

Regional Non-proliferation Issues and Japan's Efforts

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Chapter 1. North Korea

1. Current situations surrounding North Korea

The situation regarding North Korea showed some positive movements such as the "Japan - DPRK Pyongyang Declaration" in September 2002. However, in October 2002, North Korea acknowledged to the US delegates that it was working on a uranium enrichment program, and consequently the North Korean nuclear issue erupted again. North Korea announced its withdrawal from the NPT in January 2003, and the IAEA Special Board of Governors Meeting in February 2003 acknowledged and reported to the UN Security Council that North Korea was in further non-compliance with its nuclear safeguards agreement. North Korea resumed the operation of the 5MWe graphite-moderated reactor, which had been frozen under the "Agreed Framework," and restarted reprocessing of spent fuel rods.

In 2006, North Korea launched seven ballistic missiles including "Taepodong 2" on July 5 and further announced that it had conducted a nuclear test on October 9. These North Korean issues concerning nuclear weapons and missiles pose serious threats to the peace and security not only for Japan but also for East Asia and the international community.

2. Efforts through the Six - Party Talks for urging North Korea to abandon its nuclear weapons

Under such circumstances, various diplomatic efforts are being continued towards the peaceful resolution of the North Korean nuclear issue. The Six - Party Talks (Japan, the United States, China, the Republic of Korea (ROK), Russia and North Korea), which has been held since August 2003, adopted the Joint Statement at its Fourth Round in September 2005. The main points are as follows:

- (1) Scope of abandonment: North Korea promised to abandon all nuclear weapons and existing nuclear programs and to return to the NPT and IAEA safeguards at an early date.
- (2) Peaceful use: North Korea stated that it has the right to peaceful use of nuclear energy. The other parties expressed their respect and agreed to discuss the subject of the provision of a light water reactor to North Korea at an appropriate time.
- (3) Normalization of relationships: Normalization of relationships between the United States and North Korea and between Japan and North Korea were set as one of the ultimate goals of the Six - Party Talks. Both Japan and North Korea promised to take steps to normalize their relations on the basis of the settlement of the unfortunate past and the resolution of the outstanding issues of concern in accordance with the Pyongyang Declaration.
- (4) Other points: Economic cooperation to North Korea, energy assistance, regional stability (peace agreement), etc.

The Joint Statement adopted at the Fourth Round of the Six - Party Talks was the first consensus document achieved in the process of the Six - Party Talks. In addition, it has great significance in that North Korea promised to abandon "all nuclear weapons and existing nuclear programs" in a verifiable manner, and thus, it serves as an important basis for peaceful resolution of the North Korean nuclear issue.

After the First Session of the Fifth Round held in Beijing in November 2005, North Korea refused to participate in the meeting because of measures taken by the United States against a bank in Macao,

and the Six - Party Talks were suspended. However, following North Korea's launch of ballistic missiles in July 2006 and the announcement of a nuclear test in October, the Second Session was held in December 2006. At the Third Session held from February 8 to 13, 2007, the "Initial Actions for the Implementation of the Joint Statement" was adopted. The main points are as follows:

- (1) As measures within the "initial phase," North Korea agreed to shut down and seal the Yongbyon nuclear facility and invite back IAEA personnel to conduct all necessary monitoring and verification. In return, North Korea will be provided with emergency energy assistance equivalent to 50,000 tons of heavy fuel oil.
- (2) It was agreed to establish five Working Groups including those on "denuclearization of the Korean Peninsula" and "normalization of the Japan - DPRK relations," and to respectively hold meetings within 30 days.
- (3) As actions in the phase following the "initial phase," North Korea agreed to provide a complete declaration of all nuclear programs and disable all its existing nuclear facilities. In return, North Korea will be provided with economic, energy and humanitarian assistance up to the equivalent of 950,000 tons of heavy fuel oil.

Consequently, the First Session of the Working Group on Denuclearization (March 17 and 18, 2007) and the First Session of the Sixth Round of the Six - Party Talks (March 19 to 22, 2007) were held, but no concrete outcome was achieved. Following the progress on the aforementioned issue of the financial measures by the United States, however, the IAEA confirmed the shutdown of the five nuclear facilities at Yongbyon and took necessary measures for sealing and monitoring (see 3. below).

At the Second Session of the Working Group on Denuclearization (August 16 and 17, 2007) which was held following the Head of Delegation meeting for the Sixth Round of the Six - Party Talks (July 18 to 20, 2007), substantive discussions were commenced with regard to the scope of a "complete declaration" and "disablement" and on concrete measures and technical issues. After the discussions at the Second Session of the Sixth Round of the Six - Party Talks (September 27 to 30, 2007), the "Second - Phase Actions for the Implementation of the Joint Statement" was adopted on October 3, 2007. The main points are as follows:

(1) Denuclearization

"Disablement": North Korea agreed to disable all its existing nuclear facilities, promising to complete the disablement of the 5MWe Graphite - moderated Reactor, Reprocessing Plant, and Nuclear Fuel Rod Fabrication Facility at Yongbyon by the end of 2007.

"Declaration": North Korea agreed to provide a complete and correct declaration of all its nuclear programs by the end of 2007.

"Non - proliferation": North Korea reaffirmed its commitments not to transfer nuclear materials, technology, or know - how.

- (2) North Korea and the United States remain committed to improving their bilateral relations and moving towards a full diplomatic relationship. North Korea and Japan will make sincere efforts to normalize their relations expeditiously in accordance with the Pyongyang Declaration, on the basis of the settlement of the unfortunate past and the outstanding issues of concern. North Korea and Japan committed themselves to taking specific actions toward this end that through intensive consultations between them.
- (3) In accordance with the "Initial Actions", economic, energy and humanitarian assistance up to the equivalent of one million tons of heavy fuel oil in total will be provided to North Korea (inclusive of the 100,000 tons of HFO already delivered).

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Based on these agreements, disablement of the 5MWe graphite-moderated reactor, reprocessing plant, and nuclear fuel rod fabrication facility in Yongbyon was commenced in November 2007, and on November 28, a team of the Six-Party Talks members including Japan visited Yongbyon to confirm the process of the disablement activities. However, a "complete and correct declaration," which North Korea promised to provide by the end of 2007, was not provided by the promised date.

Japan, in cooperation with other related countries including the United States, will continue its efforts to urge North Korea to implement the denuclearization actions, in accordance with the aforementioned Six-Party Talks document adopted on October 3 2007, and to realize at an early date the goal of "the abandonment of all nuclear weapons and existing nuclear programs" stated in the Joint Statement of September 2005.

3. Movements surrounding North Korea in the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) and the International Atomic Energy Agency (IAEA)

North Korea notified its withdrawal from the NPT to the UN Security Council on March 12, 1993; however, North Korea remained a party to the NPT as the US-North Korea Joint Communique, which declared that North Korea would suspend the effectuation of its withdrawal from the treaty, was publicly announced on June 11, one day before June 12, exactly three months after the notice of withdrawal (Paragraph 1 of Article X of the NPT stipulates that withdrawal from the treaty requires a three-month notice). Subsequently, based on the Agreed Framework assented between the United States and North Korea in October 1994, North Korea stated that it would remain in the position of a party to the NPT and that it would implement the Safeguards Agreement under the Treaty. There was, however, no progress in technical meetings on the implementation of the Treaty with the IAEA. On the other hand, North Korea accepted the monitoring by the IAEA of the 5MWe graphite-moderated reactor and other facilities subject to the freeze based on the "Agreed Framework," and these facilities had been frozen thereafter.

However, amid the increasing concern over the nuclear issue triggered by the admittance by North Korea of the uranium enrichment program in October 2002, in December 2002, North Korea announced that it would lift the freeze and immediately reactivate and restart building nuclear facilities. It cut the seals for the IAEA Safeguards and disabled the surveillance cameras in the 5MWe graphite-moderated

to leave the country. On January 10, 2003, it sent a letter to the President of the UN Security Council and declared that it would revoke the suspension on the effectuation of its withdrawal from the NPT in 1993, and thereby withdraw from the NPT. The IAEA Special Board of Governors Meeting held in February 2003 recognized North Korea's further non-compliance with its obligations under the Safeguards Agreements and reported it to the UN Security Council. The IAEA has continuously discussed this matter at its regular Board of Governors meetings, and the General Conference has also adopted resolutions to urge this matter to be resolved.

The Third Session of the Fifth Round of the Six-Party Talks, which was held from February 8 to 13, 2007, adopted the "Initial Actions for the Implementation of the Joint Statement," which requires the return of IAEA personnel necessary for monitoring and verification of the shutdown and sealing of nuclear facilities in Yongbyon. In response to the process of the aforementioned issue of the financial measures by the United States, the Director-General of the General Department of Atomic Energy of North Korea sent a letter inviting an IAEA delegation to the IAEA Director General on June 16, 2007.

Responding to the invitation, Mr. Olli Heinonen, IAEA Deputy Director General in charge of Safeguards, visited North Korea from June 26 to 30, 2007 to hold consultations. On July 9, the IAEA Board of Governors approved the IAEA's monitoring and verification activities in North Korea and an IAEA delegation visited the country on July 14, and confirmed on July 17 the shutdown of five facilities (four facilities - (1) nuclear fuel rod fabrication facility, (2) 5MWe graphite-moderated reactor, (3) reprocessing plant, (4) 50MWe graphite-moderated reactor (under construction) in Yongbyon and (5) 200MWe graphite-moderated reactor (under construction) in Taechon). On August 17, it was reported that all measures necessary for sealing and monitoring had been taken.

In September 2007, Japan made a contribution of 0.5 U.S. million dollars for these monitoring and verification activities of the IAEA.

(Reference) The Korean Peninsula Energy Development Organization (KEDO)

KEDO is an international organization established in March 1995, in accordance with the "Agreed Framework" of October 1994 between the United States and North Korea, for the purpose of (1) the light-water reactor project (construction of two light-water reactor power plants) and (2) the provision of heavy fuel oil (0.5 million tons per year).

A supply agreement concerning a light-water reactor project was signed between the KEDO and North Korea in December 1995. Later, KEDO and Korean Electric Power Corporation (KEPCO) signed a Turnkey Contract for the project in December 1999 (entry into force: February 2000). The construction for the installation of the main light-water reactor started in September 2001, and the concrete was injected into the foundation of the light-water reactor building in August 2002.

However, the North Korean nuclear issue recurred when North Korea admitted to having a uranium enrichment program in October 2002. KEDO suspended the supply of heavy fuel oil in December of the same year and decided on the "suspension" of the light-water reactor project for one year in December 2003 (also decided on another one-year "suspension" in November 2004).

After that, North Korea escalated its acts concerning its nuclear issue, including declaration of possession of nuclear weapons (February 2005). The ground for promoting the light-water reactor project was thus lost, and at the Executive Board Meeting of KEDO held in November 2005, the Members shared a basic policy of terminating the light-water reactor project. Responding to this, withdrawal of all personnel at the light-water reactor site in Kumho in North Korea was completed in January 2006.

After having discussed legal and financial issues arising from the termination of the project, the Executive Board of KEDO adopted a resolution to determine the "termination" of the light-water reactor project in May 2006. In December 2006, KEDO and KEPCO signed the "Termination Agreement" and the secretariat was scaled down significantly in June 2007.

Other developments with regard to North Korea include the "Heiligendamm Statement on Non - proliferation" announced at the G8 Summit in Heiligendamm in June 2007 which expresses support for the Six - Party Talks and its swift implementation of the initial actions as a first step towards the full implementation of the Joint Statement of the Fourth Round of the Six - Party Talks, including the resolution of the outstanding issues of concern. The statement also condemns North Korea's nuclear test and urges North Korea to comply with the UN Security Council Resolutions 1695 and 1718, strictly to refrain from any further nuclear test or missile launch, and to abandon all nuclear weapons and existing nuclear programs as well as all programs for weapons of mass destruction and ballistic missiles, expecting all states to fully implement the UN Security Council Resolutions.

4. Missile issue

The development and deployment of testing of North Korea's missile programs together with its proliferation activities, coupled with the nuclear issue, causes instability not only in the Asian Pacific regions but also in the whole international community.

Against this backdrop, the United States and North Korea held bilateral talks on the missile issue under the Clinton Administration after North Korea had announced a moratorium on missile launching in 1999. When US Secretary of State Madeleine Albright visited North Korea in October 2000, she discussed the missile issue comprehensively with the Chairman of the National Defense Commission of North Korea, Kim Jong Il and others. Later, a comprehensive review of the US policy on North Korea was conducted under the Bush administration, and verifiable restraint of missile activities and cessation of export of missiles were listed as a part of the policies on North Korea. In the Japan - DPRK Pyongyang Declaration in September 2002, North Korea pledged its intention to extend the moratorium on missile launching in and after 2003, and confirmed the need to solve security issues including the missile issue. At the Japan - North Korea Normalization Talks held in Malaysia in October 2002, Japan requested specific and forthcoming actions on dismantlement of already deployed Nodong missiles bringing Japan within its reach.

At the Six - Party Talks held in Beijing in August 2003, Japan insisted on resolving the outstanding issues of concern, including the ballistic missile issue of North Korea in accordance with the Pyongyang Declaration. The Chairman's summary stated that the Parties agreed not to take actions that would escalate the situation in the process of resolving the issues peacefully.

However, in March 2005, the North Korean Foreign Ministry stated in its memorandum that there was nothing that bound them on the moratorium on missile testing. At the consultations on security issues of the Japan - DPRK Comprehensive Talks held in February 2006, Japan expressed its concerns over the missile issue, but North Korea reiterated its pre - stated views and there was no substantial progress.

When North Korean missile - related activities loomed in the middle of May 2006, Japan, in close cooperation with other relevant countries including the United States and the Republic of Korea, exchanged information and discussed future measures to be taken and at the same time warned North Korea to refrain from missile launching through the diplomatic channels in Beijing on June 16. Despite such advance warnings given by the international community including Japan, North Korea launched seven ballistic missiles including "Taepodong 2" on July 5, 2006 (see 5. below for responses taken by Japan and the international community.).

Besides the above mentioned efforts, Japan has tried to coordinate policy on non - proliferation of

missiles and related technology through frameworks such as the Missile Technology Control Regime (MTCR) and the Hague Code of Conduct against Ballistic Missile Proliferation (HCOB). It is also important to, firstly, urge countries that seem to be in cooperation with North Korea in the area of missiles to cut off the cooperative relationship completely, and secondly to strengthen global rules.

(Reference) Background of missile development of North Korea

It is suspected that North Korea has produced and deployed Scud missiles, among others and has been exporting these missiles to the Middle East and other destinations since the mid-1980s. In addition, the development of longer range ballistic missiles is assumed to have started in the 1990s, and the Nodong (estimated range of 1,300 km) is believed to have been launched toward the Sea of Japan in May 1993. In August 1998, North Korea launched a ballistic missile based on Taepodong 1 (estimated range of more than 1,500 km) that flew over Japan and landed in the Pacific Ocean. In addition, in July 2006, North Korea launched seven ballistic missiles including Taepodong 2 with a longer range (estimated range of 3,500-6,000 km). The details of the development of ballistic missiles of North Korea still remain unclear, but North Korea seems to attach high priority to the development of ballistic missiles not only from the perspective of military capability but also from the political and diplomatic perspectives, as well as for acquisition of foreign currency.

The influx of various materials and technologies from overseas is seen to be behind the progress in the ballistic missile development of North Korea. The possibility of the transfer and proliferation of ballistic missiles and missile-related technologies from North Korea has also been pointed out.

5. Responses to North Korean proliferation activities, launching of ballistic missiles and nuclear test

North Korea launched ballistic missiles on July 5, 2006, ignoring warnings given by the international community including Japan. This is a serious problem not only from the viewpoint of Japan's security and international peace and stability but also from the viewpoint of the non - proliferation of weapons of mass destruction. North Korea's action constitutes a violation of the moratorium on missile launching stated in the Japan - DPRK Pyongyang Declaration, and is inconsistent with the Joint Statement of the Six - Party Talks. Responding to North Korea's missile launch, Japan announced a series of measures including an embargo on the Man Gyong Bong - 92. Based on a resolution proposed by Japan, the UN Security Council unanimously adopted Resolution 1695. As one of the steps to steadily implement this Resolution, Japan, in addition to the existing strict export control measures, designated additional 15 entities and one individual that are closely related to North Korea's missiles and weapons of mass destruction programs, and took measures to prevent money transfers to these designated entities and individual.

North Korea further announced that it had conducted a nuclear test on October 9, 2006. North Korea's nuclear test poses a serious threat to the peace and security not only for Japan but also for the East Asia and the international community. It is also grave challenge to the international non - proliferation regime based on the NPT. It violates the Japan - DPRK Pyongyang Declaration, the Joint Statement of the Six - Party Talks, and the UN Security Council Resolution 1695, and can not be tolerated. From such a standpoint, Japan decided to take a series of strict measures including an embargo on all North Korean ships and a ban on the import of all items from North Korea. The UN Security Council unanimously adopted Resolution 1718. Japan had already been implementing many of the measures required under Resolution 1718, such as strict export control, but following the adoption of Resolution 1718, additionally put a ban on exports of luxury goods to North Korea as from November 2006 (for the details of Resolutions

1695 and 1718, see Part VII, Chapter 1, Section 3).

With regard to export control against proliferation activities, Japan has been vigorously working to strengthen the operation of the "Catch - All Control," which was introduced in April 2002 to regulate exports of materials suspected to be used for the development of weapons of mass destruction or their means of delivery, and has detected and prevented several illicit exports toward North Korea.

(Reference) An example of illicit export of equipment in relation to weapons of mass destruction and missiles to North Korea by a Japanese company

In November 2002, when Meishin Corporation tried to export three "stabilized direct current suppliers" that could be utilized for nuclear weapons development (uranium enrichment), the Minister of Economy, Trade and Industry informed the Corporation of the requirement to apply for a license based on "Catch-all Control." However, the Corporation made no application and, instead, in April 2003, attempted circumvention through Thailand to North Korea, but the smuggled goods were confiscated by the customs services of Hong Kong in response to the request made by Japan. As a result of the proceeding, the exporter was sentenced to imprisonment with work for one year (with three years' probation) and fined 2 million yen; a sentence which became final in March 2004. The Ministry of Economy, Trade and Industry also imposed an administrative sanction on the exporter prohibiting export for three months.

6. Chemical and biological weapons issues

North Korea ratified the Biological Weapons Convention in March 1987, however, some suspect that North Korea has a dedicated, national level effort to develop a biological weapons capacity and has developed, produced and have weaponized for use biological agents (from 2005 US State Department report.). North Korea has not signed the Chemical Weapons Convention (CWC) and some assume that it already possesses chemical weapons (from the January 2003 CIA unclassified report to Congress, etc.). The Organization for the Prohibition of Chemical Weapons (OPCW) and Japan have urged North Korea to join the Convention at various opportunities.

Chapter 2. Iran and other Middle East Countries

Iran

1. Outline of nuclear issue

The accusation by a dissent organization in 2002 revealed Iran had continued proliferation sensitive nuclear activities for a long time, thereby violating the IAEA Safeguards Agreement. The international community expressed strong concern about this fact. The IAEA Board of Governors have adopted a series of resolutions requesting Iran to suspend uranium enrichment - related and reprocessing activities and has urged Iran to implement these resolutions. The United Kingdom, France and Germany (EU3) carried out negotiations with Iran and reached the Paris Agreement, which includes the suspension of uranium enrichment - related activities. However, the agreement did not remain effective due to Iran's resumption of nuclear activities. Iran continued and expanded uranium enrichment - related activities, insisting that all of its nuclear activities were entirely peaceful and the country had no intention of developing nuclear weapons.

In September 2005, the IAEA Board of Governors found Iran's non - compliance with the Safeguards Agreement. At the IAEA Special Board of Governors Meeting held in February 2006, the Board adopted a resolution to report the Iranian nuclear issue to the UN Security Council, and the issue has been taken up at the Security Council from then onward. At the end of July 2006, the UN Security Council adopted Resolution 1696, requiring Iran to implement measures including the suspension of uranium enrichment - related activities. The Security Council adopted Resolution 1737 in December 2006, which includes sanctions under Chapter VII, Article 41 of the Charter of the United Nations, and also adopted Resolution 1747 in March 2007 to tighten sanctions. Pressures from the international community have thus been strengthened.

In June 2006, ahead of these developments, six countries, namely the United States, Russia and China in addition to the EU3 (EU3+3), presented new proposals for a comprehensive long - term arrangement to Iran, seeking the resolution of the issue by negotiation, but Iran has not shown any positive attitude. Since July 2007, Iran has expressed its willingness to cooperate with the IAEA for resolving "outstanding issues" in the past, but at the same time has maintained its intention to continue and expand uranium enrichment - related activities. The international community cannot cast aside its strong concern over Iran yet.

2. Movements concerning the nuclear issues taken by the IAEA and diplomatic efforts by the EU3 (up until March 2006)

In 2002, an Iranian dissent organization revealed that Iran had been constructing covertly large - scale nuclear facilities in Natanz and Arak. As a result of the IAEA's verification, it became clear that Iran had repeatedly conducted various nuclear activities in the various locations in Iran, including uranium enrichment and plutonium separation, without declaring such activities to the IAEA for a long time, and the IAEA Board of Governors Meeting held in September 2003 adopted a resolution proposed by Japan, Australia and Canada to require Iran to take measures, including the suspension of uranium enrichment - related activities. In addition to this resolution, the IAEA Board of Governors adopted nine resolutions up until February 2006 and continued to request Iran to suspend its proliferation

sensitive nuclear activities and cooperate with the IAEA for revealing its past nuclear activities.

Iran, asserting that the country has no intention of developing nuclear weapons and that all its nuclear activities are for peaceful purposes, has shown some positive attitude and signed the IAEA Additional Protocol at the end of 2003, but did not ratify the Additional Protocol while voluntarily implemented it (Note).

(Note)

Iran joined the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) in 1970 and signed a Comprehensive Safeguards Agreement with the IAEA in 1974.

Since the revelation of the Iranian nuclear issues, the governments of the EU3 (United Kingdom, France and Germany) held negotiations with the Iranian government, seeking diplomatic solutions under the framework of the IAEA. In November 2004, they reached an agreement on several issues including Iran's suspension of enrichment - related activities (Paris Agreement) and Iran suspended such activities. As the result of negotiations with Iran based on the Paris Agreement, the EU3 presented a comprehensive proposal concerning cooperation toward Iran in August 2005, but the new administration of a hard - line conservative, President Ahmadinejad rejected it. Iran resumed part of its uranium conversion activities among uranium enrichment - related activities which had been suspended based on the Paris Agreement, and refused to accept the request for the full suspension of uranium enrichment - related activities based on a resolution at the IAEA Special Board of Governors Meeting in the same month.

Consequently, the IAEA Board of Governors found non - compliance to be reported to the Security Council in accordance with the provisions of the Statute of the IAEA in September 2005 and adopted, by a majority, a Board of Governors resolution to request Iran to offer further cooperation with the IAEA and suspend uranium enrichment - related and reprocessing activities (22 votes in favor (including Japan), one against and 12 abstentions out of 35 Board of Governors member states), while leaving the IAEA Board of Governors to address, at a later stage, the timing and content of a report to the Security Council.

In January 2006, Iran resumed uranium enrichment - related research and development activities at Natanz in the presence of IAEA inspectors. Responding to this, the EU3, the United States, China and Russia essentially agreed in principle to refer the matter to the UN Security Council. In February, at the IAEA Special Board of Governors Meeting, a resolution to report the issue to the UN Security Council was adopted by a majority (27 votes in favor (including Japan), three against and five abstentions out of 35 Board of Governors member states). Immediately after this, Iran notified the IAEA of the suspension of the voluntary implementation of the Additional Protocol and announced that it had resumed small - scale uranium enrichment activities at the facility in Natanz in mid - February, which was later confirmed by the IAEA inspectors.

Following this, Russia and Iran had talks on Russia's proposal to conduct uranium enrichment at a joint - venture company to be established not in Iran but in Russia, and other related countries also encouraged Iran to accept the proposal. However, as Iran insisted on continuing uranium enrichment activities for research and development purposes within its territory, negotiations deadlocked. At the IAEA Board of Governors Meeting in March 2006, no resolution was adopted, but the IAEA Director General's report issued on February 27 was delivered to the UN Security Council. Following this, the Iranian nuclear issue was brought to the UN Security Council.

3. Movements taken by the UN Security Council and continuing diplomatic efforts

The UN Security Council issued a presidential statement on the Iranian nuclear issue at the end of March 2006 and requested Iran to implement requirements imposed by the IAEA Board of Governors, emphasizing the importance of once again suspending all enrichment - related and reprocessing activities in a complete and continuous manner. However, Iran continued and expanded its enrichment - related activities and announced in April that it had succeeded in enriching uranium to 3.5%.

At the end of May 2006, the United States presented a proposal that the United States, together with the EU3, would be ready to have negotiations once Iran suspended uranium enrichment - related and reprocessing activities in a complete and verifiable manner. Dr. Solana, High Representative for the EU Common Foreign and Security Policy (CFSP), and the representatives of the EU3 and Russia, visited Tehran at the beginning of June to present Iran with proposals for a comprehensive long - term arrangement, agreed by the six countries (EU3+3), namely the EU3, the United States, China and Russia, including future cooperation package to be provided if Iran completely recovered the confidence of the international community. However, the Iranian side did not show sincere response and official negotiation over the proposals did not take place. The EU3+3 agreed to aim at adopting a UN Security Council Resolution which would oblige Iran to suspend its uranium enrichment - related activities and, in case Iran refused to comply with such a resolution, to work together to adopt another Security Council Resolution which would include sanctions under Chapter VII, Article 41 of the Charter of the United Nations. The G8 Summit held at St. Petersburg in Russia in July 2006 also supported this EU3+3 agreement in its "Statement on Non - Proliferation."

On July 31, 2006, Resolution 1696, which was the first Security Council Resolution on the Iranian nuclear issue, was adopted (14 votes in favor (including Japan) and one against). The Resolution obliged Iran to suspend all of its uranium enrichment - related and reprocessing activities, expressing the intention of the Security Council that it would adopt appropriate measures under Chapter VII, Article 41 of the Charter of the United Nations if Iran did not comply with that Resolution by the end of August. Iran responded to the proposals for a comprehensive long - term arrangement by the EU3+3 before the deadline, but the response failed to meet the requirements of the UN Security Council Resolution 1696. The IAEA Director General also issued a report on Iran's disappointing response.

In September 2006, Dr. Larijani, Secretary of Supreme National Security Council (SNSC) of Iran and Dr. Solana, High Representative for the EU CFSP, had several talks and other related countries also made diplomatic efforts to resume negotiations with Iran. However, such efforts could not settle the difference over the suspension of uranium enrichment - related activities, and negotiations were kept suspended. Following such movements, the EU3+3 held a Foreign Ministers Meeting at the beginning of October and agreed to initiate talks for adopting a UN Security Council Resolution including measures under Chapter VII, Article 41 of the Charter of the United Nations, while continuing to seek the resolution of the issue by negotiation.

4. Adoption of resolutions with sanctions by the UN Security Council and Iran's response

On December 23, 2006, the UN Security Council unanimously adopted Resolution 1737 which affirmed that Iran shall suspend all uranium - enrichment related and reprocessing activities and heavy water - related projects, and at the same time obliged and called on all UN member countries to implement sanction measures against Iran under Chapter VII, Article 41 of the Charter of the United Nations (for the details of the

sanctions, see Part VII, Chapter 1, Section 3 "The United Nations Security Council"). Iran immediately rejected Resolution 1737 and continued and expanded its uranium enrichment - related activities. Upon this, talks were commenced, led by the EU3+3, on the next UN Security Council Resolution which would include further measures.

The UN Security Council unanimously adopted Resolution 1747 with additional measures on March 24, 2007, but Iran also protested against Resolution 1747. At the ceremony at Natanz on National Nuclear Technology Day on April 9, President Ahmadinejad stated, "I declare that as of today our dear country has joined the nuclear club of nations which can produce nuclear fuel on an industrial scale," clearly expressing the country's intention to expand and continue enrichment activities.

Along with the sanction measures under the UN Security Council Resolution, foreign ministers of the EU3+3 issued a statement to seek realization of a "suspension for suspension" proposal to suspend uranium enrichment - related activities and sanctions, immediately after the adoption of Resolution 1747, and continued efforts for resolving the issue by negotiation. EU High Representative Solana and SNSC Secretary Larijani also had talks in and after April but no concrete progress was made for realizing any official negotiations between the EU3+3 and Iran. At the G8 Summit in June (at Germany), members adopted the "Heiligendamm Statement on Non - Proliferation," which ensured solidarity of the G8 nations and strongly urged Iran to implement the UN Security Council Resolutions. Pressure from the international community was thus further strengthened.

At the end of June 2007, IAEA Director General El Baradei and SNSC Secretary Larijani had talks twice in Vienna, and reached an agreement to create a "plan of action" (later called a "work plan") within two months aiming to resolve the "outstanding issues" including plutonium separation experiments, source of enriched uranium contamination, and acquisition of technology of P1 and P2 centrifuges.

As a result of talks from July to the end of August in 2007, Iran and the IAEA finally compiled the "work plan" that includes procedures and a target deadline for resolving issues such as Iran's past nuclear activities, which the IAEA deems to be unsettled, and for applying the IAEA Safeguards to nuclear fuel enrichment plants in Natanz. The IAEA Director General's report which was issued immediately after that concluded that, among those unsettled issues, the issue of plutonium separation experiments had been resolved but confirmed that Iran had been continuing and expanding its uranium enrichment - related activities while responding to part of the IAEA's requests concerning new appointment of IAEA inspectors and their access to heavy water reactor.

At the end of September 2007, foreign ministers of the EU3+3 had talks and reconfirmed their commitment to take a dual track approach utilizing "dialogue" and "pressure." They agreed that unless the reports by EU High Representative Solana and IAEA Director General El Baradei in November showed any positive achievements in their respective efforts, they would prepare a draft of the third UN Security Council Resolution that would include sanctions under Chapter VII, Article 41 of the Charter of the United Nations so as to put it on a voting at the Security Council.

In October and November 2007, EU High Representative Solana had talks with Iran, but the Iranian side showed no positive response. The IAEA Director General's report issued in November mentioned some progress toward the resolution of the "outstanding issues" but clearly stated that Iran did not comply with the requirements in the UN Security Council Resolutions. Consequently, consultation aiming to adopt another Security Council Resolution continued. In December, the United States publicized the National Intelligence Estimate, which pointed out that the Iranian military developed nuclear weapons under

the direction of the Iranian government and halted its nuclear weapons program in the fall 2003 but is keeping open the option to develop nuclear weapons.

On March 3, 2008, the UN Security Council adopted Resolution 1803, which further added sanction measures (14 votes in favor and one abstention), responding to Iran's noncompliance with the UN Security Council Resolutions and IAEA Board of Governors resolutions.

5. Japan's stance

Taking into account the firm maintenance of the nuclear non - proliferation regime, the relevance to North Korea's nuclear issue and the stability of the Middle East, which has a great influence on energy supply in the international community, Japan considers that resolute measures should be taken on the Iranian nuclear issue. It is very regrettable that Iran has continued and expanded its uranium enrichment activities, despite calls from the international community including Japan. Japan strongly hopes that Iran will comply with the resolutions adopted by the IAEA Board of Governors and the UN Security Council, promptly suspend all its enrichment - related and reprocessing activities in a full and sustained manner, and return to the negotiation.

The Government of Japan considers it important that the international community work in concert to urge Iran to heed the calls of the whole world and will proactively play a role as a member of the G8 countries aiming to the peaceful and diplomatic resolution of the issue. Japan has made diplomatic efforts such as the demarches at the ministerial level for the resolution of the issue, and will continue to take every opportunities to persuade Iran strongly.

6. Missile issue

Iran conducted a test launch of a ballistic missile called the Shahab - 3 for the first time in July 1998, and after several more test launches, Supreme leader Ayatolla Ali Khamenei (also Commander of the Islamic Revolutionary Guards) declared the deployment of the Shahab - 3 at a ceremony for the Revolutionary Guards in July 2003. More recently, Iran conducted test launches of the Shahab - 3 in November 2006.

Furthermore, Iran announced that it had succeeded in improving the Shahab - 3 and extending its range capability. Such missile activities of Iran, together with its nuclear issues are considered to pose serious concern over the Middle East.

In response to such missile activities, Japan expressed its regret over test launches of missiles in the statements by the Press Secretary of Ministry of Foreign Affairs, and at the Japan - Iran foreign ministerial talks and the Japan - Iran Disarmament and Non - proliferation Talks urged Iran to join the Hague Code of Conduct against Ballistic Missile Proliferation (HCOG) and restrain its ballistic missile activities. There are also reports on the cooperative relationship between Iran and North Korea in the area of missile development, and Japan has encouraged Iran to restrain any missile cooperation with North Korea in view of the national security concerns. Japan will continue to call on Iran to restrain its missile activities in various ways.



Minister for Foreign Affairs Komura working on Dr. Abbas Araghchi, Iranian Ambassador to Japan, who made a courtesy call after taking office (March 2008)

Iraq

1. Establishment of UNMOVIC and recommencement of inspections

After the Gulf War, as a result of inspection activities by the UN Special Commission on Iraq (UNSCOM) established under the UN Security Council Resolution 687 and by the IAEA, a large volume of chemical weapons and ballistic missiles were destroyed, and the development of nuclear and biological weapons was also revealed. However, during the inspections by the UNSCOM, Iraq continued false reporting and obstructions against the inspection teams in violation of its obligations under the Security Council Resolution 687. Iraq finally decided to end all cooperation with the UNSCOM in October 1998, and inspection teams withdrew from Iraq in October 1998.

As for the issues pertaining to Iraq's weapons of mass destruction and inspections on them, the UN Security Council resolution 1284 was adopted in December 1999. Thereby, the United Nations Monitoring Verification and Inspection Commission (UNMOVIC), a new organization to operate a reinforced system of ongoing monitoring and verification, replacing the UNSCOM, was established. Nonetheless, Iraq continued to refuse UNMOVIC inspections, but finally announced the acceptance of an unconditional return of weapons inspectors on September 16, 2002. In response to this, the UN Security Council resolution 1441 was adopted unanimously on November 18 demanding Iraq to accept an enhanced inspection regime, which entails implementation of immediate, unconditional and unrestricted inspections without exception on all sites.

Upon Iraq's acceptance of this resolution, the UN inspection team consisting of UNMOVIC and IAEA resumed inspections for the first time in four years, on November 27, 2002.

2. Activities and the report of the UN inspection team (Background of use of force against Iraq)

The inspection regime consisting of the UNMOVIC and IAEA has gradually been enforced, and inspection activities have been performed continuously across Iraq since the inspection resumed. Iraq showed some cooperation. It accepted the inspection of all sites, of which inspections had been refused

previously. It also submitted a declaration on the development and stockpiling of weapons of mass destruction and other materials in December 2002. However, according to the UN Security Council report submitted by the UNMOVIC and IAEA between January and March 2003, while Iraq had cooperated rather well so far with regard to the procedures, the declaration submitted by Iraq failed to clarify the unresolved disarmament issues, and did not contain any new evidence that would eliminate the questions or reduce their number. Furthermore, regarding the Security Council report by the UNMOVIC and IAEA dated March 7, on "Unresolved Disarmament Issues" containing 29 items, it was made clear that allegations presented by the UNSCOM inspections were hardly resolved through the inspection activities by the UNMOVIC.

Responding to Iraq's attitude, the UN inspection teams completed withdrawal from Iraq on March 18, and the United States launched the use of force against Iraq together with the United Kingdom and other countries on March 19. President Bush declared an end to major combat in Iraq on May 1, 2003.

3. Activities of the Iraq Survey Group (ISG) and termination of the mandates of UNMOVIC

After the end of the military action against Iraq by the United States, the United Kingdom and other countries, the activities of the UN inspection teams did not resume, and the Iraq Survey Group (ISG), consisting of US, UK and Australian experts, had conducted the search and survey of weapons of mass destruction in Iraq. As a result, the ISG published the Comprehensive Report, which reveals the actual situation of weapons of mass destruction in Iraq, in October 2004. According to the ISG's report, no weapons of mass destruction, including nuclear, chemical and biological weapons, were found stockpiled in Iraq. However, the report assessed that Saddam Hussein intended to maintain the capability of resuming weapons of mass destruction development programs after the lifting of sanctions.

The UN Security Council started discussion on the termination of the mandates of UNMOVIC and the IAEA in Iraq in 2006, and adopted the UN Security Council Resolution 1762 to stipulate the termination of the mandates on June 29, 2007. The Resolution also demands Iraq to join disarmament and non - proliferation treaties such as the Chemical Weapons Convention (CWC).

Chapter 3. India and Pakistan

1. Nuclear tests by India and Pakistan (1998)

India maintains that it does not intend to accede to the Treaty on the Non - Proliferation of Nuclear Weapons (NPT) since it is discriminatory. It has been refusing to accede to the NPT, despite calls from the international community. Pakistan takes the stand that it will not accede to the NPT from its own security viewpoint so long as India remains out of the Treaty. Under such circumstances, India and Pakistan conducted nuclear tests in succession in May 1998.

Japan immediately lodged a strong protest by issuing the Chief Cabinet Secretary's statement, and imposed economic measures, including suspension of yen loans for new projects against both India and Pakistan, and utilized various opportunities for dialogue, such as G8 meetings, to tenaciously urge both countries to make specific progress in the field of nuclear non - proliferation, centering on their accession to the NPT and signing and ratification of the CTBT.

Due partly to these efforts from the international community including Japan, neither India nor Pakistan has conducted nuclear tests since June 1998. Both countries announced that they would continue their moratoriums on nuclear testing and exercise stricter export controls for nuclear non - proliferation. In October 2001, Japan discontinued its economic measures against both countries by issuing the Chief Cabinet Secretary's statement, considering the following points: Japanese measures produced some positive results; the stability and cooperation of Pakistan is of great importance in the fight against terrorism; and the necessity to deepen active engagement in India, which is expected to play an important role in stabilizing Southwest Asia. At the same time, the statement also made it clear that Japan would continue to urge India and Pakistan to make progress in the field of nuclear non - proliferation, including accession to the NPT and signing and ratification of the CTBT and would consider taking appropriate measures including restoring of the discontinued economic measures, should the situation concerning nuclear non - proliferation deteriorate in India and/or Pakistan.

2. Movement following the economic measures

In January 2003, the government of India (the Cabinet Committee on National Security) decided and announced its nuclear doctrine comprising building and maintaining nuclear deterrence, exercising nuclear retaliation strikes by the Nuclear Command Authority, continuing the moratoriums on nuclear testing, etc.

In the meantime, both India and Pakistan still continue missile - launching tests. (India has conducted missile - launching tests as recently as October 2007 while Pakistan did so in December 2007.)

Moreover, in February 2004, Pakistani President Pervez Musharraf revealed at the press conference that Doctor Khan, known as "the Father of Nuclear Development," and other scientists were involved in the flow of nuclear - related technologies out of the country.

3. Japan's efforts

India and Pakistan have not acceded to the Treaty on the Non - Proliferation of Nuclear Weapons (NPT). These two countries and Israel are the only three remaining non - state parties to the NPT among the UN member countries. (North Korea announced its intention to withdraw from the NPT in January 2003.) The fact

that these three countries still remain outside of the NPT regime weakens the value of the NPT as a norm; Japan has repeatedly called for these three countries to accede to the NPT.

Non - signatory states of the Comprehensive Nuclear - Test - Ban Treaty (CTBT) among the countries whose ratification is required for the CTBT to enter into force are India, Pakistan and North Korea. Japan called for the early signing and ratification of the CTBT by both India and Pakistan, and urges them to extend the moratorium until the ratification.

As for Pakistan, the outflow of nuclear - related technologies through nuclear scientists including Dr. Abdul Qadeer Khan would harm the peace and stability of the international community and damage the nuclear non - proliferation regime. The alleged outflow to North Korea especially constitutes a matter of serious concern for the security of Japan. Therefore, Japan has expressed its regret to Pakistan and strongly urged to provide further information regarding this issue and to take necessary measures to prevent the recurrence of such incidents in the future. Thanks to these approaches by Japan, the Export Control Act on Goods, Technologies, Materials and Equipment related to Nuclear and Biological Weapons and their Delivery Systems entered into force in Pakistan in 2004. Moreover, in 2005, Japanese and Pakistani export control experts exchanged views aiming to effectively implement said law, and Japan provided technical briefing about Japan's export control. In addition, Japan has continued to cooperate in strengthening the nuclear non - proliferation regime of Pakistan by inviting Pakistani export control experts continuously to the Asian Export Control Seminar since 2004, which Japan hosts in Tokyo every year. Japan has also invited Indian experts to the seminar since 2006.

Furthermore, while appreciating the progress of confidence - building through dialogue between India and Pakistan, Japan has expressed concern about repeated missile tests by both countries and has strongly called for them to voluntarily exercise maximum control in the development, testing and deployment of missiles.

In view of the nuclear policies of India and Pakistan, Japan takes measures to prevent Japan's nuclear technologies (particularly ones that may be diverted to nuclear weapons development) from being transferred to India or Pakistan (strict investigation for deciding whether or not to grant visas to nuclear - related engineers from India and Pakistan, etc.). Japan also implements strict export controls on nuclear related - materials to both countries in accordance with the relevant laws and regulations.

Japan has taken various opportunities to work on both India and Pakistan, based on its stance in the field of disarmament and non - proliferation. In April 2005, then Prime Minister Junichiro Koizumi visited India and Pakistan. In the Japan - India Joint Statement issued at that time, the leaders of both countries agreed that Japan and India would work on non - proliferation as partners while in the Japan - Pakistan Joint Declaration, the leaders of both countries agreed on the importance of joint efforts by the international community in tackling disarmament and non - proliferation. In order to hold bilateral talks in the field of disarmament and non - proliferation based on these agreements, then Minister for Foreign Affairs Taro Aso agreed with the leaders of India and Pakistan on the holding of disarmament and nonproliferation consultations at the director - general level during his visit to these countries in January 2006. The first consultation was held in the same year. In August 2007, then Prime Minister Shinzo Abe visited India. In the "Joint Statement on the Roadmap for New Dimensions to the Strategic and Global Partnership between Japan and India," both leaders newly expressed their commitment to disarmament and strong concern over the proliferation of weapons of mass destruction and their delivery means, confirming both countries' intention to cooperate with each other for disarmament as well as to work together as partners for non - proliferation.

In this manner, Japan has been strongly requesting both countries to carry forward with disarmament and non - proliferation, and both countries' responses to the approaches by Japan need continued observation.

4. US - India agreement on civil nuclear cooperation

On the occasion of Indian Prime Minister Manmohan Singh's visit to the United States in July 2005, both leaders agreed that the United States would make efforts for providing India with civil nuclear cooperation in return for India's various measures concerning disarmament and non - proliferation. In March 2006, when US President George W. Bush visited India, both leaders reached an agreement that India would place 14 nuclear reactors under the IAEA safeguards in a phased manner between 2006 and 2014, while the United States would seek to amend related domestic laws and adjust the Nuclear Suppliers Group (NSG) Guidelines so as to offer full civil nuclear cooperation to India (so - called "US - India Civil Nuclear Cooperation Initiative").

(Note)

The NSG Guidelines provision requires that, before transferring nuclear materials and technologies to non-nuclear-weapon states, the IAEA comprehensive safeguards agreements must be in force with said states. Therefore, for offering nuclear cooperation to India with which a comprehensive safeguards agreement with the IAEA has not come into force, an adjustment needs to be made to the above provision.

In December 2006, a bill to amend domestic law for enabling the provision of cooperation to India was enacted in the United States. Both countries announced that they had reached a substantive agreement at negotiations on civil nuclear cooperation between the two countries in July 2007 and publicized the text of the agreement in August 2007. In November 2007, negotiations for a safeguards agreement commenced between India and the IAEA.

Japan understands the strategic significance of India and India's need to meet growing domestic energy demands of its population of one billion while addressing the issue of global warming by utilizing nuclear energy. At the same time, Japan intends to carefully take into account various factors, such as its implications for the international nuclear disarmament and non - proliferation regime and India's energy situation, and actively participate in the international discussions on this matter.

(Reference)

US-India agreement in July 2005

- On the occasion of Indian Prime Minister Manmohan Singh's visit to the United States in July 2005, both leaders agreed that the United States would make efforts for providing India with civil nuclear cooperation in return for India's various measures concerning disarmament and non-proliferation.
- India showed commitments as follows to assume the same responsibilities as other countries with advanced nuclear technology:
 - (i) Identification and separation of civilian and military nuclear facilities and programs in a phased manner
 - (ii) Filing a declaration regarding its civilian facilities with the IAEA.
 - (iii) Making voluntarily its civil nuclear facilities under IAEA safeguards
 - (iv) Signing and adhering to an IAEA additional protocol with respect to civil nuclear facilities
 - (v) Securing of nuclear materials and technology through the establishment of comprehensive export control legislation and through harmonization and adherence to MTCR and NSG Guidelines
 - (vi) Continuing India's unilateral moratorium on nuclear testing
 - (vii) Working with the United States for the conclusion of a Cut Off Treaty
- The United States showed commitments as follows to enable full civil nuclear energy cooperation to India:
 - (i) Amendment of domestic laws
 - (ii) Making efforts to adjust the related international export control regime (Note: NSG)

US-India agreement in March 2006

- US President George W. Bush visited India in March 2006 and both countries agreed on the following points.
- India showed commitments as follows:
 - (i) India shall place 14 nuclear reactors under the IAEA safeguards in a phased manner between 2006 and 2014.
 - (ii) Identification of nuclear reactors to be placed under the safeguards shall be solely made by the Indian side.
 - (iii) The safeguards shall be applied in perpetuity.
 - (iv) Existing Prototype Fast Breeder Reactors and Fast Breeder Test Reactors shall not be subject to the safeguards.
 - (v) All civilian thermal power reactors and civilian breeder reactors to be constructed in the future shall be placed under the safeguards (provided, however, that India shall determine whether such reactors are as civilian).
 - (vi) Negotiations on India-specific safeguards shall be undertaken between India and the IAEA.
- The United States commits itself to seeking the amendment of related domestic laws and an adjustment with the NSG Guidelines so as to enable full civil nuclear cooperation to India.