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April 8, 1960

MEMORANDUM FOR THE SECRETARY

THROUGH: S/S

FROM : S/AE - Philip J. Farley

SUBJECT: Safeguards on Large Power Reactors.

We have been informed by the British Embassy that Mr. Selwyn Lloyd will probably raise with you the question of approaching the French regarding a joint policy of requiring safeguards as a condition for any sale of power reactors over 100 electrical megawatts. He will probably suggest that an approach be made to M. Couve de Murville during the Washington meeting.

This question has been brought to a head by Indian attempts to purchase a large natural uranium reactor and fuel, without safeguards to prevent the diversion of produced fissionable material to military purposes. Indo-U.K. conversations regarding such a reactor have reached an impasse on the point of safeguards. At the present time a French atomic energy team is traveling through India. Their tour will end in Bombay where, it is understood, negotiations will take place regarding the sale of a French natural uranium reactor to India. A French Embassy official in New Delhi told an officer of our Embassy that the French did not consider themselves bound by safeguards, the clear implication being that they would not insist on safeguards in any agreement with India.

Annexes I and II of International Atomic Energy Agency Safeguards (The General Principles of Safeguards and their Technical Implementation) have now been provisionally approved by the Board of Governors of the IAEA. They must now be referred to the Agency's General Conference in September at which time it is hoped that they will be finally adopted. France cast an affirmative vote for both annexes.

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If France were to go ahead and offer a large reactor and fuel to the Indians without safeguards it would have the effect of rendering Agency safeguards meaningless. It is not believed that any country would prefer to have dealings with the Agency subject to safeguards when it could get reactors and fuel bilaterally without safeguards.

Such action would place the U.K. and U.S. in a difficult position vis-a-vis their manufacturers, who would be in an unfavorable competitive position.

The Indian attempt to purchase without safeguards is in line with their efforts in Vienna to sabotage the principle of safeguards. They, rather than the Soviets, have been the leaders in opposing the adoption of Agency safeguards.

While the French have supported Agency safeguards, they have told us privately that the reason they do not object to IAEA safeguards is that they never expect to receive anything from the Agency which will require the application of safeguards. In spite of strenuous efforts to persuade them to adopt bilateral safeguards consistent with those of the Agency they have refused. They have already sold ten tons of natural uranium to India without safeguards.

The French have recently participated together with the U.S. and U.K. in safeguards discussions with the Soviets. Embassy Paris has reported that the French were very pleased at having been invited to participate in these discussions and as a result thereof might adopt a more affirmative attitude toward safeguards.

Recommendation

Since it is of vital importance to secure the adoption of adequate safeguards by the IAEA and since a French sale to India without safeguards would effectively negate the progress made thus far as well as adversely affecting U.K. and U.S. commercial interests, it is recommended that you

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join Mr. Lloyd in an approach to M. Couve de Murville to emphasize the importance we attach to the application of bilateral safeguards consistent with those of the Agency.

Concurrences

BNA - Mr. *M*offett

WE - Mr. Beigel *McBride*

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