

SECRET

Subject: Non-Proliferation Policy

On Tuesday, June 3, a meeting on non-proliferation policy was held in the Secretary's conference room attended by Berl Bernhard, Leon Billings, Tony Lake, Gerry Smith, Jerry Oplinger, Bob Gallucci, Tom Pickering ^{Leon Rosenzweig} and Arnie Raphel. The Secretary attended a portion of the meeting.

Ambassador Smith was asked what he saw as the specific goal of his paper on non-proliferation. He responded that we had to determine how to continue the exploration process; he is not asking for a change in policy. Under the NNPA, we claim a right to determine how the Europeans dispose of plutonium derived from American-supplied uranium. The fundamental question is how do we exercise that right with the Europeans. He emphasized that he was asking for authority to explore this issue, beginning next week in Vienna, not to negotiate with the Europeans.

Ambassador Smith emphasized he did not see any final decision being made this year but believed we had to move ahead with exploratory talks. He believed the preferred option was to move away from case-by-case review of plutonium transfers and move toward a generic approach on granting permission for

SECRET

SECRET

2

specific categories of transfers. Ambassador Smith added he believed that, in return for this step on our part, the FRG and the French would probably agree to stop the export of sensitive nuclear material without full scope safeguards.

He added there is a question over the thrust of the President's plutonium regime policy. On the one hand there is a considerable and well justified sensitivity toward international traffic in plutonium. On the other hand, the President stated that it was not our intention to interfere in others' domestic breeder reactor programs.

← INSERT on p 4 Tony Lake noted that there were two possibilities -- 2 A and ^{approaches if we decide to proceed.}

2 B. Under 2 A, we would give generic approval to arrangements with the Western Europeans and the Japanese that preceded our 1977 statement on non-proliferation, but would not do so for any arrangements signed since then. Under 2 B, we would give the same generic approval a -- over the next ten years; b -- to countries which had reached a certain level of plutonium regime sophistication without restricting it to the Western Europeans and Japanese. Ambassador Smith noted that his preference was to explore option 2 B with the Europeans.

SECRET

SECRET

Ambassador Pickering noted that if we waited until next year to begin these explorations with the Europeans, it would erode what we may be able to get during the talks. He added that under our present case-by-case system, we have concurred in all the transfer requests; if we go to a generic approach, we may be able to extract certain concessions from the Europeans.

Mr. Bernhard asked how the proposed change would affect the danger spots such as Iraq, Pakistan and India. Mr. Pickering noted that the result could be tighter controls; the Europeans might well agree to more stringent safeguards in response to our accepting the generic approach.

Mr. Billings raised the question of whether this change in policy would be seen as backing off on our opposition to the breeder reactor program. Ambassador Pickering noted that this could be a perception problem in the US, but he believed that our opposition to breeder commercialization at the present time was well known.

Mr. Lake noted that it is less dangerous, in terms of perception, to ask for the President's informal approval for the approaches to be made, than seeking the President's formal blessing. He added there are two choices we do not have to make now. One, we do not have to decide finally whether we will

SECRET

SECRET

4

move toward the generic approach until we see what quids we would get from the Europeans. Two, even if we do move eventually toward the generic approach, we need not now address the issue of whether it should be option 2 A or 2 B.

To
P.
2

Mr. Bernhard and others noted, at various points in the conversation, that regardless of how we packaged Gerry Smith's talks in Europe, they would be perceived as a shift in our policy, specifically as a weakening of the President's non-proliferation policy. We could consequently face a major public perception problem on this issue.

The consensus of the meeting was to recommend to the Secretary that the issue be discussed at the Friday breakfast. The recommendation would be to seek the President's informal approval, at the breakfast, for Gerry Smith to begin exploratory talks (not negotiations) with the Europeans in Vienna next week. The purpose of the talks will be to elicit what quid the Europeans would be willing to offer if we showed some willingness to be flexible on moving to a generic approach. It was also decided that we would recommend to the Secretary that there would be no PRC meeting on this subject.

SECRET

SECRET

Several papers were tasked. 1 - an item for the Friday breakfast which would give the Secretary appropriate background and talking points to discuss this issue with the President.

2 - a briefing memo for the Secretary which would explain what specific quids we might be able to expect from the Europeans in return for our moving toward a generic approach to the plutonium regime. An adaptation of this paper could be used for public explanation of our approach if we reach that point. 3 - the effects of this shift in policy on the commercialization of the plutonium regime, specifically, breeder reactor programs, in Europe and Japan.

SECRET