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DEPARTMENT OF STATE
BRIEFING PAPER

US-Japanese Negotiations on the
Tokai-Mura Reprocessing Facility

Statement of the Issue: In September 1977, after prolonged and difficult negotiations which imposed significant strains on our relationship, the US and Japan reached an agreement embodied in the Tokai-Mura Communique which permitted the Japanese to reprocess 99 tonnes of US-origin spent fuel in the Tokai-Mura reprocessing facility. During those negotiations the issue became quite politicized and highly emotional in Japan. This agreement was subsequently extended through April 30, 1981.

Since Japan imports 75 percent of its energy resources from Mid-Eastern oil states, its desire to develop nuclear power is intense. Japan looks on the Tokai reprocessing plant and the program to close the nuclear fuel cycle as being of paramount importance in its drive to reduce its energy dependence. The basic conflict between Japan and the US on this issue stems from the convergence of two events: the adoption of a new nuclear non-proliferation policy by the Carter Administration in early 1977 and the completion of the Tokai-Mura pilot-scale reprocessing facility in 1977; a plant which the USG had urged the Japanese to build during the late 1960's.

To date the Japanese have reprocessed about 79 tonnes of spent fuel. They intend to begin a new five month reprocessing campaign involving 50 to 70 tonnes of feed in mid-January. They would reach the 99 tonne limit imposed by the Communique in late February - early March. As a result, the Japanese desire relief from the 99 tonne limit. The Communique, as a quid pro quo, also deals with a variety of other nuclear issues outstanding between the US and Japan - with conclusions largely on terms favorable to present US positions.

The Japanese have taken an opening position that the Tokai Communique was explicitly a temporary settlement designed for the initial period of Tokai operations and that the time has come for a permanent settlement of the Tokai issue. We have said that the US had always envisaged that a permanent Tokai arrangement would be made in the context of a harmonization of US and Japanese policies, including negotiation of the US-Japan agreement for nuclear cooperation. Informally, Japanese officials have conceded the impossibility of achieving an overall settlement by February - the time frame established by Japan's reprocessing schedule. Further, they agree that it would be desirable in any further extension to have as much breathing space as possible to achieve an overall settlement.

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The existing Tokai arrangement and communique contains a number of policy statements concerning Japanese and US intentions over the near term, such as the desirability that plutonium production be designed only to meet Japan's fast breeder and advanced reactor needs; the need to avoid excess accumulations of plutonium; and that neither country envisages moving to thermal recycle of plutonium in light water reactors in the near term.

As a matter of policy, we have been encouraging the Japanese to defer going ahead with a second reprocessing plant until it is justified on the basis of plutonium needs for their advanced reactor program. The Japanese argue that they need to move ahead now. Their rationale for doing so is multi-faceted - they contend that all of the recovered plutonium will be required for their Fast Breeder (FBR) and Advanced Thermal Reactor (ATR) programs by the end of the century, that reprocessing is desirable for radioactive waste management, and that reprocessing of spent fuel will enhance public acceptance of nuclear power in Japan.

The Tokai Communique precludes "major moves" toward the construction of the second reprocessing plant without prior consultation between the US and Japan. Last spring's Communique extension included statements that the acquisition of land for the plant was unlikely to occur during its term. In the interim, the Japanese have formed a consortium for land acquisition, design, and construction of the second reprocessing plant. They have made clear that they believe they must move forward at least on initial steps and that site acquisition could conceivably take place in the latter part of 1981. They have suggested that the reprocessing plant will be developed by stages, beginning with spent fuel storage facilities; the latter being a step we have informally indicated that we would welcome.

Developing and applying effective safeguards procedures for reprocessing plants has been a continuing non-proliferation concern. In the Tokai Communique, Japan, the US and France (the supplier of the Tokai plant) have agreed to a joint effort for R&D on improving safeguards, using the Tokai facility for this purpose. There remain a number of complex technical questions regarding the improvement of safeguards at Tokai (and, by extension, at other reprocessing plants). While it is unrealistic to expect to resolve these questions in the short run, the Japanese have indicated willingness to renew their commitment to work toward the resolution of such questions during the course of further Tokai operations.

Timing Considerations: Time is indeed short on the Tokai question if we are to reach a solution by February 1981. Any solution the US and Japan achieve would be a "subsequent arrangement" within the terms of the 1978 Nuclear Non-Proliferation Act and consequently would have to lie before Congress for fifteen days of continuous session before going into effect. The Japanese seem intent on beginning the next reprocessing campaign in mid-January. Failure to agree on a formula for relief from the 99 tonne ceiling imposed by Tokai Communique could result in substantial delay in this schedule or, perhaps worse, a shut-down of the Tokai facility after the campaign got underway. Such an outcome, especially once it became public knowledge in Japan, would have serious negative implications for US-Japanese relations.

Ideally, this issue will have been resolved on at least an interim basis and the Congressional review period begun before the scheduled beginning of the campaign on January 19. In any event, delaying a solution much beyond early February would entail serious problems for Japan and the US.

Current Policy: The policy process is just beginning to come to grips with this issue and no decisions have been reached thus far. Our present thinking is to seek an interim solution which permits Japan to reprocess a second tranche of 99 tonnes - a result which would postpone the next 'crunch point' until at least the end of 1981/early 1982. This would provide time for the policy decisions and negotiations with Japanese which would be required for a more permanent resolution of the problem. Such an interim solution would largely seek to carry over the terms of the present arrangement. However, the Japanese will demand some relief on the second reprocessing issue while we intend largely to focus on a continued Japanese commitment to achieve further progress on outstanding safeguards questions. We believe we will be in a position to propose a solution to the Japanese along these lines shortly.

However, the internal decision process on this issue will be complex with a variety of actors from several agencies involved and a Presidential decision being required (per the NSC staff). Thus, it would be premature to attempt to predict how the interagency process will develop as well as how the exchanges with the Japanese will proceed.

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National Security Archive,
Suite 701, Gelman Library, The George Washington University,
2130 H Street, NW, Washington, D.C., 20037,
Phone: 202/994-7000, Fax: 202/994-7005, nsarchiv@gwu.edu