPACITY OF 1500 TONS TO COMPLEMENT PLANNED STORAGE AT GORLEBEN REPROCESSING FACILITY.

5. YATABE REPLIED THAT HE SHARED US OPINION THAT BREEDER
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R&D SHOULD BE LIMITED TO ADVANCED NATIONS WHICH HAVE ECONOMIC JUSTIFICATION FOR PROGRAM. HE PROPOSED ENHANCEMENT OF BREEDER R&D AMONG SUCH COUNTRIES, EVEN AT PRESENT STAGE, NOTING THAT JAPAN'S PROGRAM WAS NOT AS ADVANCED AS THAT OF FRANCE BUT DID INCLUDE PLAN TO START PROTOTYPE CONSTRUCTION (MONJU) IN 1980 AND TO COMPLETE A DEMO PLANT BY 1990S, FOLLOWED BY INCREASING NUMBER OF FBRS SO THAT BY YEAR 2010 ALL NEW REACTOR STARTS WOULD BE FBRS. WHILE PLUTONIUM RECYCLE IN JAPANESE LWRS COULD BE RULED OUT FOR THE 1980S, THE SUPPLY/DEMAND SITUATION ON URANIUM RESOURCES WAS UNCERTAIN ENOUGH SO THAT JAPAN COULD NOT YET EXCLUDE PU RECYCLE IN THE FOLLOWING DECADE. R&D OR PU RECYCLE WOULD, THEREFORE, BE REQUIRED WHILE AT THE SAME TIME RESTRICTING SPREAD OF THIS TECHNOLOGY TO OTHER COUNTRIES. CONSISTENT WITH PU RECYCLE/FBR PHILOSOPHY, HE SPOKE OF JAPAN'S STRONG NEED FOR REPROCESSING CAPABILITY AT COMMERCIAL LEVEL IN 1990S BUT WAS UNCERTAIN ABOUT AN INTERNATIONAL REGIME IN THIS RESPECT.

6. AMBASSADOR PICKERING WELCOMED YATABE'S PROPOSAL FOR EXPANDED FBR COOPERATION AND SAID THAT US SIDE WOULD FOLLOW UP. HE RECOGNIZED UNCERTAINTIES THAT MIGHT EXIST IN PU/U SUPPLY BY 1990S BUT CALLED FOR A SENSIBLE APPROACH TO REPROCESSING. IN HIS DISCUSSIONS WITH OTHER MAJOR COUNTRIES HE HAD FOUND INTEREST IN MULTINATIONAL APPROACH, AND NOTED THAT THE FRENCH EURODIF MODEL OF TECHNOLOGY CONTROL MIGHT HAVE MERIT FOR REPROCESSING AS WELL AS ENRICHMENT ALTHOUGH IT WAS MUCH MORE DIFFICULT TO DEFINE WHAT CONSTITUTED "SENSITIVE" TECHNOLOGY FOR REPROCESSING PLANTS, IT BEING MORE OF AN ART THAN A SCIENCE.

7. ALTHOUGH NO DEFINITE DECISION HAD BEEN TAKEN YET, YATABE SAID GOJ WAS THINKING ALONG LINES OF A "NUCLEAR
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PARK", WITH CO-LOCATION OF INTERMEDIATE SPENT FUEL STORAGE, REPROCESSING PLANT, PU CONVERSION PLANT, AND FUEL FABRICATION FACILITY.

8. YATABE ASKED THAT US RECOGNIZE DIFFICULTY OF PLANNING TOO EARLY TO ACCEPT SPENT FUEL FROM OTHER COUNTRIES WHO WERE NOT CONTRIBUTING PARTIES TO A MULTINATIONAL REPROCESS-

SING PLANT. SUCH ARRANGEMENTS COULD BE MADE AT A LATER TIME. PICKERING REPLIED THAT US HAD THIS SAME PROBLEM BUT HOPED THAT IT WOULD BE SURMOUNTED.

9. TURNING TO SUBJECT OF URANIUM ENRICHMENT, YATABE OUTLINED GOJ PHILOSOPHY: WORLD'S ENRICHMENT FACILITIES SHOULD BE LARGE-SCALE AND LIMITED IN NUMBER BECAUSE OF ECONOMIC AND NON-PROLIFERATION FACTORS. GOJ GOES ALONG WITH GENERAL PRINCIPLE THAT WORLD SUPPLY CAPACITY HAS TO MATCH DEMAND, BUT HAS COME TO THE CONCLUSION--ALONG WITH THE FRG--THAT THE SUPPLY SHOULD BE SOMEWHAT IN EXCESS OF DEMAND TO COPE WITH POSSIBLE EMERGENCY SITUATIONS. JAPAN BELIEVES THAT ITS OWN SITUATION IS UNIQUE, CONSIDERING THE SIZE OF ITS NUCLEAR POWER PROGRAM AND ITS LACK OF INDIGENOUS ENRICHMENT CAPACITY. THEREFORE, IT PLANS TO COMPLETE A 500 TONNE SWU/YEAR CENTRIFUGE PLANT BY 1982 AND A 1000 TONNE/YEAR PLANT BY 1990, THEREBY MEETING ABOUT TEN PERCENT OF ITS DEMAND WITH INDIGENOUS CAPACITY.

10. PICKERING EXPRESSED UNDERSTANDING OF JAPANESE NEEDS AND PLANS, BUT ASKED THAT JAPANESE CONSIDER AND MAINTAIN CLOSE CONTACT ON STUDIES OF MULTINATIONAL PLANT APPROACH. FROM JAPAN'S POINT OF VIEW, THIS CONCEPT COULD BE CARRIED OUT EITHER WITH A DOMESTIC PLANT USING JAPANESE TECHNOLOGY OR WITH A PLANT BUILT IN ANOTHER COUNTRY. CONCERNING STOCKPILES OF ENRICHED URANIUM, HE SUGGESTED THAT CONSIDERATION BE GIVEN TO THE SAFETY NET APPROACH USED BY IEA

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FOR OIL STOCKPILING; AND MENTIONED THAT US WAS ALSO STUDY-
ING A COMMODITY ARRANGEMENT FOR ASSURING URANIUM SUPPLIES
BUT COULD NOT REPORT DETAILS YET.

11. AMBASSADOR PICKERING THEN HANDED OVER TO GOJ SIDE
CHARTS OF PROJECTED GENERATION OF SPENT FUEL IN JAPAN, PO-
TENTIAL PLUTONIUM SUPPLY FROM REPROCESSING OF THIS FUEL,
AND POTENTIAL DEMAND FOR PLUTONIUM, AND EXPLAINED
SIGNIFICANCE OF CHARTS (WHICH INDICATED THAT JAPAN WOULD
GENERATE MORE SPENT FUEL--AND, WYETA, PLUTONIUM -- THAT IT
WOULD HAVE NEEDS FOR) IN TERMS OF A PACIFIC BASIN STORAGE
SITE FOR SURPLUS SPENT FUEL. GOJ SIDE TOOK CHARTS FOR
STUDY AND LATER REVIEW WITH US DELEGATION.

12. SUBJECT OF MB-10 APPROVALS FOR TRANSFER OF SPENT FUEL
FROM JAPAN TO EUROPE WAS RAISED NEXT BY AMBASSADOR
PICKERING. HE MADE POINT THAT USG ABILITY TO BE FORTH-
COMING ON MB-10 APPROVAL WAS RELATED TO ABILITY OF TWO

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COUNTRIES TO HARMONIZE OVERALL NUCLEAR POLICIES ON ISSUES
SUCH AS AVOIDANCE OF THERMAL RECYCLE, AT LEAST FOR NEXT
DECADE. US ALSO RECOGNIZED THAT ABILITY OF JAPANESE TO
HARMONIZE POLICIES DEPENDED ON MEETING JAPANESE ENERGY
NEEDS AS WELL AS MUTUAL NON-PROLIFERATION CONCERNS.
PICKERING SAID THAT US WAS PREPARED TO WORK WITH JAPAN IN
NUMBER OF AREAS THAT WOULD BE MUTUALLY SUPPORTIVE OF RES-
PECTIVE NUCLEAR PROGRAMS. THIS COULD INCLUDE, IN ADDITION
TO PACIFIC BASIN SPENT FUEL STORAGE, AREAS SUCH AS CO-
OPERATION IN WASTE MANAGEMENT AND WASTE DISPOSAL RD&D,
ENRICHMENT PLANT SAFEGUARDS R&D (PROPOSED EARLIER BY AM-
BASSADOR NIIZEKI) AND LMFBR R&D. YATABE REPLIED THAT
SPENT FUEL STORAGE IS NOT AN ALTERNATIVE TO REPROCESSING
IN JAPAN'S VIEW, BUT AT THE SAME TIME ADDITIONAL STORAGE
IS REQUIRED BY JAPAN AND IT WOULD BE WILLING TO DISCUSS
THE PACIFIC BASIN CONCEPT, AS WELL AS OTHER AREAS OF CO-
OPERATION, IN A POSITIVE MANNER. IT WAS AGREED THAT US
WOULD FOLLOWUP WITH SPECIFIC PROPOSAL FOR SUBSEQUENT
MEETING TO DISCUSS SUCH COOPERATION.

13. PICKERING THEN PROCEEDED TO PRESENT A COMPREHENSIVE
SUMMARY OF THE DOE STUDY OF THE PALMYRA ISLAND SITE,
MAKING IT CLEAR OTHER ISLANDS SUCH AS MIDWAY AND WAKE WERE
POSSIBLE CANDIDATES, THAT FINAL DECISION ON SITE SELECTION
HAD NOT BEEN MADE AND THAT JAPANESE VIEWS WERE BEING
SOLICITED. HE ADDED THAT USG HOPED THAT JAPAN WOULD JOIN
US AS FULL PARTNER IN THREE-PHASED PROGRAM: (A) FULL

FEASIBILITY STUDY OF CONCEPT AND ENVIRONMENTAL ASSESSMENT OF SELECTED SITE; (2) DESIGN ENGINEERING OF SITE AND TRANSPORTATION FACILITIES AND SITE DEVELOPMENT; AND, (3) SITE CONSTRUCTION, WITH GOVERNMENTAL DECISIONS AFTER EACH PHASE ON WHETHER TO CONTINUE TO NEXT PHASE. HE TOLD GOJ SIDE THAT US DELEGATION WOULD MAKE AVAILABLE FULL TEXT OF SECRET

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REPORT THE NEXT DAY. (SCRIBNER (STATE) AND BRAY (ACDA) PRESENTED MORE DETAILED EXPLANATION OF STUDY IN AFTER-NOON.) PICKERING PROPOSED THAT IF GOJ WERE INTERESTED IN CONCEPT OUTLINED, IT SHOULD DESIGNATE APPROPRIATE CONTACTS FOR FURTHER EXCHANGES OF INFORMATION AND SHOULD THINK IN TERMS OF A JOINT MEETING TO PREPARE A PLAN BY LATE SPRING OR EARLY SUMMER, WITH THE OBJECTIVE OF MAKING A SITE SELECTION BY END OF CY-1979. HE EMPHASIZED THAT US HOPED JAPAN WOULD DECIDE TO JOIN US IN THIS EFFORT AND THAT IT WOULD DO SO IN EVERY SENSE: THE TECHNICAL EFFORT, FINANCING AND PARTICIPATION. HE ASKED WHETHER US AND JAPAN MIGHT WISH TO CONSIDER INVITING OTHER COUNTRIES OF PACIFIC REGION TO JOIN AS WELL.

14. YATABE RESPONDED BY SAYING THAT HE WAS MOST IMPRESSED BY THE DETAIL OF PICKERING'S PRESENTATION, BUT WISHED TO ASK SOME QUESTIONS.

Q: WHAT IS THE TIMING OF LEGISLATIVE ACTION IN THE US ON THE PACIFIC BASIN STORAGE SITE?

A: DRAFT LEGISLATION FOR AFR STORAGE IN US IS NOW IN OMB AND MIGHT GO TO CONGRESS BY END OF FEBRUARY. PURPOSE OF LEGISLATION IS TO MEET NEAR-TERM NEED TO RELIEVE CONGESTION IN REACTOR STORAGE POOLS IN US, AS WELL AS ACCEPT LIMITED AMOUNT OF SLREIGN SPZ IT FUEL IN SUPPORT OF US NON-PROLIFERATION OBJECTIVES. PACIFIC BASIN STORAGE, ON OTHER HAND, IS CONCEPT FOR 1985 AND BEYOND. MORE WORK NEEDS TO BE DONE ON ENVIRONMENTAL AND ECOLOGICAL IMPACT

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AS WELL AS OVERALL FEASIBILITY. FACT THAT PALMYRA ISLAND SITE IS UNDER CONSIDERATION NEEDS TO BE KEPT CONFIDENTIAL TO MINIMIZE RISK OF LAND SPECULATION BY OWNERS OF ISLAND.

Q: IS ISLAND LARGE ENOUGH TO ACCOMMODATE A COMMERCIAL RE-PROCESSING PLANT?

A: ISLAND HAS ABOUT 500 ACRES OF DRY LAND. EVALUATION HAS NOT INCLUDED CONSIDERATION OF BUILDING A REPROCESSING PLANT THERE. CAREFUL ANALYSIS OF COSTS FOR PLANT WOULD BE REQUIRED SINCE CONSTRUCTION COSTS ON REMOTE ISLAND WOULD BE VERY HIGH. IT MIGHT BE MORE SUITABLE TO RETURN SPENT FUEL TO ANOTHER PLACE FOR REPROCESSING.

Q: WHAT ABOUT PUBLIC ACCEPTANCE OF PACIFIC BASIN CONCEPT IN US?

A: GAINING PUBLIC ACCEPTANCE WILL NOT BE EASY, SINCE SOME
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GROUPS IN US ARE AGAINST ANY ACTIVITY THAT WILL MAKE NUCLEAR POWER MORE VIABLE IN US. THESE GROUPS MIGHT BE FOR STORAGE OF FOREIGN SPENT FUEL ON ISLAND BUT AGAINST STORAGE OF US FUEL.

Q: IS A SIMILAR ISLAND STORAGE SITE BEING SOUGHT IN CARIBBEAN OR ATLANTIC FOR USE BY EUROPE AND EASTERN US?

A: YES, BUT STUDY IS ABOUT NINE MONTHS BEHIND THAT FOR PACIFIC BASIN.

15. ANSWERING PICKERING'S EARLIER QUESTION, YATABE SPECULATED THAT KOREA AND THE PHILIPPINES MIGHT BE LOGICAL

ADDITIONAL PARTNERS FOR PACIFIC BASIN STORAGE FACILITY, FROM BOTH AN ECONOMIC AND NON-PROLIFERATION VIEW. ON OTHER HAND, THEY AND OTHER COUNTRIES COULD BE TREATED SIMPLY AS CUSTOMERS. YATABE SAID HE COULD NOT PROVIDE EXPLICIT ANSWERS TO OTHER QUESTIONS RAISED BY PICKERING, SUCH AS WHETHER JAPAN WOULD BE INTERESTED IN HAVING A FUEL ENCAPSULATION FACILITY (TO PREPARE SPENT FUEL FOR SHIPMENT TO ISLAND) ON ITS OWN TERRITORY, OR WHAT THE JAPANESE PUBLIC'S VIEWS WOULD BE ON THE CONCEPT.

16. WORKING LUNCHEON ATTENDED ON GOJ SIDE BY YATABE AND HIS STAFF ONLY COVERED EXCHANGE OF VIEWS ON RELATIONS WITH OTHER COUNTRIES AND A FEW BILATERAL MATTERS. PICKERING BRIEFED JAPANESE ON HIS ATTEMPT TO PERSUADE INDIA TO ESTABLISH INTERNATIONAL SAFEGUARDS REVIEW COMMITTEE, NOTING THAT CLARIFICATION OF TERMS OF REFERENCE WOULD BE NEEDED BEFORE IAEA DG EKLUND COULD BE CONVINCED TO CHAIR COMMITTEE. HE ALSO BRIEFED JAPANESE ON HIS TALKS IN MOSCOW ON SUPPLIER ISSUES INCLUDING SUPPLY OF SOVIET NUCLEAR REACTORS TO CUBA AND LIBYA, HEAVY WATER TO ARGENTINA, AND SOVIET CONCERNS ABOUT TRANSFER OF ENRICHMENT TECHNOLOGY

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AND EQUIPMENT. YATABE ASKED FOR BACKGROUND ON USG DECISION TO SUPPORT FRENCH SALE OF NUCLEAR POWER PLANTS TO CHINA, SAYING THAT GOJ WAS SURPRISED AT SPEED WITH WHICH DECISION WAS MADE. AMBASSADOR PICKERING EXPLAINED THAT MATTER HAD BEEN UNDER CONSIDERATION BY USG FOR MORE THAN A YEAR, THAT US HAD PRESSED FRANCE TO GET PEACEFUL USES ASSURANCE, LIMIT TECHNOLOGY TRANSFER AND SEEK SAFEGUARDS. FRANCE HAD SUCCEEDED IN OBTAINING FIRST TWO BUT NOT SAFEGUARDS AND THAT ON BALANCE USG HAD DECIDED THAT NON-PROLIFERATION ASSURANCES OBTAINED FROM PRC BY GOF WERE BETTER THAN THOSE THAT COULD HAVE BEEN OBTAINED BY US HAD ANOTHER EUROPEAN COUNTRY (I.E., FRG) BEEN THE SUPPLIER. IN RESPONSE TO QUESTION BY YATABE, PICKERING SAID THAT US INFLUENCE OVER FRG ON THIS AND OTHER MATTERS WAS NOT AS STRONG AS MIGHT BE IMAGINED. PICKERING NOTED THAT INDIANS DID NOT RAISE QUESTIONS ABOUT FRENCH REACTOR SALE DURING HIS VISIT. DISCUSSION OF POSSIBLE LOCATION OF A MULTILATERAL ENRICHMENT PLANT IN AUSTRALIA, OR IN JAPAN USING AUSTRALIAN URANIUM, EVINCED COMMENT BY YATABE THAT THE AUSTRALIAN GOVERNMENT DID NOT SEEM TO BE VERY INTERESTED IN OR CAPABLE OF BUILDING A PLANT, CONSIDERING GENERAL INDUSTRIAL LEVEL OF THE COUNTRY. PICKERING COMMENTED THAT HIS OWN EXPERIENCE IN AUSTRALIA INDICATED THE CONTRARY, AS DEMONSTRATED BY PREVIOUS ACCOMPLISHMENTS IN STEEL MANUFACTURE, COAL CONVERSION, AND OIL REFINING. DISCUSSION OF "JAPAN INITIATIVE", (PREVIOUSLY "FUKUDA INITIATIVE"), ON BILATERAL ENERGY R&D COOPERATION, ENABLED PICKERING TO EX-

PLAIN THAT RESOLUTION OF SRC I/SRC II BUDGET PROBLEM
PROBABLY WOULD NOT OCCUR UNTIL SUMMER,WHEN CONGRESSIONAL

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COMMITTEES WOULD COMPLETE HEARINGS ON FY-1980 BUDGET.
HANDYSIDE WAS SKEPTICAL THAT AGREEMENT OR INITIATIVE
COULD BE CONCLUDED PRIOR TO FIRM MUTUAL COMMITMENT TO COAL
CONVERSION PROJECT. ON EXTENSION OF TOKAIMURA JOINT COM-
MUNIQUE, GOJ SIDE AGREED WITH US PROPOSAL TO EXTEND TO
APRIL 1980 BUT NOTED THAT GOJ FY-1979 BUDGET WHICH WILL BE
APPROVED BY APRIL 1, 1979, WILL CONTAIN FUNDS FOR BEGINNING
OF CONSTRUCTION OF PLUTONIUM CONVERSION PLANT. GOJ WOULD
PREFER TO DELAY ANNOUNCEMENT UNTIL AFTER THIS DATE.

17. AFTERNOON PLENARY SESSION WAS DEVOTED TO DETAILED
BRIEFING ON PALMYRA SPENT FUEL STORAGE SITE BY SCRIBNER
AND BRAY. JAPANESE SHOWED CONSIDERABLE INTEREST AND ASKED
MANY DETAILED QUESTIONS. MEETING CONCLUDED WITH STATEMENTS
OF MUTUAL AGREEMENT THAT SUCH DETAILED AND FRANK CONSULTA-
TIONS WERE MOST PRODUCTIVE AND SHOULD BE SCHEDULED AGAIN IN
NEAR FUTURE.

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18. THIS REPORT NOT CLEARED BY AMBASSADOR PICKERING.
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