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UNITED STATES OF AMERICA

10.5
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ACTION

American Embassy,
London, England,
September 3, 1959.

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EO 12356, Sec. 1.3 (1) (5)
FPC/HDR by Cal 91 CW
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Dear Phil:

Enclosed you will find 50 copies of the Memorandum of Conversation concerning atomic energy safeguards reporting your discussion with Michael Michaels on August 31. Although you agreed with my suggestion that the memorandum be given wider circulation than you originally had in mind, you did not specify what this might be, and I feel that I am not at liberty to send copies to the appropriate offices of the State Department and to other departments in Washington. I enclose 50 copies so that you can send them on to appropriate distribution, and would like to suggest that it would be educative reading for various offices in the Pentagon and in the Atomic Energy Commission, as well as CIA and the President's Scientific Advisory Committee. I have forwarded copies to Moscow and our IAEA Mission, and have retained several copies in London.

do you think about distribution?
Don't make per note attached file xxx

I want to say, again, what a pleasure it was to spend some time with you. I hope very much that you will decide to go into the Foreign Service, because the Service needs somebody like you very badly and because I honestly believe you would enjoy the life.

Yours ever,

Howard

Howard Meyers
First Secretary of Mission

SPECIAL ASSISTANT
TO THE SECRETARY
S/AE
SEP 9 1959
AM PM
8,9,10,11,12,1,2,3,4,5,6

STATE DEPT. DECLASSIFICATION REVIEW

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EO 12958, 25X
IPR/CR/IR by J. CRAIG Date 8-10-08

Philip J. Farley, Esquire,
Special Assistant to the Secretary
for Disarmament and Atomic Energy,
Department of State,
New State Building,
Room 7258,
Washington, D.C.

SPECIAL ASSISTANT
TO THE SECRETARY
S/AE
SEP 1959
PM

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EO 13526, Sec 3.3

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American Embassy, LONDON

Memorandum of Conversation

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DATE: August 31, 1959

SUBJECT: Atomic Energy Safeguards

PARTICIPANTS: Michael I. Michaels, Deputy Secretary, Atomic Energy Office
Donald P.M.S. Cape, Officer in Charge, Peaceful Uses of
Atomic Energy, Atomic Energy and Disarma-
ment Department, Foreign Office
Philip J. Farley, Special Assistant to the Secretary for
Disarmament & Atomic Energy Matters (S/AE)
William C. Trueheart, First Secretary, American Embassy, London
Howard Meyers, First Secretary, USEC, Brussels

PLACE: Atomic Energy Office, 1 Richmond Terrace, Whitehall, London

COPIES TO: Department, Moscow, Vienna (for IAEA Mission), London

Mr. Farley asked whether the British thought the IAEA Board of Governors might reach at least majority agreement upon a safeguards paper. Mr. Michaels thought that it would be unlikely to have an agreed paper before the end of the October meeting of the Board of Governors; that it was advisable now to get in all necessary points which we wished to make, since the longer we delayed so doing the greater became the possibility that in fact the Board would not reach agreement until the January 1960 meetings.

In discussing the problem of achieving common agreement among the suppliers of atomic energy materials and equipment, Mr. Michaels said that the key was the attitude of the French and the Russians. Both he and Mr. Cape thought that the French would refuse in principle to agree to a common front on the part of the Western suppliers, but would in practice substantially follow the concepts which were agreed upon by the other Western suppliers. They thought the French were influenced to be cooperative in fact, although not in word, by their need to keep in step with the other Western suppliers of materials in order to acquire such materials for the French military programs. Mr. Farley speculated that the French might intentionally be falling out of step so that the safeguards system might collapse and their problem of getting materials for their military program be eased. The question was whether South Africa, Canada and Australia would continue to adhere to some form of common understanding if the French should not so agree except tacitly. In this connection, Mr. Michaels noted that the South Africans had said at the conclusion of the last meetings of the IAEA Board of Governors in Vienna that

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if the French did not adhere to the common front agreement by the end of November, South Africa would no longer consider itself bound to require safeguards on its sales of uranium. He asked whether the United States would be willing to approach South Africa, Australia, Canada and Belgium and ask these countries to continue to adhere to something like the common front agreement discussed at London May 27-28, as a means of inducing these countries to maintain some form of safeguards whatever might be the French action. If such US approach were to be made, it would be most advisable to do so by November.

While not answering this question directly, Mr. Farley said there were clearly doubts whether there existed sufficient inducements now to persuade other countries to continue to apply safeguards if they did not wholly support this concept now. He thought that, if we should be forced to change our present approach to the safeguards question, there were two hypotheses under which one might conceivably proceed to deal with safeguards. The first was (as the Russians have argued) to raise the question of uranium traffic and uniform applications of safeguards in the IAEA. The second was to try and supplement the COCOMI regulations by looking at requests for supplies of material and equipment on a case-by-case basis, essentially with the idea that friendly, non-communist states could receive such assistance if they gave an undertaking that the materials and equipment would be used only for peaceful purposes. Mr. Meyers said that the latter approach would be the end of IAEA safeguards.

Mr. Michaels, responding to Mr. Farley's points, thought there was another aspect of the problem which bore directly on which of these two hypotheses one accepted: i.e. that if there should be a general agreement to suspend nuclear tests under a monitoring system, there was no need to worry about safeguards over the peaceful uses of atomic energy, since the basic issue of hampering the development of weapons capabilities by other countries would be met largely by the ban on testing supervised by a monitoring system. If there should not be a test-ban agreement, he thought it was doubtful that other countries would still be willing to accept safeguards.

Mr. Michaels referred to the paper which had been handed to Mr. Farley by Sir Patrick Dean on August 30 (attached hereto). He stated that the Russian attitude towards atomic energy safeguards, at least in the peaceful uses field, had been most equivocal. For example, the Soviet member of the IAEA Board of Governors, Emelyanov, while publicly taking the line that the kind of safeguards suggested by the US and other western powers constituted an infringement of national sovereignty, privately had expressed his apprehension about the spread of nuclear weapons capabilities to other countries and had linked safeguards directly to securing a permanent suspension of nuclear tests. Michaels believed that the Russians had decided in 1956 that control over such test-suspension was the best way of stopping the spread of nuclear weapons, while leaving the West to suffer the political

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disabilities of advocating safeguards to assure against diversions from peaceful uses of atomic energy. He thought another aspect of the problems raised by the Russian attitude was apt to come up sharply in approximately one year when the Indians, as they already had stated publicly, would be shopping around for a large power reactor. They could go to the US, UK or USSR, and if the first two countries required conditions which the Indians regarded as infringements on their sovereignty or as too onerous, the Indians would inevitably turn to the USSR. In this connection, Mr. Michaels called attention to Nehru's statement of August 6th in the Indian Parliament, in which the Indian Prime Minister stated that India was ready shortly to produce fuel elements on a regular basis; that there was regular production of Indian uranium; that facilities for handling plutonium were already under construction; and that in five years India would be entirely self-sufficient in the atomic energy field. Thus, if the US and UK should pursue their present policies in regard to safeguards, the question must be asked whether these policies would force India into Russian hands, initially in the atomic energy field but perhaps on yet a wider basis.

Referring again to the paper handed to Mr. Farley by Sir Patrick Dean, Mr. Michaels suggested that if the President did not find an appropriate opportunity to raise this issue with Khrushchev during the latter's visit in September, it might be possible for US representatives to bring up these matters, say with Emelyanov, during the IAEA General Conference in the fall in Vienna. However, Mr. Cape disagreed somewhat with Mr. Michaels regarding approaching Emelyanov, and thought it would be advisable to discuss the question with an appropriate Russian diplomatic or political figure, since the Russians appeared to give greater weight to political direction of their atomic energy policies.

Mr. Farley concluded the discussion by saying that it had been a most interesting conversation with much food for thought.

Jim
POL/At/H Meyers:pa
9/2/59

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Safeguards on Nuclear Exports.

It is reasonably clear that no safeguards scheme is likely to survive long unless all major exporters apply similar rules. Her Majesty's Government have made it clear that they must reserve the right to reconsider whether to apply safeguards to their own exports in the event that the Soviet Government fails to apply comparable safeguards.

The real attitude of the Soviet Government is not clear. In 1956, it evaded the United States Government's attempt to secure its agreement to apply comparable safeguards to those in the International Atomic Energy Agency's draft Statute to Soviet exports. Since that date the Soviet Government has attacked the concept of safeguards but has not in fact made any really significant nuclear exports outside the Soviet bloc. The whole question may well come to a head within the next year in consequence of the Indian desire to purchase a power reactor without accepting the usual safeguards.

It is therefore hoped that if any suitable opportunity should arise during Mr. Khrushchev's visit to the United States (e.g. in connexion with any discussion of the "Nth Country" problem) the United States representatives will take the opportunity to raise this issue again with the Soviet Government.

It might perhaps be said that if the Russians attach any real importance to preventing the widespread manufacture of nuclear weapons, they should be prepared to take steps to ensure that any nuclear material or equipment which they export to other countries for peaceful purposes are not used for the manufacture of weapons. They have ratified the statute of the International

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Atomic Energy Agency (I.A.E.A.) which requires the Agency to apply certain safeguards (including inspection) to any such material or equipment which it provides to its members. But while the United States and the Western countries have so far refused to allow nuclear material or equipment to be exported to other countries unless they agree to accept similar safeguards to those laid down in the Agency statute, the Russians have boasted of the fact that they are prepared to export material without any safeguards (except possibly a paper undertaking by the recipients to use the material only for peaceful purposes.) In addition they have taken every opportunity in the Agency or elsewhere to attack the whole concept of safeguards as being an infringement of the recipient governments' sovereignty. We recognise that so far the Russians have not supplied any power reactors or other material of real importance to any country outside the Soviet bloc. But they should realise that if they should do so in the future it may well be impossible for other countries to maintain their present policy of applying safeguards to their own exports, and the widespread manufacture of nuclear weapons will be brought nearer in consequence.

The Russians might therefore be asked in their own interests to

- (a) Acquiesce in the adoption by the International Atomic Energy Agency of a reasonably effective safeguards system in line with the provisions in the Agency's Statute; and

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- (b) Make their own exports of nuclear material and equipment to countries outside the Soviet bloc subject either to the Agency system or to a system (e.g. of bilateral inspection) not less effective than that of the Agency.

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