DEPARTMENT OF STATE

BRIEFING MEMORANDUM

S/S

January 16, 1975

SECRET/NODIS

To: The Deputy Secretary

From: S/P - Winston Lord WL

Next Steps for Nuclear Suppliers' Conference

Attached (Tab A) is an outline of some key issues which would be worthwhile to discuss at your Friday meeting on the nuclear suppliers' conference. There are no easy answers to some of the questions, but we have tried to highlight the relevant factors to be considered in making a judgment. This Friday's discussion could then serve as a basis for the State Department contribution to interagency consideration of next steps, which we expect to take place next week.

The most immediate question facing us is what to say to other key suppliers in the aftermath of our recent bilaterals with the French. Increasing degrees of detail are identified in the outline and in the illustrative talking points (Tab B) keyed to the first part of the outline.

Attachments:

Tab A - Key Issues
Tab B - Talking Points
Tab C - French-US Bilateral Talks
Tab D - Instructions for US-French Talks

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Drafted: S/P:JKalicki:mn
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KEY ISSUES

In the light of the French-US bilateral talks (Tab C), we need to consider next steps to take with all proposed conference participants, both before and after we receive a further French response. The following key issues might be considered at your Friday meeting.

A. BEFORE A FURTHER FRENCH RESPONSE

1. What kind of basic read-out should the others receive on our bilaterals? We have undertaken to inform the other proposed participants of the outcome of our bilaterals with the French. The Secretary instructed that they be given "a low key, general briefing regarding the results of the US-French talks, but that this not involve a series of detailed bilaterals" (Tab D). The briefing could be given in Washington at the Assistant Secretary level, except possibly for the Soviets who could be informed by Stoessel, and should be given early next week if possible.

A basic read-out would stop short of providing details on the French reactions before we receive a further French response, on the assessment that Paris would expect the US to have communicated its positions to the other key suppliers but would react negatively to a full-fledged US discussion of French views. The following points elaborate a possible progression from a minimal presentation of French reactions to one which also amplifies the US position:

-- At a minimum, such a read-out would entail informing everyone that we reviewed our suggested nuclear safeguards policies and conference proposal with the French; while it is too early to predict the final French response, they appeared generally receptive to the substance of our proposals and, in particular, did not exclude attending a small, private conference; and we will be back in touch after the French give us a considered response, which we expect to receive before the end of the month. (Talking Point A.)

-- Going one step further, it could also entail apprising everyone of the US procedural thinking as it

was shared with the French, including the kinds of agreements or understandings we might expect from the conference, the desirable size and composition of delegations and the venue of the conference. (Talking Point B.)

-- Finally, if judged to be consistent with the Secretary's guidance, it could entail briefing the others on the additional substantive detail which was provided the French (so as to maximize the prospects of a positive response), preferably in the guise of further thinking associated with the series of bilateral consultations we have had since last fall, including the latest talks with the French. However, going this final step might be too cumbersome for one presentation; we might therefore reserve this step for a separate session. (Talking Point C.)

2. Beyond the basic read-out, should we give the others additional information on the French position at this time? The other key suppliers will probably push for additional information on the French reaction to the US proposals and possibly the French approach to specific export cases.

-- They could be told, in general terms if desired, of the French reactions to the substance and means of implementation of each of our five points and/or of the French comments on the suggested conference. (Talking Point D.)

-- We could acknowledge, if asked but without going into detail, that the French explored the implications of our proposals for specific export cases under consideration in Paris. (Talking Point D.)

Both of these possibilities carry the risk of revealing too much about the French position too soon, i.e., possibly antagonizing Paris and giving premature signals to the others. On the other hand, they may be disappointed by too cursory a read-out, even if we are more forthcoming following the final French response. Again, the Secretary's guidance cited above should be borne in mind in deciding whether to proceed with a fuller briefing.

3. Should we offer to discuss with others their specific export cases? At French initiative there was specific discussion of export cases under consideration

in Paris. The Canadians and Germans may want to discuss with us pressing export problems regarding Argentina, Brazil and Korea, and we have an interest in doing so given the urgency and importance of this case and the as yet uncertain timing of a conference. In the context of proposed safeguards policies, should we take this opportunity to express a readiness to do so?

-- If so, we could simply note at this time that in view of the prospective multilateral consultations, it is advisable not to make irreversible decisions on sensitive export matters prior to such consultations. (Talking Point E.)

-- In addition (if we wish to be more specific), we could express readiness to discuss cases involving such countries as Argentina, Brazil and Korea if the Canadians and Germans believe it would be helpful to do so in the near future, perhaps in the course of bilaterals following the further French response. (Talking Point E.)

Attached at Tab C are the talking points noted above, which illustrate what we might say to the other key suppliers, depending on which of the above steps we opt for.

B. FOLLOWING A FURTHER FRENCH RESPONSE

To the maximum extent possible, we should be prepared to proceed quickly with arrangements, for either a conference or alternative consultations, following a further French response. In our internal planning, we should therefore

-- elaborate the US policy proposals, our reactions to the issues raised in the bilaterals with the French and the other suppliers, and whatever negotiating flexibility is desirable on points of controversy (e.g., sensitive areas, non-proliferation commitments, multinational plants and specific export cases); and

-- prepare for possible consultations on next steps with the other suppliers after the French response is obtained. (If we receive no response from France in the next two weeks, we should be prepared to seek the Secretary's authorization to query the Elysee.)

Two urgent questions to be considered in our planning pending a French response are:

1. How should we proceed following the French response? It is anticipated that there will be conditions attached to the French response, whether it is agreement to attend the proposed conference or a degree of readiness to coordinate safeguards policies, bilaterally or multilaterally. The French conditions are expected to come in three general categories: (a) the extent of French readiness to coordinate with the conference, (b) the subjects France is willing to discuss, and (c) the instruments for expressing multilateral coordination following the conference. For example, with regard to (a) and (c) Paris might be willing to consult bilaterally but not be bound by a formal multilateral approach, particularly in the case of our fifth point on unstable areas. With regard to (b), there might figure among its substantive conditions refusal to apply safeguards to a recipient's entire fuel cycle, unwillingness to consider restrictions on reprocessing plants or only partial agreement to accept a functional equivalent to the NPT.

-- The French might agree to attend the conference on conditions (concerning substantive issues to be discussed or means of implementation) acceptable to the US. In that event, it should be possible to proceed with arrangements for holding the conference, assuming that other participants agree.

-- Short of attending the conference, the French might demonstrate sufficient willingness to coordinate nuclear export policies to lead the US to agree to concert multilaterally with the other key suppliers on that basis, if agreeable to the other suppliers.

-- Conditions for French cooperation (inside or outside the proposed conference) might be unacceptable to the US. In the light of French refusal to coordinate its export policies in an acceptable way, it would then be necessary to consult other suppliers to decide on where to go from here. In this event, alternatives to our initial conference proposal could range from "rolling bilaterals" to a conference of six, with which France would "harmonize" its policies.

2. Should the Netherlands and the GDR be invited to participate? The Dutch, with the support of the British and Germans, have asked to participate because of their strong interest in this area, including their ties with URENCO. The Soviets have urged that the East Germans be invited to attend, primarily for political reasons. At a minimum, it should be possible for the Soviets to coordinate with the East Germans and for the Germans, British and ourselves to coordinate with the Dutch if they do not attend. This may not be sufficient, however.

-- Recognizing that of all the parties excluded, the Dutch have the strongest case for attending, should the Netherlands be invited? (This would be welcomed by the British and Germans but could lead to Belgian and Italian requests to attend.)

-- Should we confirm our refusal to invite the GDR if the Soviets renew their request? Can we persist with our refusal if we decide to include the Dutch?

It is clear that there are serious pitfalls in expanding the scope of participation. There are also political liabilities in excluding the Dutch. While it is not necessary to communicate further on this question until it is clear that a conference of some sort will be held, we may wish to obtain political benefit by bringing the Dutch into our safeguards consultations at an early stage.

Drafted: S/P:JKalicki:mn
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Tab B

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TALKING POINTS

Depending on the level of detail which we desire to introduce, some or all of the following talking points might be used in approaching the other key suppliers. (Optional elaborations are provided in parentheses.)

A. Minimum Read-Out

-- US-French talks on non-proliferation were held in Washington on January 13-14. The talks covered our common concerns over potential proliferation, the need for common understandings among suppliers, and the US proposal for a meeting of nuclear suppliers.

-- The French delegation was not authorized to give us a final answer on participation in the meeting. Their purpose was to explore the question to permit the GOF to reach a decision.

-- We are encouraged by the talks. The French approach to the talks was positive and forthcoming. While their ideas on some of the substantive points differed from ours, there was a good deal of common ground and they were not ill-disposed to the idea of a multilateral meeting in itself.

B. Additional US Procedural Thinking

-- On procedures, we suggested a 6-day meeting, possibly in Paris, with delegations of up to 8 people led by an Assistant Secretary of State or equivalent. (The French were not optimistic about Paris as the venue, and may wish smaller delegations to maintain confidentiality.)

-- In response to a French request, we gave them a "non-paper" illustrating possible forms which understandings might take. We are providing a copy of the same paper to you on an unofficial and confidential basis.

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C. Additional Substantive Detail on US Policy Suggestions

-- On the basis of our series of bilateral consultations with the key nuclear suppliers, we believe that our five suggested points are an acceptable basis for nuclear export discussions at the suggested conference. In particular, there appear to be good prospects for agreement at least on points 1 and 2, and the enrichment aspect of point 3, but that the remaining elements in points 3 and 5 need further discussion.

-- We have been giving further thought to the five points in the light of reactions we have received from the potential conference participants. We wish to share this additional thinking with you at this point.

-- With regard to point 1, we are planning to include an explicit PNE exclusion in all future US Agreements for Cooperation and we intend to look at the possibility of imposing a no-PNE agreement as a condition for contracting and are considering similar conditions for licensing under existing agreements.

-- With regard to our second point, we believe that the concept of agreeing on a safeguards "trigger" list similar to that defined by the Zangger Committee is worth considering, and we would like such an agreed listing to include heavy water production equipment, and possibly assistance in the form of transfers of sensitive technology and know-how as well as hardware.

-- On our point 3, we believe that suppliers should recognize the danger of enrichment technology transfers (e.g., centrifuges) leading to greater capabilities for non-nuclear weapons states to produce weapons-useable uranium. We believe that suppliers should avoid transfers of enrichment technology and equipment, and that assistance should emphasize services or multinational facilities. Reprocessing is a more difficult area, partly because there has already been a considerable amount of technology sharing and various countries are actively seeking indigenous capabilities from suppliers. However, we believe that assistance in translating this technology and equipment into working facilities is the key that suppliers have for controlling acquisition of indigenous reprocessing capabilities by NNWS. As for multinational plants (which could include binational

plants), we are now studying some of the economic factors, such as transportation and economies of scale, which bear on their attractiveness, and we note that the IAEA has already done some preliminary work on this matter and their initial judgment is that such plants offer potential economic advantages, as well as advantages in safety, safeguards, and trained manpower requirements.

-- With regard to our fourth point, we continue to favor a two-pronged attempt to encourage adoption of adequate physical security measures, the first prong of which would be an international convention covering at least international transit and recovery, and the second prong of which would be agreement among key suppliers that provisions for adequate physical security measures will be included as a condition for export to recipients.

-- Finally, our fifth point was designed in the recognition that there will be shortcomings in some cases of attempting to arrive at broad policy understandings. Therefore, we would like to explore with other key suppliers what procedures if any could be developed for consultations on specific cases involving transfers of sensitive material or equipment to sensitive areas where the potential supplier has some doubt, or which some other supplier has noted as causing concern.

D. French Reactions to US Proposals X

-- (Point 1) The French see no problem with requiring a PNE exclusion in future agreements. (They intend to do so in their own future agreements in any event.)

-- (Point 2) The French agree that IAEA safeguards should be applied to nuclear exports as a general rule; they wish to retain some flexibility to use only bilateral safeguards in exceptional cases. (Future French agreements will normally include IAEA safeguards.)

-- (Point 3) The French are willing to encourage multinational enrichment plants; they are skeptical about the practical possibility of controlling reprocessing. (They oppose our suggestion that safeguards on the entire fuel cycle be made a condition for assistance in reprocessing or supply of weapons-useable material. They are willing to consider tighter constraints on these categories, however.)

-- (Point 4) The French had no serious difficulty with this point.

-- (Point 5) The French are unwilling to become involved in any multilateral mechanism to review special cases but showed some interest in informal discussions with concerned suppliers as the need arises.

-- (The French noted that committing themselves to a supplier understanding on points 1 and 2 would be equivalent to accepting NPT nuclear weapons state status in these important respects. We believe this question of NPT-like commitments may be the most difficult political issue facing the French in reaching a decision.)

-- (If asked) The French explored the implications of our proposals for specific export cases under consideration in Paris. (We cannot offer you more detail on this at this time.)

E. Immediate Export Cases

-- In view of the prospective multilateral consultations, it is advisable not to make irreversible decisions on sensitive export matters prior to such consultations.

-- (To Canada) If you believe it would be helpful to do so in the near future, we would be willing to discuss the Argentine and Korean cases, perhaps in the course of discussion following a further French response.

-- (To FRG) If you believe it would be helpful to do so in the near future, we would be willing to discuss the Brazil case, perhaps in the course of discussions following a further French response.

F. Concluding Point

-- The question of French participation is now at the most delicate stage. We regard the above information as extremely sensitive; we do not wish to discuss the talks in greater detail at this time and ask that you do not initiate any further discussion with them on this subject until we have heard back from the French. We will be in touch when we have a response.

Drafted: PM/ISO:GOplinger:S/P:JKalicki:mn
Concurrence: C - Mr. Terrell

Tab C

DEPARTMENT OF STATE

BRIEFING MEMORANDUM

S/S

SECRET/EXDIS

January 14, 1975

TO : The Secretary
THROUGH: C - Mr. Sonnenfeldt
FROM: PM - George S. Vest

French-US Bilateral Talks

We have held talks with a French delegation headed by M. de Nazelle, Director of Scientific Affairs in the Foreign Ministry and M. Goldschmidt of the CEA. The discussion covered our concerns over potential proliferation, the need for common understandings among suppliers, and the US proposal for a nuclear suppliers conference to reach understandings on safeguard conditions for nuclear exports.

The talks were very encouraging. The French delegation posed their numerous questions positively and the French left the general impression that, although they differed in some cases on substantive detail, they were not ill-disposed to the idea of a multilateral meeting itself. They forewarned that they were not prepared to give a final answer at this time, but wanted as much information as possible so that Paris can make a decision.

On procedural questions, I suggested in accordance with our guidance a meeting as early as February possibly in Paris. The French however showed some doubts about having it in Paris and suggested London as another possibility. I suggested delegations of up to 8 people headed by a foreign office official equivalent to a US Assistant Secretary of State. The French indicated some concern over confidentiality and [illegible] difficulty on this score if large delegations are involved; they may decide to ask for smaller delegations.

On the substantive items suggested in the US aide memoire, we held very detailed discussions. The French were exceptionally forthcoming and went out of their way to raise and discuss their current export cases, and their concerns about these and other planned exports. They covered current or planned exports to Spain, India, Taiwan, Pakistan, South Korea, Iran, Iraq, Saudi Arabia, Libya and their brief contact with the PRC. They had specific concerns about details

of safeguards they are currently seeking on sale of highly enriched uranium to India and sought US advice on this problem. We will get the details of this request to you in a separate memorandum.

On the specific five points in the US aide memoire (attached) the French views were as follows:

Point No. 1 - PNE exclusion: French see no problem with requiring a PNE exclusion. They intend to include such a provision in future agreements and have also attempted to introduce it into the existing one with India.

Point No. 2 - Application of IAEA safeguards: French intend to use IAEA safeguards as a general rule in the future but wish to retain some flexibility to apply bilateral safeguards in exceptional cases where in their view it is more reasonable to do so. (They cited a number of examples). On trigger items for safeguards, they have no problem with the Zangger list but do not want it greatly expanded. They also seem generally willing to accept uniform duration and coverage provisions to cover the lifetime of equipment and to pursue the material or its products.

Point No. 3 - Special restraints on weapon usable material, enrichment and reprocessing: The French are willing to encourage multinational plants particularly on enrichment, but are skeptical about the practical possibility of controlling reprocessing because it is a simpler technology already widely available. On weapon grade material, and reprocessing, they oppose our suggestion to extract as a condition of supply that the whole fuel cycle be safeguarded and the recipient have a general commitment to non-proliferation. They believe these conditions are discriminatory to LDCs and exert pressure to force recipients to accept de facto NPT adherence. They prefer to tie the safeguards directly to the export. In this regard, as an alternative in the case of reprocessing, the French suggested safeguarding not only the facility but any replication using the same technology, a position that goes halfway toward our position.

Point No. 4 - Physical security measures: The French showed a willingness to accept our suggestions to have suppliers include provisions for adequate physical security in export agreements and to support an international convention to deal with guidelines for physical security as

well as the problem of transit and recovery of materials. They stressed the role of the supplier in ensuring adequate physical security rather than trying to use the IAEA for international inspection of physical security measures.

Point No. 5 - Sensitive areas: French recognize the delicacy of this point and the need for suppliers to act responsibly. They are reluctant to get involved in any multilateral mechanism to examine special cases of sales to sensitive areas but showed some interest in informal bilateral discussions with concerned suppliers as the need arises.

In summary, the French team was very forthcoming and I believe that the prospects are good that they will recommend favorably on the proposed multilateral suppliers conference. The French noted that [illegible] points 1 and 2, what we were suggesting is that they [illegible]ally accept all of the constraints of a NWS under the [illegible] and thus they would de facto be joining the NPT. This [illegible] be a difficult political decision the GOF will hav[illegible] to make in deciding to attend the conference.

Attachment:

Aide memoire

Drafted by:PM/NPO:LVNosenzo/ds
1/14/75 ext 21835
Clearances: S/P - Mr. Bartholomew
ACDA - Mr. Van Doren

Potential Common Nuclear Export and Safeguards Policies

The USG envisions undertakings among suppliers to establish common restraints and conditions on nuclear supply, with a view to minimizing the risks of nuclear weapons proliferation. We are considering a small, private conference of key suppliers as a means of working out such undertakings. All suppliers would of course be free to apply more restrictive policies.

Suggested Policies for Discussion

1. Nuclear cooperation would be undertaken with non-nuclear weapon states only under agreements as to peaceful uses, which would explicitly exclude use in any nuclear explosive devices.

2. Nuclear supply would be undertaken only when covered by IAEA safeguards, with appropriate provisions for duration and coverage of produced nuclear material.

3. Supply of weapons-grade material, or of uranium enrichment or chemical reprocessing equipment or technology, to non-nuclear weapon states should be subject to special restraint. Such special restraint might include supply only for enterprises with multinational participation, or only to those non-nuclear weapon states which have made a general commitment to non-proliferation, and which have accepted IAEA safeguards on their entire nuclear fuel cycle.

4. Nuclear supply would include appropriate requirements for the physical protection of materials and facilities against theft, seizure or sabotage.

5. Stringent conditions might be developed on the supply of sensitive nuclear material, equipment, or technology to countries or regions where such exports would contribute to the particular risks of conflict or instability.

The above list of possible policies is intended to illustrate the types of issues where understandings might be reached. It is not intended to represent an exhaustive examination of the issues.

Tab D

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THE WHITE HOUSE

WASHINGTON

SECRET/SENSITIVE/NODIS

January 13, 1975

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MEMORANDUM FOR

COPIES TO:
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TMB
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RF:vhd

THE DEPUTY SECRETARY OF STATE

SUBJECT: Instructions for the U.S.-French Talks on Nuclear Export Policy

The Secretary has reviewed the paper "Contingency Guidance for Future U.S.-French Talks on Nuclear Export Policies" and has instructed that:

-- the guidance contained in that paper shall be the basis for U.S.-French talks on January 13-14;

-- the talks focus on our proposed nuclear exporters conference and not be drawn into a consideration of alternatives;

-- specific export cases be discussed only if the French raise them, that an issue not be made of them, and that the subject of an export moratorium not be broached;

-- other potential conference participants be given a low key, general briefing regarding the results of the U.S.-French talks, but that this not involve a series of detailed bilaterals; and

-- the U.S. delegation meeting with the French shall be George Vest (Chairman), John Flaherty (AEC), Charles Van Doren (ACDA), and Reginald Bartholomew (State).

Brent Scowcroft
Lieutenant General, USAF
Deputy Assistant to the President
for National Security Affairs

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