

DEPARTMENT OF STATE  
BRIEFING PAPERNUCLEAR SUPPLIERS CONFERENCE

The Canadian Embassy has informed us that the Prime Minister or Foreign Minister is likely to raise this subject. In any case, it would be useful for the Secretary to raise this matter briefly to underscore our interest in reaching an early consensus on supplier understandings.

Your Talking Points

-- The US is sympathetic with Canada's position. We agree that a common supplier requirement for IAEA safeguards on the recipient's entire fuel cycle would be most desirable if it could be achieved.

-- It is our judgement, however, that France and possibly other participants (FRG and Japan) are not prepared to accept such a provision now. This has been basic to the French position from the outset of these discussions.

-- We are concerned that the agreement in principle which now exists among us on other provisions may begin to unravel unless this issue is resolved reasonably soon.

-- We are prepared to assist in any way we can to work out a satisfactory compromise on this matter.

If the idea of an agreement to full fuel cycle safeguards by other suppliers without France is proposed, you may wish to say:

-- If agreement on full fuel cycle safeguards were achieved among the six, this would only serve to isolate France, a key nuclear exporter, and we are deeply concerned that France, once isolated, would no longer work constructively with other suppliers toward common non-proliferation objectives.

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-- Moreover, we do not believe that France is alone in opposing the requiring of full fuel cycle safeguards. We believe that the FRG and Japan share her view.

-- Any proposal that could not be supported by all the key suppliers would be ineffective and therefore we could not support.

If the idea of an expanded meeting involving other suppliers is proposed, you may wish to say:

-- We of course also strongly favor the widest possible expansion once consensus is reached among the seven.

-- However, we see some need to tailor the expansion of individual provisions of the understanding appropriately. Some provisions may have wide applicability; others may be more appropriately expanded to special groups, and, in some cases, just among the initial seven.

Background

At the last multilateral meeting (September 16-17), agreement in principle was reached on most of the provisions under discussion for a suppliers' understanding. An impasse developed between Canada and France, however, on the question of whether IAEA safeguards should be required on all of a recipient's nuclear facilities (the "full fuel cycle" or "first" approach -- supported by Canada), or only on those materials and facilities directly associated with the export (the "project-oriented" or "second" approach -- supported by France). We judge that there is little room for movement in the French position; they regard full fuel cycle safeguard requirements as tantamount to imposing NPT obligations, and thus in conflict with their fundamental position on the NPT.

Canadian Position

Canada strongly believes in the need for full fuel cycle safeguards and that the current suppliers effort will be the last chance to adopt it as a standard. They believe the French and others are unlikely to accept this standard in the future if consensus is reached on a lower

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standard now. Therefore, as a follow-up to the last multilateral meeting, the Canadians contacted the French last week at high levels along the following lines:

-- Canada will accept a formulation which allows less comprehensive safeguards (i.e., the second approach) but only on an interim and/or exceptional basis and if it is clearly accepted that full fuel cycle safeguards are the long term standard.

-- Canada would prefer a consensus on full fuel cycle safeguards as the only standard for supply, or even an arrangement where other suppliers except France agree to apply this standard, and where France would agree to at least apply certain less comprehensive standards (i.e., the second approach), not attack the consensus, and perhaps in time agree to full fuel cycle safeguards.

The Canadians will very likely convey the above to the Secretary and expand on the scenario of agreement among the six (without France) to apply full fuel cycle safeguards. As we understand it, the Canadians would seek an arrangement whereby France would not be committed to this standard, but would agree privately not to attack it and to consult and "negotiate a common approach" with other suppliers in cases where she contemplated a less stringent standard.

US Position

The US could support full fuel cycle safeguards but not if France and/or other key suppliers would not. First, in the case of France, the US has given assurances that we would not isolate them in the suppliers group and that agreement would be by consensus. The Canadian idea could undermine both of these assurances. Secondly, if we were to require full fuel cycle safeguards while France and possibly others would not, we would be placing our nuclear industry at an unacceptable disadvantage with those recipients who are reluctant to put all of their facilities under safeguards, which without doubt would lead to major problems with Congress.

It is our firm assessment that France for political reasons will not agree to full fuel cycle safeguards as a standard in the foreseeable future (and we suspect that neither would the FRG and Japan), and we strongly oppose the Canadian idea of agreement without France

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to full fuel cycle safeguards. We seek the strongest compromise that can be achieved promptly among the seven and believe based on our extensive discussions with the French to date, that most of the movement will have to come from the Canadian side. We also see need for early movement on this key issue to ensure that the momentum of the effort doesn't wane, that opponents of French participation in the effort within the French government do not gain the advantage, and that suppliers will follow these principles in current negotiations.

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