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MEMORANDUM FOR LIEUTENANT GENERAL BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Briefing Paper on Non-Proliferation

Attached is a revision of the non-proliferation issues paper for the President's morning briefing.

for *Richard Sherman*
George S. Springsteen
Executive Secretary

Attachment:

Briefing Paper on Non-Proliferation

Drafted: PM/NPO:GOplinger/ds.
12/19/74 ext 21835

Concurrence:

- S/P - Mr. Kahan *OK*
- NEA/EGY - Mr. Semakis *OK*
- C - Mr. Terrell *OK*

NODIS REVIEW	
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Cat. C	Caption and custody retained by S/S
Reviewed by	<i>Allen</i>
Date:	<i>8/22/76</i>

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NON-PROLIFERATION

Background

The problem of preventing the further spread of nuclear weapons and independent explosives capabilities is now at a crucial stage. Technical developments and political trends will increase the difficulty of deterring further nuclear spread in the coming decade. Commercial nuclear power generation is coming into wider use throughout the world stimulated by the energy crisis, and US dominance in this field is diminishing. We are also entering a period when political barriers to non-proliferation appear to be weakening, given movements toward a multipolar world and decreasing credibility with respect to security guarantees. As a result of the Indian nuclear test, other non-nuclear weapons states may rethink their decisions regarding the acquisition of nuclear explosives. These trends could adversely affect the future of the Non-Proliferation Treaty (NPT) through setbacks in the ratification process in Japan and the European community countries, generally damaging the longer-term efficacy of the treaty as a non-proliferation instrument.

US Strategy

Inhibiting the spread of nuclear weapons has been a consistent and important element of US policy for the entire nuclear era. The basis for our non-proliferation interest is the assessment that the danger of nuclear war as well as world instability would significantly increase with an unrestrained spread of nuclear weapons. Acquisition of nuclear weapons would also give nations a sense of greater independence, thus complicating international diplomacy and diminishing American influence, and it is possible that eventually various nations or even subnational groups could attempt to engage in nuclear theft and blackmail. With additional nuclear weapon states, it would become more difficult to negotiate international arms control agreements; and progress in limiting the bilateral US-USSR strategic competition would be substantially complicated.

In terms of formulating a specific US strategy, NSSM 202 directed a review of present non-proliferation policy, and a recently updated NSSM 156 study focussed on specific options

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and courses open to us in dealing with India. On the basis of these studies, there has emerged the outlines of an overall policy aimed at deterring further nuclear proliferation through practical measures which can (1) deny non-nuclear weapons states the full range of materials and equipment needed to produce nuclear explosives, and (2) strengthen the political, legal, and security inhibitions against proliferation. Although our success in totally inhibiting additional proliferation cannot be guaranteed, it would serve US security interests to defer an expansion of the number of nuclear powers as long as possible.

Recognizing that the US cannot by itself establish an effective and durable non-proliferation regime, our non-proliferation program would exploit the common interest of many key countries in preventing further nuclear spread by providing for concerted multilateral action. In addition to reliance on basic functional tools for slowing nuclear spread which can be generally applied, the strategy involves a series of specific approaches tailored to important countries, potential nuclear weapons states as well as existing nuclear powers. It is envisaged that a conference of nuclear industrial states could provide an effective device for orchestrating those elements of a multilateral non-proliferation strategy which relate to export policies.

In brief, the elements of a potentially productive non-proliferation effort are as follows:

a) Develop more effective multilateral export controls and limits for nuclear materials and technology (particularly uranium enrichment and fuel reprocessing) and improve physical safeguards on nuclear facilities provided to non-nuclear weapons states.

b) Develop an internationally agreed approach to minimizing the risk of indigenous "peaceful" nuclear explosives (PNE) developments in non-nuclear weapons states through agreements not to assist such states in acquiring PNEs, and giving more attention to means of assisting non-nuclear weapons states to obtain PNE services, should legitimate needs for such services arise.

c) Support the Non-Proliferation Treaty, particularly in the period leading up to the NPT Review Conference scheduled for May 1975, by working with other Treaty proponents

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to gain the adherence of non-parties, such as Japan and Italy, and by adding to the benefits which adherence bestows (e.g., improved credit terms for the purchase of nuclear materials and equipment).

d) Limit the adverse consequences of the Indian explosion by such measures as seeking India's utilization of international safeguards for any supply of nuclear materials by it to others, and attempting to reduce the scope and pace of the Indian nuclear explosive program.

In the execution of a non-proliferation policy built upon the foregoing concrete elements, it should be borne in mind that success will also depend upon perceptions of non-nuclear weapons states regarding progress in US-Soviet arms limitations as well as the confidence of these states that their security and political needs can continue to be met without recourse to independent nuclear forces. In this sense, our overall foreign and defense policy, the relative stability of regions of potential conflict in the world, and the general structure of peace in the international system has an important bearing on the longer-term prospects for limiting the spread of nuclear arms. At the same time, prudence dictates that the US should study the problem of how to shape our security posture in a world environment of larger numbers of independent nuclear states as a means of hedging against the failure to contain fully the further spread of nuclear weapons capabilities.

The Situation Now

All of the key nuclear suppliers (France, the Soviet Union, the UK, the FRG, Canada, and Japan) have now been approached regarding the US proposal for a nuclear supplier's conference. A US paper was provided to each government, outlining illustrative common export policies in five areas which might be discussed at such a conference. Initial reactions were as follows:

USSR - Has accepted proposal. Wants to continue bilateral discussions on non-proliferation matters outside the conference.

UK - Has accepted.

Canada - Has accepted.

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FRG - Has accepted, subject to attendance by all key suppliers (read France), and no unreasonable delay.

Japan - No response yet.

France - No final response on the conference. Bilateral discussions are planned to explore question further.

Thus the prospects for a conference as originally conceived now depend primarily on the outcome of US/French bilateral discussions. If they elect not to participate fully in a conference, we will need to consider other ways of bringing the French into productive cooperation with the other key suppliers.

In the meantime, we have held further bilateral talks with the Canadians and British concerning our aide memoire, and there appears to be a large area of agreement on what the conference should attempt to achieve.

We have placed special conditions on proposed sales of power reactors and provision of enriched uranium fuel to Egypt and Israel, and, in response to Congressional concerns, have further tightened those conditions. The Agreement for Cooperation and associated Diplomatic Note, if successfully negotiated with the nations in question and not blocked by Congressional action, would impose an unprecedented set of conditions designed to ensure that materials and equipment provided by the US are not used for nuclear explosions. The US approach to these reactor agreements is consistent with non-proliferation and the concept of seeking coordinated supplier policies to impose comparable conditions on nuclear exports to countries in other sensitive areas. In terms of moving further towards a non-proliferation regime in the Middle East, acceptance of our conditions would commit the Governments of Egypt and Israel to assure that all future nuclear facilities entering their countries would be subject to IAEA safeguards and would not be used for any form of nuclear explosives. If accepted by both nations -- an outcome which presently seems unlikely at least in Israel's case -- these agreements could create a climate for NPT ratification by Israel and Egypt in the future.

Issues and Choices

In pursuing an effective non-proliferation strategy, the US has to address a number of issues which require

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balancing of costs and risks, evaluation of credible alternative courses of action, and resolution of difficult policy dilemmas. Among the more crucial issues are:

-- Judgments regarding the priority to be placed on non-proliferation, recognizing the potential of conflict with other foreign policy objectives, and the risk of excessive pressure having counter-productive consequences.

-- The role the US should play in the context of a global non-proliferation effort, given our dominant but diminishing capacity for influence and the benefits of a coordinated multilateral program.

-- The extent to which feasible and desirable measures can be taken to assure non-nuclear weapons states that they will be free from nuclear threat and that their political needs will not require nuclear arms.

-- The degree to which a non-proliferation strategy should rest upon the NPT, considering the political-legal power of the treaty and its concrete provisions for comprehensive safeguards but accepting the practical necessity of deterring proliferation in states unlikely to participate.

-- How we make our international peaceful nuclear programs more responsive to the rapidly-rising demand for commercial nuclear energy without compromising our non-proliferation objective.

-- How to resolve the issues of dealing with India in a way which serves our non-proliferation strategy by not condoning the Indian nuclear test decision and thus creating incentives for others to follow suit, yet recognizing the need to gain India's cooperation in demonstrating peaceful intent and placing proper safeguards over its nuclear exports.

Next Steps

Two important steps need to be taken in order to launch our renewed, multilateral non-proliferation effort:

First, bilateral discussions should be held between the US and France concerning multilateral supplier cooperation, as agreed at Martinique. Ambassador Bush has been instructed

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to follow up with the Elysee to arrange for prompt talks. Interagency planning papers are now underway for: a) the US/French bilaterals; b) the conference itself, including substantive and procedural issues; and c) alternative courses should the French reject participation in the conference.

Second, within a multilateral context and related to plans for the forthcoming treaty review, seek early NPT ratification by key states. This would involve approaches by the FRG and the UK, with US support, to the Italian Government, and high-level communications with the Japanese by the US and other NPT proponents.

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