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DEPARTMENT OF STATE  
ACTION MEMORANDUM

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April 5, 1977

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Col. A. G. ...	
Col. B. ...	
Col. C. ...	
Reviewed by: <u>[Signature]</u>	
Date: <u>24 Feb 1977</u>	

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TO: The Deputy Secretary  
THROUGH: T - Lucy Wilson Benson  
T/D - Dr. Joseph Nye  
FROM: OES - Patsy T. Mink

State Department Views on the Partial  
Response to PD-8

Attached are proposed comments on the four policy papers in response to the Presidential Directive on Non-Proliferation (PD-8) in the form of a memorandum from you to Dr. Brzezinski. The four policy papers which we are commenting on are: US Policy on Highly-Enriched Uranium; US Policies Related to Plutonium Separation and Use; Conditions for New US Agreements for Nuclear Cooperation and for Export Licensing Under Existing Agreements; and, The Japanese Reprocessing Plant at Tokai. These comments have been cleared in the Department and basically reflect the earlier views which we expressed in connection with the transmittal of PRM-15. In the case of comprehensive safeguards, the Department position was modified to reflect a bilateral approach to full-scope safeguards with flexibility for Presidential exception.

Recommendation:

That you approve the attached memorandum from you to Dr. Brzezinski transmitting the Department's views on the Interagency response to PD-8.

Attachment:

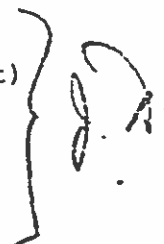
As stated

REVIEW AUTHORITY: Martin  
McLean, Senior Reviewer

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Drafted: OES/NET:LVHenson:54  
Ext. 24360:4/5/77

Concurrences: S/P - Mr. Kalicki (draft)  
PM/NPO - Mr. Oplinger (draft)  
L/OES - Mr. Bettauer (draft)  
EUR/RPE - Mr. Sens (draft)  
EA/J - Mr. Sherman (draft)  
ARA/ECA - Ms. Eltz (draft)  
INR/STA - Mr. Locke (draft)



THE DEPUTY SECRETARY OF STATE  
WASHINGTON

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Date:	24 Feb 87

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MEMORANDUM FOR: Dr. Zbigniew Brzezinski

FROM: Warren Christopher

SUBJECT: State Department Views on the Partial Response to PD-8

The Department of State believes that the policy recommendations in the four papers listed below provide an appropriate basis for US decisions in this area. We have, in addition, the following specific comments.

1. US Policy on Highly-Enriched Uranium

We believe this policy paper fully supports the Presidential directive to work toward minimizing the global accumulation of weapons-usable material while meeting existing commitments where technically and economically sound and where these and new commitments would contribute to our proposed international fuel cycle evaluation program.

In addition to the report recommendations, the Department believes that to support this overall strategy and to supplement the US export license review process in this area, a technical working group should be established, reporting to the Ad Hoc Group on Non-Proliferation, which would assess all relevant highly-enriched uranium exports over 15 kilograms. A report would be prepared on the basis of this assessment to include recommendations on these exports and which would be submitted for Presidential approval as recommended in the policy paper. Such reports would be submitted on a semi-annual basis or as required in the case of urgent export cases.

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2. US Policies Related to Plutonium Separation and Use

While our overall policy direction must seek to discourage worldwide reprocessing and movement toward a plutonium economy, we firmly believe that we must do this in the context of serious consultations with interested governments. We must recognize that reprocessing capabilities already exist and that a number of the countries have pilot, experimental, or in the case of UK and France, commercial plants in operation or nearing operation. In addition, as indicated in the summary of responses at Tab 1 to the proposed Presidential statement on civil nuclear policy, many countries do not share our views on reprocessing in the near-term and are very reluctant to forego these reprocessing plans -- and the attendant possible commercial advantage -- or delay experimental work on the plutonium breeder as the US is proposing to do domestically. In particular, a number are implicitly or explicitly conditioning their agreement to participate in an international fuel cycle evaluation program (e.g., the French) on inclusion of these two elements in the evaluation.

In view of the above, the Department believes our policies on plutonium separation and use and our evaluation program must take account of these concerns while moving toward our objectives of finding alternatives to a plutonium economy and minimizing the global accumulation of weapons-usable material and the facilities that produce them. Without the active and willing participation of other suppliers and consumers in the evaluation, these long-term objectives are not achievable. The Department believes that the proposed policy on plutonium separation and use fully supports these objectives while taking into account the realities of the current situation.

3. Condition for New US Agreements for Nuclear Cooperation and for Export Licensing Under Existing Agreements

The Department fully concurs in the need for the US to seek to improve the safeguards and controls associated with US nuclear cooperation both through the proposed new conditions which we would generally require in new agreements and through upgrading existing agreements through renegotiation. We would point out, however, that this major effort carries

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with it the significant risk of driving US recipients to other suppliers with less rigorous policies, a consequence which will not be in our long-term non-proliferation and overall national interest. The US, as in the past, must clearly take the lead in this area if such policies are to be widely adopted. It is also clear that we must seek formulations that fully achieve our non-proliferation objectives while ensuring, to the degree practical, that these policies meet the political needs of, and thus permit the possibility of acceptance by key countries of concern to us. In particular, we must avoid formulations that are overly severe in their demands and do little to enhance the non-proliferation regime we are seeking to establish. We also believe it is essential that, whatever export policies we adopt, we vigorously seek adoption of these same policies by the other key suppliers.

Within the above context, and with regard to the alternative recommendations on comprehensive safeguards in this policy paper, we strongly support the adoption of Option B of full-scope safeguards (page 6), the bilateral formulation between supplier and recipient. This formulation is likely to be much more acceptable to recipients of particular concern to us, would offer a much better chance of influencing their behavior, and would allow the US to take the lead in establishing a more comprehensive safeguards regime with less risk of driving key countries toward nuclear independence or to reliance on suppliers with less rigorous policies.

The best way to illustrate the difference between the two definitions is as follows. If we are successful in our current efforts to get Brazil to forego reprocessing and enrichment (or more likely just reprocessing) in exchange for US fuel assurances, we may need to amend the US/Brazil agreement for cooperation. Under either approach, we would require Brazil to have all its nuclear facilities and materials under safeguards -- which, in fact, they satisfy. Under the UK approach, we would require that in addition Brazil would have to make a treaty commitment to place future as well as existing facilities under safeguards, a political step they have strongly resisted in the context of the NPT. Option B achieves this through energy dependence and the knowledge that US supply would be terminated if unsafeguarded facilities or materials are acquired. But it would not force Brazil to accept a highly-visible international commitment that would be politically difficult to make.

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The benefit of the bilateral approach is that it gives us political flexibility without sacrificing non-proliferation objectives. It should be much more workable with key recipients such as Brazil and Spain, and to other countries that have refused NPT adherence such as Egypt and Turkey. The second approach also has the benefit that all suppliers may be able to agree on this comprehensive safeguards formulation, without which US action could be rendered considerably less effective.

Either safeguards approach would almost certainly be unacceptable to countries which presently have unsafeguarded facilities (i.e., Israel, India and South Africa). Failure to negotiate comprehensive safeguards would prevent any US nuclear assistance to these countries. Since such a result could work against our non-proliferation and overall foreign policy interests, we therefore urge that provision be made in negotiating new agreements as well as in renegotiating existing agreements for exceptions where the President believes they would serve the national interest. Thus, with regard to the alternative recommendations on flexibility (page 8 of the policy paper), we strongly urge adoption of the first option that would provide for such flexibility in both new and existing agreements.

4. The Japanese Reprocessing Plant at Tokai

The Department's comments on this issue paper were transmitted to the President earlier in my April 1 memorandum on this subject (copy attached at Tab 2).

Attachments:

1. Summary of Responses
2. Memorandum to the President dated April 2, 1977

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REACTIONS TO PRESIDENT'S NUCLEAR POLICY STATEMENT

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<u>Post</u>	<u>Level</u>	<u>Reaction</u>
London	Assistant Under-secretary	Flat U.S. opposition to reprocessing would present serious problems. Reprocessing necessary for waste handling and economic reasons. Need guaranteed fuel assurances. Support fuel cycle evaluation program.
Bonn	Chancellor	Reprocessing essential. U.S. should make no unilateral decision pending full consultations. International aspects of new policy should be proposed as amendment to NPT. New policy should take into consideration Article IV of NPT, should not be discriminatory, and must respect international agreement obligations. Will cooperate in evaluation program.
Paris	Foreign Minister (And French Embassy)	Reprocessing a vital necessity. President's statement must not appear to be anti-nuclear energy, and should highlight our recognition of need for nuclear energy. Agree on need to study alternative fuel cycles, but will not participate unless reprocessing is included
Tokyo	Science and Technology Minister, <u>inter alios</u>	Emphasized great concern over U.S. reprocessing decisions. U.S. approach too abrupt. Need consultations before decisions. Stressed NPT obligations, especially Article IV. Need incentives for NPT adherence. Should not discriminate against non-nuclear weapon states
Ottawa	External Affairs Minister	Welcomed policy decisions, especially re reprocessing. Made pitch for full-scope safeguards and NPT adherence as conditions of supply.

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<u>Post</u>	<u>Level</u>	<u>Reactions</u>
Stockholm	Foreign Minister	Highly supportive of policy decisions. Stressed need for spent fuel arrangements.
Rome	Prime Minister	Emphasized Italy's need for energy autonomy, and need for fast breeders. U.S. policies must not result in commercial disadvantage to non-nuclear weapons states and should distinguish between NPT and non-NPT parties. Need access to enriched uranium.
Moscow	Deputy Chairman, State Committee for Atomic Energy	Very cautious. Need for further consultations in London Suppliers context. Made pitch for full-scope safeguards. Don't dilute Supplier's Group.
The Hague	State Secretary	Welcomed Administration's initiatives, but can't negate existence of present reprocessing facilities. Should aim for better safeguards on them. Need consultations between suppliers and recipients.
Brussels	Director General, MFA	Asserted nuclear weapon states have technical advantage over Belgian nuclear industry. Wants same commercial export opportunities.
Prague	Prime Minister	Suspicious. Wants to pursue further in London Suppliers meeting. Noted that breeder reactors exist.
Warsaw	Vice Director, MFA	Generally favorable, albeit some reservations. Should be pursued in London Suppliers meeting.
Berlin	Foreign Minister	Non-substantive.
Tehran	Shah	Emphasized need for guaranteed access to enriched fuel. Supported study of alternative fuel cycles, but said breeder appeared only viable economic way to go.

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<u>Post</u>	<u>Level</u>	<u>Reactions</u>
Belgrade	Assistant Secretary, MFA	Strong general support for non-proliferation.
New Delhi	Foreign Secretary	Expressed concern over implications of new policy for Tarapur fuel, Indian reprocessing, and PNE's.
Canberra	DFA Secretary	Non-substantive. More comments may be forthcoming.
Islamabad	Foreign Secretary	Non-substantive.
Brasilia		Yet to be received.
Cairo	Foreign Minister	Non-substantive. (Sadat may raise here.)
Tel Aviv	Foreign Minister	Non-substantive. More comments may be forthcoming.
EC Commission	Commissioner	Europe energy needs different than US. It needs reprocessing and breeder. Supports evaluation program, especially study of alternative fuel cycles and waste management arrangements. Stressed importance of US fulfilling HEU contracts.
IAEA	Director General	Expressed serious concerns over President's message, especially re reprocessing and commercial breeders concerned that US approach, if applied internationally, would undercut NPT and accelerate indigenous development of sensitive facilities. Urged that U.S. not unilaterally alter existing agreements. Welcomed evaluation program.

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Drafted: OES/NET/RD:JBDevine:lm  
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DEPARTMENT OF STATE  
WASHINGTON

April 2, 1979


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MEMORANDUM FOR: THE PRESIDENT

FROM: Warren Christopher, Acting

SUBJECT: Nuclear Reprocessing Discussions  
with Japan

As you know, the Government of Japan is deeply concerned that your anticipated statements on energy and domestic nuclear policy will affect its domestic nuclear reprocessing plans. U.S.-Japanese consultations on this problem were agreed to during Prime Minister Fukuda's visit. With Jim Schlesinger's concurrence, we agreed to receive a mid-level governmental team the week of April 3 to explore possible resolutions. This memorandum summarizes the background and indicates the approach we propose to take.

The Japanese have constructed, using French technology, a publicly-funded \$200 million small, prototype reprocessing plant at Tokai. The GOJ wants to start hot tests this summer and operation in a year. Under our Agreement for Cooperation, material of U.S. origin can be reprocessed in Japanese facilities only upon a joint determination that safeguards can be effectively applied. Japan has requested U.S. concurrence in such a determination.

The Japanese government faces severe and probably unacceptable embarrassment if the prototype facility cannot be used in some form. Right wing elements in the Liberal Democratic Party (LDP) and conservative business groups in Japan are strident on the issue. The Japanese people and the mass media view this issue as a nationalistic one in which resource-poor Japan is being denied

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Reviewer

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energy self-sufficiency. Finally, if Prime Minister Fukuda, after his talks with you, proves unable to achieve some form of solution, he will have lost considerable credibility as an effective leader.

We therefore believe it important to proceed in a manner which will not seem to present the Japanese with a fait accompli or foreclose possibilities for further discussion. We have therefore developed an approach which will explore with the GOJ the feasibility of operating Tokai, on an experimental basis, with a modified process which does not produce separated plutonium. If the Japanese prepare alternative approaches, we would of course consider them and seek your further guidance.

We will keep Jim Schlesinger closely informed of the discussions and ask him to join the consultations when they reach a higher level. Of course, any solution will be submitted to you for final approval.

cc: Dr. Schlesinger

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