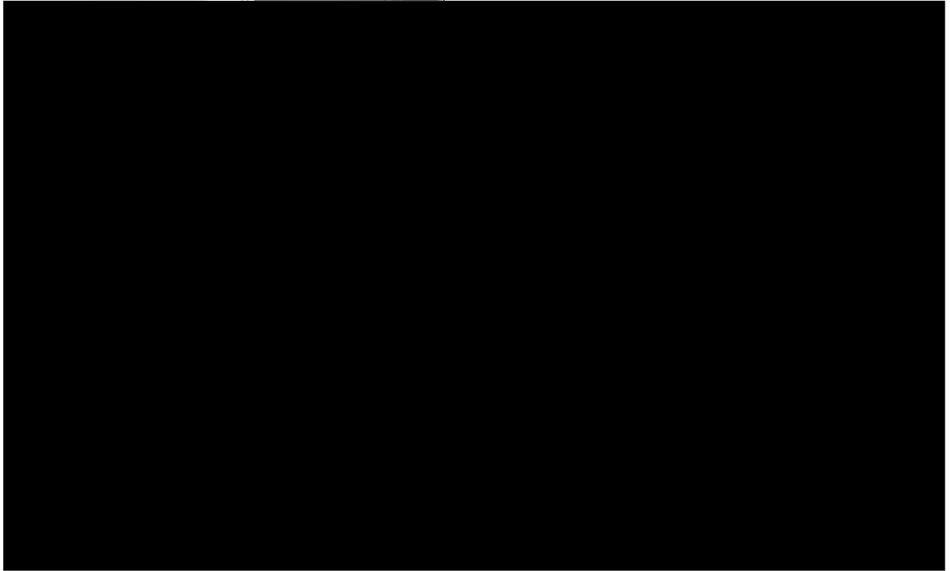


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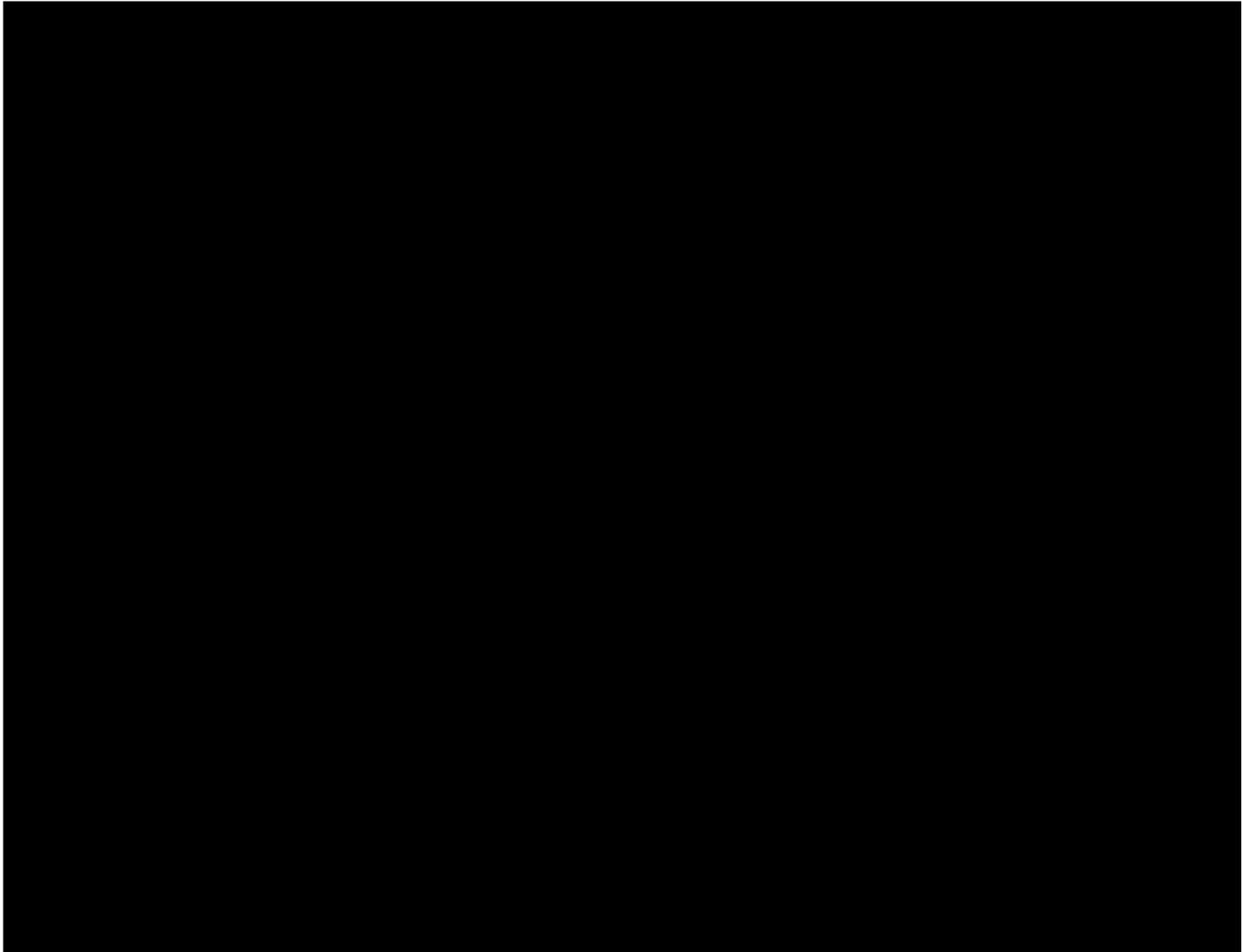


Sakhalin Offshore Oil Development

Reacting to the impact of the US embargo on oil and gas goods and technology, Japan's Sakhalin Oil Development Corporation (SODECO) is proposing a new strategy in proceeding with the offshore oil projects being developed jointly with the USSR. Two offshore fields, Chaivo and Odoptu, are affected.

SODECO officials believe that the Chaivo project can be completed with existing Japanese and West European technology, but that exploration and development of the geologically complex Odoptu field will be difficult without US technology.

The Japanese proposal would allow SODECO to proceed with development of the Chaivo field (which contains over half of the area's combined oil and gas condensate reserves and nearly two-thirds of its natural gas reserves) while still complying with the US embargo. A hold on development of the Odoptu field is probably acceptable to SODECO because of the expected slow growth in Japanese demand for natural gas.



**Gromyko Rejects
Japanese Territorial
Claims** ■

Soviet Foreign Minister Gromyko, during his meeting at the UN with Japanese Foreign Minister Sakurauchi on 4 October, reaffirmed Moscow's refusal to recognize Tokyo's claim to the disputed Northern Territories. Gromyko, according to Japanese officials, also revived the idea of a treaty of "good-neighborliness" as a substitute for a peace treaty—a notion that the Soviets originally proposed in 1978, when the two sides could not settle their territorial dispute. He appeared cool to the idea of his visiting Tokyo in the near future—telling Sakurauchi he did not feel the atmosphere in Japan was favorable now, particularly when the Japanese keep bringing up the territorial dispute. ■

The Japanese reportedly consider his remarks a setback from the position of the two sides after Gromyko's previous meeting with Sakurauchi in June, when Gromyko said he would consider a visit to Japan and would discuss the matter with other Kremlin leaders. The two sides have made no progress since then, however, in repairing the damage caused by the Soviet move into Afghanistan in late 1979, an espionage scandal in Tokyo involving a Soviet Embassy officer in 1980, and the Japanese decision in 1981 to designate 7 February as an annual Northern Territories Day. The Soviets almost certainly have been further angered by statements that Prime Minister Suzuki made about the USSR during his recent visit to China, as well as by the recently announced decision to allow the United States to base F-16s in Japan. [REDACTED]