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DEPARTMENT OF STATE

Memorandum of Conversation

*File
Japan*

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DATE: August 29, 1979
Time: 11 AM

SUBJECT: Meeting Between Ambassador Gerard Smith and Japanese
Minister of State for Science and Technology Kaneko

PARTICIPANTS:

US

Ambassador Gerard Smith
DAS Louis Nosenzo, OES
Marilyn Meyers, Country
Officer, EA/J

Minister of State for Science and
Technology Kaneko
Mr. Yamano, Science Councillor,
Science and Technology Agency
Mr. Ishii, Secretary to the Minister
of State
Mr. Sakata, Technical Officer, Science
and Technology Agency
Minister Sumiya, Embassy of Japan
Mr. Kurihara, Science Counselor,
Embassy of Japan
Mr. Miyabayashi, First Secretary,
Embassy of Japan
Mr. Tanaka, Interpreter

Distribution: Attached

Minister Kaneko opened the session by noting that the Tokyo Economic Summit had reaffirmed the importance of nuclear energy to the industrialized nations. He stated that since Japan has very few domestic natural resources, she could not expect too much in the short term from other alternative energy sources. He stressed that it was essential for Japan to make maximum use of plutonium, particularly in fast breeder reactors, and that uranium too could also be best utilized in FBRs.

The Minister acknowledged that in using plutonium Japan must give full consideration to nuclear non-proliferation concerns. He stated that Japan is in full support of the need to strengthen the present nuclear non-proliferation system but stressed that the right to use nuclear energy for peaceful purposes should not be jeopardized

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by a country's commitment to non-proliferation. Japan only wished to use nuclear energy for peaceful purposes. He stressed that reprocessing and the use of plutonium are and should be compatible with that end.

The Minister then turned to the subject of INFCE. He noted that the final reports of INFCE are due in February and said that Japan will fully take into account the outcome of INFCE.

In regard to Tokai Mura's reprocessing facility, he noted that the United States and Japan had agreed in the Tokai Mura Communique of September 1977 that reprocessing should be allowed in the facility through the end of INFCE. He also observed that the United States and Japan had now reached agreement at high levels to extend the period of the Tokai Mura Communique and expressed hope that the formal arrangement itself could be reached or could be concluded as soon as possible. He understood that operation of the Tokai Mura reprocessing facility after April of next year would require another joint decision of both countries in accordance with the bilateral nuclear agreement existing between Japan and the United States. During these negotiations he hoped that the United States would take three things into account: the coprocessing program now being conducted in the facility; the outcome and recommendations of INFCE, and the particular energy situation of Japan.

The Minister then mentioned Japan's recent modification of domestic regulations to now permit the private sector to construct a second reprocessing facility. He noted that, for the two-year period of the Tokai Mura Communique, Japan committed itself not to make a "major move" toward a second facility. He stressed, however, that it was Japan's view and he understood the US concurred that a revision of law or regulations, such as the one that had just occurred, would not be construed as a major move. He stated that when Japan actually proceeds to construction of a second reprocessing facility it would wish to do so with the full respect of the United States.

The Minister then turned to the subject of the transfer of spent fuel from Japan for reprocessing. He noted that the criteria for transfer had become more strict after passage of the Nuclear Non-Proliferation Act of 1978. He commented, however, that Japan was both satisfied and pleased that approval had been granted twice for transfer of spent fuel and noted that the US had showed full understanding of Japan's particular energy position. He requested that we grant even greater understanding, if possible, in the future.

Ambassador Smith then responded to Minister Kaneko's remarks. He thanked him for his lucid presentation and welcomed him to the

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Department. He indicated that he, as well as his associates, always took pleasure in seeing leading figures in the Japanese Government because we believe that we have no more important nuclear partner than Japan. He stated that the Minister could count on the full understanding of Japan's need from the United States government. He expressed appreciation for the support Japan has given us in our general efforts to carry out non-proliferation programs throughout the world and noted that we have seen this particularly in regard to the support that Japan has given us regarding problems in Pakistan. He indicated that the US shares the Minister's belief that there need be no inconsistency between having electricity derived from nuclear power and a strong non-proliferation regime around the world.

The Ambassador then referred to the Minister's remarks about INFCE. He stated that we have a high appreciation for the Japanese contribution to that important exercise. He stated that although we expect that INFCE will make no great breakthrough in thinking, it will have served as a useful tool for laying technical guidelines for countries around the world as they develop their nuclear power. Although there will be many valuable technical findings that come out of INFCE, the US feels that there will also be, after INFCE, a need for more multilateral and international regimes to guide the development of nuclear energy programs. He expressed the hope that Japan would assist us in developing thinking in this area as well. He asked that Japan continue to consult with us on this matter of follow-on systems and expressed the hope that, "before the snows flies this winter," we would be able to put some concrete ideas together.

The Ambassador then turned to the subject of Tokai Mura. Smith commented that the Communique has a special place in his heart since he helped work out the arrangements in 1977. He stated that he thought the agreement had worked well and that he hoped the extension would go through smoothly. He commented that, as the Minister knows, US law requires the proposed extension to lie before the Congress for 15 legislative days. He said that we should have Congress's answer shortly -- certainly by September 19 -- and stated he was optimistic about the outcome.

With regard to arrangements we could agree to for the post-Tokai Mura period, i.e., after April, 1980, Ambassador Smith indicated that it was difficult to foresee this now but that the United States would certainly take the three factors which the Ambassador had mentioned -- Japan's coprocessing efforts, the outcome of INFCE and Japan's particular energy situation -- into consideration.

The Ambassador then brought up Japan's new law regarding private section participation in construction and operation of reprocessing

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plants. He asked that Mr. Nosenzo check his recollection of the discussions of 1977 but stated that he thought the Minister's interpretation was the same as ours, i.e., that passage of the new law was not considered a "major move" by the Japanese toward a second reprocessing facility. Looking further into the future, the Ambassador commented that when Japan is actually ready to start construction of a second facility we would want to be in very close consultation.

Mr. Nosenzo confirmed Ambassador Smith's recollection that the US concurred with Japan's interpretation that the passage of the law was not a major move.

The Minister then affirmed that at the time construction of a second reprocessing facility is begun the Japanese would, of course, be in close consultation with the US government.

Ambassador Smith then turned to the subject of the export of spent fuel abroad for reprocessing. He stated that he was glad that the Japanese were pleased with our handling of the MB 10's and noted that we tried to do it in a sensible way and plan to continue in the future. He stated that he would try to make the case-by-case MB 10's as least painful as possible. Finally, speaking personally, the Ambassador expressed the hope that we can evolve the case-by-case approval method into something more suitable to an industrial operation which he understood is what the Japanese utilities need.

Ambassador Smith then asked Mr. Nosenzo whether there were any observations or comments he would like to make.

Mr. Nosenzo commented that he agreed that the various issues raised by the Minister such as the second reprocessing plant, MB 10's, and US/Japan cooperation in the nuclear area were the most important. He expressed our hope of having regular close consultations between the US and Japan in order to develop a framework in which we could both move ahead in the nuclear energy area while ensuring that we did not contribute to increased proliferation risks. He noted that such a regime would have to be tailored to US/Japan cooperation but that it must also have broader application to our nuclear relations with other industrialized and with developing countries as well.

In closing, Minister Kaneko noted that, from tomorrow, there will be an extraordinary session of the Diet. He said that Prime Minister Ohira will make a policy address to the Diet. The Minister indicated that Mr. Ohira will point out the importance of nuclear

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energy to Japan in the near and medium-term future and that it is Japan's main non-oil energy hope. He stated that Ambassador Smith could also count on Japan's assistance in strengthening the nuclear non-proliferation system. He proposed even closer future cooperation between Japan and the United States and expressed the hope that this cooperation would be fruitful.

Ambassador Smith observed that we share that hope. He said the United States would very much like to spare the world further nuclear weapons systems and said this is why he had, in particular, mentioned Pakistan. He indicated that the United States may have to make some painful decisions before that issue is resolved.

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