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E.O. 12065: RDS-1 3/25/01 (HAIG, ALEXANDER M.)

TAGS: PDEF, ENRG, TNRG, EFIS, JA, IAEA

SUBJECT: SECRETARY'S DISCUSSIONS WITH FOREIGN MINISTER ITO

- 1. SECRET - ENTIRE TEXT.
- 2. DURING NEARLY FOUR HOURS OF DISCUSSIONS IN WASHINGTON ON MARCH 23 AND 24, FOREIGN MINISTER ITO AND THE SECRETARY REVIEWED BASIC JAPAN-US RELATIONS, JAPAN'S SECURITY EFFORTS, ENERGY COOPERATION, AND FISHING WHICH ARE REPORTED BELOW. DISCUSSION ON INTERNATIONAL ISSUES IS BEING REPORTED SEPTEL. EXCHANGES ON AUTOMOBILES WILL BE HANDLED
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REVIEW AUTHORITY: Charles Lahiguera, Senior Reviewer

SEPARATELY.

- 3. THE SECRETARY OPENED THE GENERAL DISCUSSION ON MARCH 23 BY EMPHASIZING THAT BOTH HE AND THE PRESIDENT CONSIDERED OUR RELATIONSHIP WITH JAPAN TO BE THE FUNDAMENTAL ANCHOR OF US POLICY IN ASIA, AS WELL AS IN THE TRILATERAL RELATIONSHIP BETWEEN THE US, JAPAN AND EUROPE. IT WAS ESSENTIAL TO BUILD ON THAT RELATIONSHIP AND IMPROVE IT EVEN FURTHER.

JAPAN'S SECURITY CONTRIBUTION

4. THE SECRETARY EXPRESSED GRATITUDE FOR JAPANESE COOPERATION IN RESPONSE TO THE AFGHANISTAN CRISIS AND NOTED WE SHARED JAPAN'S CONCERN OVER THE GROWTH OF SOVIET FORCES IN ASIA AND THE PACIFIC. THE SECRETARY NOTED THAT JAPAN'S SOVEREIGNTY WAS BEST ASSURED BY THE DEVELOPMENT OF ALL ASPECTS OF NATIONHOOD, INDICATING THAT THIS MUST ALSO INCLUDE JAPAN'S DEFENSE ROLE. INTERNATIONAL PEACE AND STABILITY WERE BEST ASSURED BY A WEST WHERE ALL NATIONS, INCLUDING JAPAN, HAD THEIR OWN ORGANIC DEFENSE CAPABILITY. THIS WOULD ALLOW US TO BETTER MANAGE AND COPE WITH THE THREAT FROM THE EAST.

5. FOREIGN MINISTER ITO RESPONDED THAT JAPAN EXPECTED TO SEE WESTERN SOLIDARITY STRENGTHENED WITH THE US TAKING A LEAD. JAPAN WOULD TAKE ITS PLACE AND PLAY ITS ROLE IN THE WEST, DEVELOPING ITS DEFENSES IN KEEPING WITH THE REQUIREMENTS OF AND CONSTRAINTS UPON SUCH ACTIVITY. THE QUESTION OF WHAT JAPAN SHOULD DO AS A MEMBER OF THE WESTERN WORLD SHOULD BE ADDRESSED NOT ONLY IN DEFENSE TERMS BUT ALSO BY LOOKING AT DIPLOMATIC ACTIVITY AND ECONOMIC EFFORTS, A COMPREHENSIVE APPROACH.

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COAL

6. THE FONMIN EXPRESSED INTEREST IN INCREASING JAPAN'S IMPORTS OF STEAM COAL FROM THE WESTERN U.S. AND ASKED THE SECRETARY TO INVOLVE THE STATE DEPARTMENT IN DOING WHATEVER IT COULD TO FACILITATE A FAVORABLE OUTCOME TO PRIVATE SECTOR DISCUSSIONS ON DEVELOPMENT OF INFRA-STRUCTURE IN THE U.S. THE SECRETARY ENDORSED THE EFFORT TO EXPAND COAL SUPPLIES AND WELCOMED JAPANESE INVESTMENT IN INFRASTRUCTURE TO FACILITATE INCREASED PRODUCTION. HE REPORTED THAT THE U.S. CURRENTLY IS REVIEWING ITS APPROACH TO TRYING TO EXPEDITE PRODUCTION OF COAL THROUGH PRIVATE ENTERPRISE. HE PROMISED TO PROVIDE ADDITIONAL INFORMATION TO THE FONMIN. HE URGED JAPANESE COMMITMENTS TO LONG TERM COAL PURCHASE TO PROVIDE U.S. INDUSTRY WITH SUPPORT IN RAISING CAPITAL TO FACILITATE COAL EXPORTS.

7. TURNING TO THE SRC-II COAL LIQUEFACTION PROJECT, THE FONMIN NOTED THAT THE U.S. HAD INITIALLY PROPOSED IT AND THAT TOGETHER WITH THE BILATERAL NUCLEAR FUSION PROJECT, SRC-II HAD BECOME A SYMBOL OF OUR COOPERATIVE EFFORT TO DEVELOP ALTERNATIVE ENERGY SOURCES. JAPAN, HE AFFIRMED, CONTINUES TO ATTACH GREAT IMPORTANCE TO THE PROJECT. NOTING ITS TRANSFER TO THE SYNFUELS CORP., HE ASKED FOR THE SECRETARY'S COOPERATION IN ASSURING CONTINUED

EFFECTIVE OPERATION OF THE PROJECT. THE SECRETARY PROMISED TO BE IN TOUCH ON HOW BEST TO PROCEED AND OBSERVED THAT IMPORTANT QUESTIONS ON GERMANY'S PARTICIPATION IN THE PROJECT WOULD ALSO HAVE TO BE CLARIFIED.

NUCLEAR REPROCESSING

8. THE FONMIN EXPRESSED GRATITUDE CONCERNING THE EXTENSION OF TOKAI MURA'S OPERATION TO JUNE 1, ADDING
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THAT JAPAN STRONGLY WISHED TO CONTINUE TO OPERATE THE PLANT BEYOND THAT DATE. JAPAN, HE STATED, HAS PLANNED CONSTRUCTION OF A LARGER, FULL-SCALE REPROCESSING PLANT BUT MUST OBTAIN U.S. CONCURRENCE FOR IT, WHICH HE HOPED WOULD BE FORTHCOMING SOON. MOREOVER, JAPAN CURRENTLY HAS TO OBTAIN INDIVIDUAL U.S. APPROVAL FOR EACH SHIPMENT OF SPENT NUCLEAR FUEL TO FRANCE OR THE U.K. FOR REPROCESSING, A CUMBERSOME PROCESS WHICH JAPAN WOULD LIKE TO REPLACE WITH AN AUTOMATIC APPROVAL SYSTEM. THE SECRETARY TOLD THE FONMIN THAT HE COULD ANTICIPATE A MORE FORTHCOMING U.S. POSITION ON THE WHOLE RANGE OF PEACEFUL USES OF NUCLEAR ENERGY AND THAT WITH RESPECT TO THE NEW PLANT, THE U.S. WOULD TRY TO BE HELPFUL TO JAPAN IN RELAXING THE CLOSE REGULATION OF REPROCESSING. HE SAID WE WOULD DEVELOP NEW GUIDELINES WITH THE GOJ WELL BEFORE THE OTTAWA SUMMIT. ITO NOTED THAT THE TOKAI MURA ARRANGEMENT EXPIRES EARLY IN JUNE, NECESSITATING AN EARLY SOLUTION TO THE PROBLEM. THE SECRETARY REPLIED THAT HE FULLY UNDERSTOOD THE JAPANESE POSITION.

IAEA CANDIDACY

9. FONMIN MADE AN EXCEPTIONALLY STRONG AND LENGTHY PITCH FOR USG SUPPORT FOR THE CANDIDACY OF AMBASSADOR RYUKICHI IMAI FOR THE DIRECTOR GENERALSHIP OF THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA). HE NOTED THAT THE U.S. HAD NOT REPLIED TO PREVIOUS GOJ REQUESTS AND REVIEWED IMAI'S QUALIFICATIONS FOR THE POST. THE SECRETARY REPLIED THAT SINCE THE FONMIN HAD RAISED THIS MATTER AT THIS LEVEL, HE WOULD GIVE IT A CAREFUL REVIEW. THE FONMIN CONCLUDED BY STRONGLY URGING THE U.S. TO SUPPORT IMAI'S CANDIDACY.

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FISHING

10. THE FONMIN SAID HE REALIZED JAPAN'S APPLICATION FOR A PERMIT TO CATCH SOME DALL PORPOISES INCIDENTAL TO OTHER FISHING WAS UNDER COMMERCE JURISDICTION BUT THAT HE HOPED FOR STATE'S SUPPORT IN ACHIEVING JAPAN'S OBJECTIVE. HE THEN EXPRESSED GREAT CONCERN THAT APPARENTLY NO CATCH OF TANNER CRAB WOULD BE ALLOCATED TO JAPAN THIS YEAR DESPITE JAPAN'S LARGE IMPORTS OF FISH FROM THE U.S. THE SECRETARY INDICATED THAT HE THOUGHT HE COULD BE HELPFUL ON THE INCIDENTAL PORPOISE CATCH BUT WAS PESSIMISTIC ABOUT BEING ABLE TO DO ANYTHING ON TANNER CRAB BECAUSE THE ISSUE INVOLVED CONSERVATION OF THE STOCK. THE FONMIN SAID HE INTENDED TO RAISE THESE MATTERS WITH SECRETARY BALDRIDGE.

NEED FOR BETTER CONSULTATIONS

11. JUST BEFORE TAKING LEAVE OF THE SECRETARY AT THE CONCLUSION OF THE MARCH 24 MEETING, FONMIN REMONSTRATED CONCERNING GAPS IN OUR BILATERAL CONSULTATIONS OVER THE PAST SEVERAL WEEKS. OBSERVING THAT THE US HAD ALTERED ITS APPROACH TO LAW OF THE SEA (LOS) NEGOTIATIONS AND HAD SHIFTED SUDDENLY ON THE SRC-II PROJECT, WITHOUT WARNING, ITO WONDERED WHETHER THIS WAS REALLY CONSONANT WITH THE ADMINISTRATION'S DECLARED POLICY OF IMPROVED CONSULTATION WITH ITS ALLIES. HE HOPED THAT THE SECRETARY WOULD DO HIS BEST TO INSURE BETTER CONSULTATIONS IN THE FUTURE. THE SECRETARY HAD AN OPPORTUNITY TO RESPOND BRIEFLY TO THE CONCERN OVER LOS BEFORE THE MEETING HAD TO TERMINATE. HAIG

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