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Trudy, per our telecon, here are the Agency recommendations for inclusion in the Pres report.

Thanks.

—
Loretta

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UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY
WASHINGTON

September 3, 1976

OFFICE OF
THE DIRECTOR

MEMORANDUM TO THE PRESIDENT

SUBJECT: ACDA Position on Nuclear Policy Review

I strongly recommend the domestic and international
Option 2:

- defer and discourage reprocessing;
- provide for storage of spent fuel; and
- vigorously pursue alternative technologies
for recovering the energy value in such
fuel without separating the plutonium.

You are well aware of the intense public and
Congressional concern over reprocessing. A major
thrust of your Administration's nonproliferation
efforts has been to head off reprocessing in countries
such as Korea, Pakistan, Israel, Egypt and the Republic
of China.

This is because reprocessing reduces plutonium
to a form highly vulnerable to theft or seizure and
quickly usable in nuclear explosives, as we saw in
India. The output of one commercial size reprocessing
plant would furnish enough nuclear explosive material
for several thousand atomic bombs per year. There
is no reliable way to prevent plutonium from being
captured by a government willing to violate its
safeguards agreements, and then being converted into
nuclear weapons in a time shorter than we could
probably react.

In these circumstances, a decision now to assist
and accelerate reprocessing in the United States by

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By WJ NARA, Date 4/13/98.



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a \$1/2 billion Federal investment to permit operation of a reprocessing plant constructed by Allied Chemical, Gulf, and Royal Dutch Shell, could have obvious domestic political repercussions. This would be especially true since the current public proceedings by the Nuclear Regulatory Commission on whether or not to permit the use of reprocessed plutonium in US reactors will not be concluded for at least another year.

More importantly, such a decision would seriously undercut our efforts to head off reprocessing in other countries, who look more to what we do than what we say. The option I am recommending would avoid this risk and directly support our international efforts, including our call on the London Suppliers' Group to examine alternatives to national reprocessing.

Such alternative technologies exist, but require further development and demonstration. While we are working on them, we can well afford to postpone the recovery of the potential energy value in spent reactor fuel. The report makes it clear that the economic benefits to reprocessing -- if any -- are small and uncertain. There is no question that we have sufficient uranium to fuel all US reactors likely to be built in the next 15-20 years. By providing spent fuel storage facilities (which are considerably less costly than reprocessing facilities) we would both be setting an example for other countries and relieving our own utilities of their most immediate problem -- the need to remove the accumulated spent fuel from their reactor sites.

You, Mr. President, should be the first to establish the principle of proliferation safety -- that commercial technologies can and must avoid access to weapons-usable material. You can direct our superior technological capabilities to this end and remove a major security risk from the nuclear energy picture. And, with the force of a powerful American example, you can lead the world in the same direction.

Comments on other issues are attached.

Fred C. Ikle

Fred C. Ikle

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ATTACHMENT

ACDA Position on Other Issues and Recommendations
in Nuclear Policy Review

In keeping with our recommendations about reprocessing, we attach very high priority to the recommendation that you support, through approaches at the highest level of other supplier governments, our efforts to secure a two-year moratorium by such suppliers on transfers of sensitive technology.

The other central issue in the Review is how we should tighten our nuclear export controls, which is also the principal subject of the legislative proposals in this field currently being discussed with Congress. We consider the restraints proposed on page 13 of the Review as desirable, except that we oppose any formulation that would accelerate reprocessing or provide reprocessing services involving the return of separated plutonium or mixed oxide fuel to third countries, since these products are too readily convertible to use in nuclear weapons. We endorse the recommendations on sanctions, and generally prefer the "strong initiative on retroactivity" described at pages 17-18 to unilateral insistence on retroactivity, but believe judicious use of licensing leverage can also further our objectives.

With respect to the incentives discussed at page 22, we disagree with the recommendations which would encourage cooperation in establishing early additional reprocessing facilities in Europe or Japan.

We are in general accord with the recommendations on Material Storage (although the stress should be on spent fuel storage, and you might wish to study further the wisdom and scope of the suggested U.S. voluntary offer), Safeguards and Physical Security, Sanctions, Waste Management, Other Initiatives, and Next Steps. With respect to the organizational recommendation on organization of Executive Branch supervision of nuclear policy matters, we recognize that other arrangements would also be workable, so long as they gave an appropriate voice to this Agency on matters affecting our non-proliferation efforts. We believe the question of whether the UN General Assembly would be a good forum for announcing your international decisions would be highly dependent upon

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the nature of your decisions and the extent to which they may appear coercive and discriminatory rather than cooperative and self-restraining.

Finally, while the report rightly focusses on the particularly pressing problems of reprocessing and plutonium, nuclear weapons can also be made with highly enriched uranium. Since most power reactors use only slightly enriched uranium (2-3%), the related nonproliferation problem is primarily one of controlling the spread of enrichment facilities and technology (which could also produce highly enriched uranium), and of meeting foreign fuel needs through enrichment services, involving low enrichment. For this purpose, we well as for providing fresh fuel as an alternative to reprocessing and avoiding waste of our uranium resources, the prompt expansion of uranium enrichment capacity in the United States is indispensable, and we endorse the recommendations on this subject on page 23. We also recommend a separate review of our policy on the export of highly enriched uranium itself, and intensified diplomatic efforts to prevent the spread of enrichment technology.

We have not commented on the annex to the report, which we have not seen in the final form.

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THE SECRETARY OF STATE
WASHINGTON

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September 6, 1976

EXDIS

MEMORANDUM FOR: THE PRESIDENT

From: Henry A. Kissinger *HK*

Subject: Nuclear Policy Review and
Non-Proliferation Initiatives

I wish to take this opportunity not only to transmit my Department's response to the nuclear policy report, but also to offer my personal recommendations on the international aspects of your policy choices, their public presentation, and their diplomatic implementation. The State Department has participated actively in the formulation of the foreign policy elements of this study. I strongly concur in the review group's emphasis on the international basis for your nuclear policy, and I believe it of central importance both that we maintain consistency between their expression and execution and that we ensure broad multilateral support for the positions you take.

Attached are the specific State Department positions, which I fully endorse, on the proposals and options prepared by your interagency group. I concur in the report's recommendations for effective diplomatic consultations and action, in which we played an active role in developing and which we are prepared to undertake as soon as you give your approval. I need hardly emphasize that the more advance notice of proposed policies and statements we give our nuclear partners and allies, the more likely they will be to provide the support so necessary for the success of our non-proliferation policies. Therefore, this memorandum specifically seeks your early authorization for proposed diplomatic approaches, on the basis of which you could refine

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By *KBH, NARA, Date 7/7/00*

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the international policy elements of your eventual public statement.

Non-Proliferation Objectives

In reviewing and developing further our nuclear policies, it is essential for the US to:

1. Ensure that our non-proliferation policies are cast in the framework of our overall foreign policy interests and close relationships with nuclear partners and allies.

2. Retain multilateral support for our non-proliferation policies, without which our political relationships will be set back and our non-proliferation efforts will be rendered ineffective.

3. Develop a policy which marries the restraints which we require with the incentives we can offer.

4. Prevent our non-proliferation efforts from being distorted by international commercial competition.

5. Make domestic decisions which will effectively support, rather than undercut, the primary objective of deterring nuclear proliferation.

Meeting Policy Objectives

This Administration can justly claim credit for the concerted and productive US efforts to develop strengthened and uniform nuclear safeguards and controls, through bilateral discussions with such key suppliers and consumers as France and Iran and multi-lateral consultations in the London meetings of major nuclear suppliers. The US has achieved significant non-proliferation results through high-level, confidential diplomacy, consistent with our broad foreign policy interests and relationships. At the same time, we have openly advocated strengthened nuclear safeguards and controls, in public statements and testimony to the Congress. But domestic pressures have substantially increased for fuller public expressions of what we have pursued privately and for visible improvement and strengthening of our policies.

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It therefore continues to be necessary to make choices as to what balance is to be struck between diplomatic imperatives and public perceptions of a vigorous, coherent nuclear policy. We should make no apologies for past performance, but we should also not hesitate to stake out new territory.

The fundamental need to meet the non-proliferation objectives set out above leads, in my view, to the following policy choices and presentational requirements which are consistent with but often carry further the group's recommendations:

1. New conditions of nuclear supply, however desirable, should not be imposed by the US unilaterally, but rather pursued and adopted multilaterally. I must stress that a unilateral approach will damage us politically, with our allies and partners, and will lead the US to lose both commercially and in non-proliferation terms, as other less committed nations pre-empt the nuclear market. It should be recognized that if the suppliers, many of whom are also our allies, do not wish to follow a US initiative voluntarily, then we will either have to coerce them or jeopardize our non-proliferation policy. Clearly, we should not select a strategy which could so easily trap us in such a dilemma. At the same time, we should continue to make best diplomatic efforts to make non-proliferation gains, as I believe we have in our proposed nuclear agreements with Egypt and Israel and in our current negotiations with Iran. I believe that a strong public statement could be built around the crucial importance of multi-lateral consensus in nuclear safeguards and controls, the need for this country not to isolate itself and lose its non-proliferation influence, and your determination to pursue a responsible nuclear export policy while obtaining strong international support for our non-proliferation efforts.

2. It is essential to offer non-proliferation inducements in the areas of fuel buy-back and exchange, working in concert with other suppliers. Nuclear consumers, particularly those of proliferation concern who already enjoy less constrained agreements, will not voluntarily accept new restraints unless it is

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demonstrably in their interest to do so. I therefore strongly endorse the review group's recommendations for assured and equitable front-end fuel services in exchange for spent fuel, which is at the heart of our current negotiating approach with Iran.

3. Nuclear consumers will become less disposed to relying on the US if we arbitrarily impose more stringent conditions on nuclear agreements after their terms have been mutually agreed. We must therefore ensure that the NRC licensing procedures are responsive to national policy as executed by the President, within legislative requirements. Nuclear export licenses should not be used as a lever for obtaining new constraints from countries which live up to their obligations to us. NRC procedures should be perceived instead as a means of predictably implementing our policies of providing inducements, such as guaranteed reactor fuel supply, for countries accepting effective non-proliferation constraints.

4. We should move to engage other major nuclear suppliers in intensified and multilateral efforts to ensure that uranium enrichment and reprocessing facilities are located in supplier nations. To achieve this, it is necessary to prevent commercial competition from leading to proliferation of such sensitive nuclear facilities. While I support the review group's important recommendations for joint supplier fuel-service support for reactor sales, I recommend that you set a long-term framework for effective supplier coordination of fuel assurances, by calling for an examination by interested nations of an "international nuclear fuel bank" concept, as described in the second section of my Department's position paper, which would combine fuel storage and supply arrangements under international guarantees. With your approval, I will ask my deputies to work with Bob Fri in integrating this new element into your nuclear policy statement.

5. In this essential multilateral context, I conclude that a limited domestic reprocessing decision would serve our non-proliferation and foreign policy objectives. In so doing, however, it would be desirable to provide for appropriate foreign participation and essential to identify the proposed program as an

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"experiment," without prejudging its outcome. I can support the demonstration project associated with the "assist reprocessing option" presented by the review group, subject to what I believe are necessary presentational and policy precautions elaborated in the attached position paper, designed to reinforce our overriding non-proliferation interests.

6. I agree that you should seize the opportunity to press for rapid Congressional approval of the Nuclear Fuel Assurances Act, as a crucial means for expanding US enriched uranium capacity needed to provide credible non-proliferation inducements. In addition to providing greater US enriched uranium capacity to meet foreign needs in the near-term, we should redouble our efforts to develop more efficient and controllable forms of enrichment technology which could very substantially reduce the cost of enriched uranium and expand available supplies. This would permit us to shape an international system which could offer a combination of the "carrot and stick" required to bring about a regime which might dramatically slow the spread of national reprocessing in non-supplier states.

7. Nuclear policy message and management. Your review group has suggested the UNGA as a possible forum for your nuclear policy statement. I believe that the UNGA would be an inappropriate forum for you to discuss our new non-proliferation policies which will inevitably convey a tougher approach toward constraints. Even if tempered by offers of inducements, such a message would likely be viewed by the majority of your audience as restrictive, discriminatory, and targetted against the countries they represent. Nevertheless, if you choose to address the General Assembly on this subject, I would urge that you focus on the cooperative elements of these policies, such as the recommended international spent fuel and plutonium regime and our interest in exploring an international nuclear fuel bank concept. I believe that, in any event, you should reserve for a receptive US audience (or in a message to the Congress) the stronger aspects of our policies, as well as any decision to proceed with domestic reprocessing. As a subsidiary consideration, I am not convinced that a new bureaucratic layer -- the proposed Nuclear Policy Council -- will enhance management effectiveness. You

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might consider using instead existing interagency committees, such as the specially constituted Under Secretaries Committee described in the attachment, to coordinate US nuclear policies.

Proposed Diplomatic Approaches

Your review group has identified the important need for diplomatic consultations prior to, and actions following, your nuclear policy statements. I believe that your statement will afford a significant opportunity to catalyze multilateral support for the safeguards, physical security, restraints, incentives and sanctions components of our nuclear policies. Pursuant to the review group's recommendations for next steps, I propose that you authorize:

1. Rapid, advance consultations with the IAEA and my counterparts in Canada, France, the FRG, Japan, UK and USSR on the broad nuclear policy initiatives you desire to announce; and incorporation into your nuclear policy message of the results of these advance consultations by the NSC and the Department, working with the Domestic Council.
2. Exploration of your new nuclear policy proposals (including, if you approve, our recommendations for fuel pooling and an international nuclear fuel bank concept) with other supplier and consumer states, prior to my development of the comprehensive negotiating plan suggested by your review group.
3. Active pursuit of our standing proposals for an export moratorium on reprocessing facilities and technology, use of supplier-based reprocessing services, and international plutonium management, in the framework of the London nuclear suppliers' meetings, consistent with your nuclear policy decisions.
4. Accelerated interagency review of technological, economic and commercial alternatives for maximizing use of enriched uranium incentives, under effective controls, to support policies of greater non-proliferation restraint.

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Recommendations:

1. That you authorize the diplomatic approaches and follow-on actions proposed above.

Approve _____ Disapprove _____

2. That you direct incorporation in the Presidential message of the international nuclear policy elements I have described above, consistent with your decisions on the recommendations of the nuclear policy review group.

Approve _____ Disapprove _____

Attachment:

State Department Positions on Nuclear Policy Report



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STATE DEPARTMENT POSITIONS ON
NUCLEAR POLICY REPORT TO THE PRESIDENT

1. Non-Proliferation Restraints. The Department generally supports a firmer policy on restraints in US nuclear cooperation which stresses cooperation with NPT parties or countries accepting full safeguards and with countries prepared to forego or restructure their re-processing options. We also support an approach which makes a clear distinction between (1) cooperation under new and amended agreements and (2) cooperation under existing agreements. For both categories of recipients, we would underscore the general need for a multilateral approach. US leadership in non-proliferation is important and consistent with our past policies and recent initiatives in forming the London Suppliers' Group. But excessively stringent or rigid unilateral US policies will at best have limited benefits, since we no longer dominate the international nuclear market and will not be able to obtain new restraints without concerted supplier actions.

On the more specific restraint recommendations:

-- For negotiating new or amended US nuclear cooperation agreements, we strongly support the recommendation that the US apply these restraints as non-binding criteria for engaging in new or expanded nuclear cooperation. We should recognize, however, the importance of gaining common supplier policies on these restraints, and be prepared to state that we will apply them as conditions as soon as other suppliers agree to do the same. The President's public statement would make this basic approach explicit. We support the Review Group's conclusion that new restraints should not be mandatory requirements in the absence of multilateral agreement. (In this connection, the options on "retroactive sanctions" must be seen as possible elements of a legislative strategy that must be accomplished in coordination with the Congress.) Even with a Presidential override, such a unilateral policy could impair our flexibility in pursuing non-proliferation objectives with specific suppliers and recipients.

-- For cooperation under existing agreements, we strongly endorse the proposal to use diplomacy and a strategy of inducements to persuade the many key target

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By KBH NARA, Date 7/7/00

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countries in this category to voluntarily renegotiate existing agreements with new restraints. In addition, in connection with our attempts to find an acceptable compromise with the JCAE on its Nuclear Export Bill, we see merit in the recommendation that NRC use the agreed London Supplier Guidelines as criteria in granting export licenses under existing agreements. But even with the proposed Presidential override, we are concerned that such an approach could be viewed as an attempt by the US to impose these guidelines retroactively, to the detriment of our relations with a number of major allies and our overall credibility as a supplier. Finally, we oppose the imposition of new restraints as a condition of further US supply until common supplier agreement is achieved on this point. Even then, such a course of action would contravene the legal terms of our international agreements, thereby risking adverse legal, foreign policy, and even non-proliferation consequences.

As a fundamental point for recipients in both categories, we would emphasize the vital link between gaining new restraints and offering attractive inducements through fuel buy-back and exchange, and possible leasing. All such inducements should be coordinated with other suppliers, since uncoordinated inducements may look to other suppliers as a US attempt to preempt a larger share of nuclear fuel and related reactor markets. In particular, the more attractive and reliable we make our enriched uranium supply using existing and planned facilities within the broad framework of the Nuclear Fuel Assurances Act, the more success we will have in obtaining effective restraints on reprocessing. The President's public statement should relate inducements to restraints to the degree of specificity judged feasible in light of our ability to consider offering new fuel supply or service arrangements. These issues are discussed further below in the context of our recommendations regarding alternatives to national reprocessing.

In general, nuclear consumers will become less disposed to relying on the US if we arbitrarily impose more stringent conditions on nuclear agreements after their terms have been mutually agreed. We must therefore ensure that the NRC licensing procedures are responsive to national policy as executed by the President, within legislative requirements. Nuclear export licenses should not be used as a lever for obtaining new constraints from countries which

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live up to their obligations to us. NRC procedures should be perceived instead as a means of predictably implementing our policies of providing inducements, such as guaranteed reactor fuel supply, for countries accepting effective non-proliferation constraints.

2. Alternatives to National Reprocessing. The Department supports the first option, "contain the spread of national reprocessing." We share the Review Group's recognition of the need for strong and specific US initiatives to achieve an international fuel-exchange regime based upon:

-- inducements for recipients, in the form of assured and equitable front-end fuel services in exchange for their spent fuel; and

-- inducements for suppliers, in the form of joint fuel-service support for reactor sales in non-nuclear weapon states, in exchange for withholding sensitive nuclear technology from further spread under national control.

The Department supports the steps recommended to further these objectives. However, we further recommend that the President call for the exploration by interested nations of an "international nuclear fuel bank" concept, through which the potential benefits of plutonium recycle would be shared under international controls, while the reprocessing activities incidental to achieving those benefits would be confined, initially to a few major supplier countries, but eventually include a few carefully sited multinational plants. The Department has developed further proposals for making significant forward movement in establishing an effective fuel exchange regime. These proposals are consistent with but go further than the review group's recommendations in relating restraint requirements to fuel inducements. With the President's approval, the following approaches would be integrated into the fuel-exchange elements already presented in the nuclear policy report:

-- As a matter of national policy, the President would express:

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(i) For recipients accepting our tightest non-proliferation restraints, notably no national reprocessing and enrichment facilities, US willingness to acquire some or all spent fuel of US origin, at the customer's option, in exchange for fresh enriched uranium under attractive terms (i.e., guaranteed feed and enrichment services).

(ii) For recipients who do not agree to renounce national reprocessing and enrichment facilities but are not constructing such facilities now and are prepared to place all spent fuel under international storage, future enrichment guarantees at market rates but repurchase of spent fuel only at US option.

(iii) For recipients unwilling to accept our restraints in new or amended agreements, including storage under international auspices, US insistence on a purchase or exchange option for US supplied or derived spent fuel. All suppliers would be urged to offer such options.

-- To lend multilateral impetus to the foregoing arrangements, the President would express publicly US readiness to explore with interested supplier nations possible arrangements for pooling fuel-exchange capabilities through such means as tie-in fuel sales, cross-investment in enrichment and reprocessing facilities, joint enrichment and reprocessing facilities, joint enrichment guarantees, spent fuel storage as needed to support such arrangements, and an eventual international fuel bank.

Finally, the Department supports the Review Group's recommendations for strengthened fuel assurances, increased enrichment capacity which could support fuel exchange arrangements, and an appeal for passage of the NFAA as an essential ingredient in our non-proliferation strategy. It strongly supports strengthened high-level diplomatic approaches to other supplier governments, on a confidential basis in the first instance, seeking a one-to-two year moratorium on exports of sensitive facilities and pursuing possible fuel pooling arrangements as a means of minimizing commercial competition in fuel cycle services.

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3. Domestic Reprocessing Options. The Department is not in a position to make a comprehensive judgment on the domestic benefits of the various reprocessing options presented in the report. As the report notes, the economic benefits of domestic reprocessing are uncertain and possibly marginal.

From the point of view of our international and non-proliferation interests, domestic decisions on reprocessing and recycle may have an important impact in two respects:

-- A perception internationally that the US has taken a decisive step toward plutonium recycle may make national reprocessing appear both more respectable and more economically attractive. We could argue that such a step is justified because of the size of the US nuclear program, but it is not clear whether this would overcome such perceptions, particularly when announced as a Presidential initiative.

-- The possession or lack of a US reprocessing capability may have an important effect on our ability to negotiate workable joint fuel-exchange arrangements with other suppliers.

Negative international perceptions could probably be reduced to an acceptable level if the US were to begin a limited program, but only if its size, substance, and rationale were consistent with a larger US non-proliferation program which received general international credence. In sum, our domestic and international choices must be part of an integrated whole.

Provided that an international policy along the lines we have recommended is also adopted, the Department can support adoption of Option 1, to "assist industry to gain experience with reprocessing," with certain modifications, along the following lines:

-- The program should be identified from the outset as experimental in nature without prejudging its outcome, and its content should justify this description;

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-- We do not object to a demonstration project as proposed, consisting of Government support for the AGNS plant plus design of a larger plant with no near-term commitment to construct this second facility;

-- The possibility of substantial Government involvement in any second plant should, however, be held open;

-- There should be aggressive pursuit of alternative technologies to reprocessing and recycle as an element of the program;

-- The program should explicitly allow for financial participation by other nations (both suppliers and consumers) and joint exploration of service arrangements, but should specifically exclude service commitments or technology transfers except as part of agreed arrangements among suppliers.

-- The program should be presented as an integral part of our overall strategy, with emphasis upon its potential role in improving safeguards, supporting joint fuel-exchange arrangements, developing alternative technologies, and possibly as a future element of an international fuel bank.

-- The program should be reviewed at the end of two years to assess the economic and technological benefits of reprocessing in the light of what has been learned, and the advisability of proceeding with construction of a plant beyond AGNS, in the light of progress made toward an international fuel-exchange regime.

4. Strengthened Sanctions. We support a publicly articulated sanctions policy along the lines proposed as a means of balancing our non-proliferation and overall foreign policy objectives. The proposed approach includes at least automatic cut-off of US nuclear supply if our safeguards are clearly breached, reaffirms the seriousness with which the US would view any safeguards violations, and stresses the need for consultations among suppliers and consumers to determine what collective

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actions should be taken. We do not believe that a US policy should go further than these steps, either in terms of incorporating explicit non-nuclear responses or in terms of adopting more rigid unilateral policies.

The Department will consult in advance of a public statement with other countries, and in particular seek to elicit comparable statements from other key suppliers. We will also pursue diplomatic efforts to gain multi-lateral supplier support for IAEA-related initiatives in this area and seek supplier agreement to curtail nuclear cooperation with any non-nuclear weapons state hereafter testing a nuclear device, regardless of whether safeguards obligations are violated (recognizing that it is unlikely that France would agree).

5. IAEA Storage Regime: We support promotion of this concept, with particular near-term emphasis on storage arrangements for spent reactor fuel. A Presidential statement endorsing this concept and expressing a willingness of the US to participate, can provide impetus to our on-going diplomatic efforts in the context of the London Suppliers' Group and in the IAEA to translate the international storage objective into reality. We will consult in advance of such a statement with key suppliers and the IAEA Director General. In both public statements and private consultations, when discussing the role of such a storage regime for separated plutonium, we should be wary of appearing to condone national reprocessing.

6. Strengthened IAEA Safeguards. We support the proposed program to sponsor safeguards demonstrations for sensitive facilities, offer an ERDA laboratory to support development of new techniques, and explore possibilities for greater US contributions to improving agency capabilities. The Department is prepared to seek cooperation from other suppliers and recipients in reinforcing our initiatives, and believes that a public statement surfacing these proposals would be useful in this connection.

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7. Strengthened Physical Security. We support a policy of strengthening and standardizing physical security over nuclear materials. We have made significant progress in establishing physical security guidelines for suppliers to follow as result of the London Suppliers' understandings. Before going beyond these agreed standards, the US should first seek to bring its own national standards up to these levels. The concept of an international convention -- which has been proposed internationally in 1974 and again in 1975 in the UNGA and explored diplomatically with other suppliers and in the IAEA context -- could be mentioned as part of an overall nuclear policy statement. But it should be recognized that the prospects for strong mandatory provisions as well as early negotiation of such a convention are limited.

8. Waste Management. We support the review group's recommendations on waste management, but further recommend that the US publicly propose the pursuit of international R&D initiatives in this field. We also propose that specific attention be given to the question of whether the US could accept foreign waste, if we ever entered into an international reprocessing service program.

9. Non-Nuclear Technologies. The Department supports these proposals and will work with ERDA in studying possibilities. However, we do not see substantial opportunities emerging which could provide an effective near-term deterrent to smaller countries desiring to obtain nuclear power plants. In the proper context, on the other hand, initiatives in non-nuclear energy cooperation may be helpful in dissuading certain countries from acquiring sensitive nuclear facilities, such as reprocessing plants. In formulating and implementing any such program, we should draw upon the efforts we are making in the IEA and in CIEC to cooperate with LDCs in the energy field. Of particular importance might be the US proposal for an International Energy Institute which we are discussing within the IEA and CIEC, following up the various proposals we made at the UN Seventh Special Session.

10. US Safeguards Effectiveness. We support the proposals for assuring the effectiveness of US safeguards, with the understanding that upgraded intelligence efforts should be responsive to our broader

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non-proliferation policy needs and not injurious to the IAEA. We would also seek other supplier support for fall-back bilateral safeguards and work with them to gain timelier access to IAEA safeguards information.

11. Public Statement. The Department does not believe that the UNGA would be an appropriate forum to discuss new non-proliferation policies emphasizing tougher constraints. While the drama and worldwide scope of a Presidential UNGA address are positive factors, such a message would likely be attacked as restrictive and discriminatory by the less developed countries, even if balanced by offers of inducements. On the other hand, a domestic message, perhaps to the Congress, would present an opportunity to underline both the safeguards and constraints inherent in our nuclear policies and the experimental character of any domestic reprocessing program. If the President nonetheless selects the UNGA as the forum for a statement on nuclear policy, the Department would recommend that he emphasize the cooperative aspects of our non-proliferation policy.

12. Nuclear Policy Organization. Rather than the proposed Nuclear Policy Council including State, ERDA and ACDA, we believe that consideration should be given to continuation of the existing NSC/VPWG mechanism or a specially constituted Under Secretaries Committee reporting to the President through the NSC and the Domestic Council. Instead of establishing another bureaucratic layer, the Department favors the option of an Under Secretaries Committee as the most flexible and coherent means of effectively representing the interests of the domestic and foreign policy agencies. Whatever the institutional arrangement, the Department of course welcomes the review group's support of its lead responsibility (in coordination with other relevant agencies) in the diplomatic and foreign policy elements of US nuclear policies.

September 4, 1976

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