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DEPARTMENT OF STATE
BRIEFING MEMORANDUM
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June 11, 1976

TO : The Secretary
THROUGH: C - Mr. Sonnenfeldt
FROM : PM - George S. Vest

*of Nuclear
Supplier
Conference*

London Nuclear Suppliers Meeting

Background

The latest multilateral meeting of the world's major nuclear suppliers was held in London on June 3-4 to continue the work begun last year to develop common policies on nuclear exports. This was the first meeting since the seven initial members (the US, UK, Canada, FRG, France, USSR and Japan) agreed early this year to adopt as a matter of unilateral policy a set of agreed guidelines (i.e., the "London Guidelines") on safeguards and export controls associated with their nuclear exports. Since that time, five additional countries have joined the group and were also in attendance at this meeting: Sweden, the Netherlands, the GDR, Italy and Belgium.

As has been the practice in all past gatherings, we also held bilaterals with key countries prior to the main meeting. These bilaterals serve to narrow differences and achieve compromises on issues to be discussed in the main meeting. Of equal importance, bilaterals offer an opportunity to discuss related sensitive bilateral issues not appropriate for general discussion in the main meeting, such as the moratorium on reprocessing technology transfer we are pursuing with other key suppliers.

Multilateral Highlights

Overview

The atmosphere of the meeting was cordial, and although starting out somewhat formally (because of the presence of the new members), it gradually took on the more informal and constructive atmosphere that has characterized this activity in the past. As expected of the new members, the GDR

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echoed the Soviet position; new EC members tended to align themselves with the positions of the UK, FRG, and France, although not exclusively; and Sweden played a vigorous role.

From the US standpoint, the meeting was successful in that we achieved most of our objectives:

-- procedural questions were resolved in a manner to facilitate future progress of the group, particularly with regard to the November review of the Guidelines; and

-- new US substantive ideas on plutonium management and storage under international control were explored and steps were taken to examine these in more detail with a view toward moving these from concept to proposal stage.

On the other hand, it must be noted that many of the suppliers, the UK, FRG and France, in particular, expressed deep concern over the growing visibility of the suppliers' activity. In particular, they were concerned over the potential vulnerability of the group to attack by recipients and LDCs as a "cartel" of industrialized supplier countries to force strict supplier controls and deny technology to less industrialized recipients. This was reflected in a major effort by the UK and the FRG (but opposed by France) to get consensus on opening a multilateral dialogue between suppliers and recipients on non-proliferation issues. It was also reflected in the initial reluctance of the three countries to go along with the US proposal to explore the elements we were proposing in a suppliers' study group. Rather, they preferred to proceed directly to the IAEA to study many of these questions so as to minimize the chance that recipients would view these ideas as "precooked" by a suppliers' cartel. However, they did agree to a suppliers' working group with limited terms of reference.

Specifics

The meeting considered a number of procedural and substantive questions. Procedural questions included:

a) Further Enlargement: The group agreed that the widest possible adherence to the Guidelines by actual and potential suppliers was the desired goal. However, since

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the Guidelines called for review prior to end-1976 and since the mechanics of such a review would become increasingly more difficult if the group were to be expanded, it was decided to limit additional invitations (beyond Czechoslovakia, who had already been invited) to Switzerland (an actual supplier) and Poland (to preserve East-West balance). The question of broad enlargement of the group will be addressed again at the planned review meeting scheduled for November.

b) Publication of the Guidelines: The consensus was to keep the Guidelines confidential at least until after the November review. Suppliers also agreed to attempt to harmonize the London suppliers trigger list (a list of exports that would trigger application of safeguards) with that currently in use by NPT supplier countries (the so-called Zangger List).

c) Consultations with Other Governments: A number of delegations (the UK and FRG in particular) expressed concern over the potential danger of alienating recipient countries and LDCs to supplier efforts to strengthen safeguards. Various ways to reduce the danger were discussed, including a possible multilateral dialogue in the IAEA between suppliers and recipients on non-proliferation issues and the Guidelines in particular. Others, including the US and France, noted the serious dangers in such a high visibility debate and that it could sharpen rather than reduce differences and serve to crystalize opposition. The consensus at this time was that any discussions should be bilateral, should be conducted in the context of each supplier's normal relationship with LDCs, and should preserve the confidentiality of the nuclear suppliers meetings and Guidelines.

On substantive matters the group considered the following:

a) Physical Protection: Suppliers formally accepted a set of standards for physical protection to be required in future agreements between suppliers and recipients. These standards include:

-- a categorization of all nuclear materials;

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- identification of required levels of physical protection in use, storage and transport of nuclear materials to apply to each category; and
- requirements for designation of agencies and points of contact in recipient countries responsible for physical protection. Notably, all participants, including the Soviets, agreed that these physical protection standards should apply to any recipient, including nuclear weapon states.

b) Plutonium Management: The US introduced this subject by noting the need for a broad look at all possibilities for avoiding or limiting availability of plutonium in national hands. The US suggested an overall strategy for addressing the problem which includes supplier efforts on a number of related elements:

- Multinational fuel centers: continue to vigorously pursue the concept in promising areas, and ensure that the concept includes not only reprocessing but also other elements of "back end" of fuel cycle, e.g., spent fuel and plutonium storage and fabrication;
- Utilization of existing services: consider offering of reprocessing services, when and where actually needed, in lieu of export of reprocessing technology, and possible expansion of existing capabilities to encompass plutonium storage and fabrication;
- Strengthening safeguards and controls: suppliers should attempt to obtain recipient agreement to a supplier voice in assuring the safeguardability of sensitive facilities in which reprocessing of supplied nuclear fuel or fuel from supplied reactors is performed;
- International plutonium storage: this is a new concept which the US presented to the suppliers group as a complement to the foregoing elements.

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This concept, based on Article XII of the IAEA statute, would attempt to reduce the hazard of plutonium stockpiling in national hands (whether the result of national, multi-national or toll reprocessing services) through international control of plutonium storage under IAEA auspices; plutonium would be returned to country programs only for legitimate and immediate power needs.

The US also pointed out that it would be desirable for suppliers to show special restraint in the area of reprocessing technology transfers while these elements are being explored.

As a consequence, the suppliers group agreed to a number of actions:

-- Setting up of a working group under Canadian chairmanship to coordinate actions and exchange views on the concept of multinational fuel cycle centers and internationalizing plutonium storage. Consideration of the other two elements were deferred pending referral to national governments; and

-- An approach by the US to IAEA Director General Eklund on the concept of internationalizing plutonium storage to elicit his views on how best to initiate study in the agency.

Bilaterals

Overview

In connection with our plutonium management ideas, the US had previously approached bilaterally the key potential suppliers of reprocessing technology (the UK, France, FRG and USSR) on the idea of a de facto moratorium of one to two years on transfers of reprocessing technology. This pause would permit suppliers to jointly study alternatives to national reprocessing and national storage of plutonium. In doing so, we pointed out that we were not aware of any imminent near term commitments and asked whether others could confirm this.

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In general, with the exception of the Soviets who strongly supported the idea, the responses we received were guarded. The UK and FRG representatives were not prepared to agree to a moratorium, but said they would seek higher-level consideration in their capitals. France was more responsive, but agreed only to consult before undertaking any new reprocessing export commitments. All three also expressed deep concern over the implications if such an understanding (or even that suppliers were considering such an understanding) were to become known to recipients and LDCs. They agreed to consider it further only if the matter were kept highly confidential and handled bilaterally -- specifically, it should not be discussed multilaterally, even among suppliers. We intend to follow-up through diplomatic channels in an effort to seek acceptance by the UK, FRG and France of a moratorium on reprocessing transfers.

Specifics on Key Bilaterals

UK: On the idea of a moratorium, the UK was perhaps the most concerned over what they termed the North-South problem -- the potential conflict between industrialized countries and LDCs over non-proliferation and nuclear supply. This was reflected in their strong views on starting a multilateral dialogue in the IAEA between suppliers and recipients and in not pursuing the moratorium multilaterally but keeping such discussions bilateral. In addition, the UK predicted difficulty in agreeing to a moratorium because of a pending sale of reprocessing to Romania on which they have recently requested our views. We are currently preparing a strong negative response on this issue and will use the opportunity to seek an official UK response to our moratorium idea.

FRG: The FRG was as concerned as the UK about the dangers of a conflict between suppliers and recipients. In general the FRG supported the UK position on the need for a multilateral dialogue and on keeping study activities in the suppliers group to a minimum, although they recognized the value of the suppliers coordinating their views. On the moratorium, the FRG said that the government was still considering the US proposal. Their concern was Iran; although they wished to be helpful and comply to the extent

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practical with US views, it was politically difficult for them to go back on commitments they had already made in principle to Iran on future reprocessing. They also are uncertain how their "long term" commitment would fit with the US proposal for a moratorium on "near term" commitments to supply reprocessing technology. On Pakistan, the FRG indicated that the proposed heavy water plant was "indefinitely on ice" and that it should no longer be of concern to the US.

France: The French were also highly concerned about any activities that could be seen as French participation in a cartel designed to deprive recipients of the benefits of nuclear energy or to treat LDCs as less responsible than the more industrialized countries. On the other hand, they saw danger in opening up a North-South dialogue on non-proliferation issues and thought that the results of such an activity could enhance rather than reduce tensions between the groups. The French gave the impression that, both for external and internal political reasons, they will probably seek to decrease their involvement in further multilateral supplier activities and resist more strongly than ever any attempts to institutionalize the suppliers group. On the proposed moratorium, the French indicated that they were not contemplating any new near term commitments on reprocessing, but that the most they can probably agree to is to "consult" when and if any new sales are contemplated. We will be pursuing the moratorium idea with the French through diplomatic channels.

USSR: The Soviets generally supported the US substantive initiatives although indicating, as in the past, the importance in the Soviet view of obtaining NPT adherence and full fuel cycle safeguards as a condition of supply. They also stressed the need for more consultation among suppliers, particularly in a multilateral context, on specific export cases. We suggested they explore both issues in connection with the scheduled November review meeting. On bilateral matters, the Soviets requested that we consider coordinated approaches at the highest levels by the US and Soviets to encourage NPT adherence by remaining non-parties. The Soviets also offered to host a bilateral in Moscow in October to coordinate our views in preparation for the November review meeting. I said I would convey both requests to appropriate levels in the USG.

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Conclusion

I left London with the distinct impression that France, the FRG, and the UK are increasingly reserved about the London multinational activity, and are particularly uneasy about managing our differing views in this period which is so manifestly politicized. We can anticipate increased reluctance by these suppliers to enter into any additional activities that could be seen as adversely affecting their relationship with LDCs and a desire to treat all but the most non-sensitive nuclear issues on a bilateral and close-held basis.

At the same time, bilateral consultations with these key countries, within the broader multilateral framework, will undoubtedly continue to be productive in examining delicate issues, and the London Guidelines, of course, will remain a viable mechanism for dealing with many non-proliferation problems. Despite the caution they exhibited, I believe that the FRG, France, and the UK are becoming increasingly sensitized to the need for restraint in reprocessing technology exports. More generally, an expanding number of nuclear suppliers are now engaged in diplomatic efforts to upgrade nuclear export rules through the multilateral London meetings and associated bilateral consultations.

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