June 19, 1975
U.S. Embassy London telegram 9376 to State Department,
'Nuclear Export Policy: Bilaterals with FRG'

Citation:

Summary:
The U.S. delegation agreed to develop a policy paper that would take into account French and other views so as to reach agreement on the most “stringent” safeguards possible. A central but divisive issue was whether safeguards should apply to the entire nuclear fuel cycle (later known as “full-scope” safeguards). Another issue was whether multinational auspices for reprocessing and enrichment plants should be mandatory or a matter of discretion by a supplier country.

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EXDIS

E.O. 11652: XGDS-1
TAGS: PARM, TECH, MINUC
SUBJECT: NUCLEAR EXPORT POLICY: BILATERALS WITH FRG

1. U.S./FRG (VEST/BALKEN) BILATERALS ON NUCLEAR EXPORT POLICY ON JUNE 17 FOCUSED ON GERMAN QUESTIONS ABOUT U.S. DISCUSSION PAPER, ON WHICH THEY HAD NOT REACHED CONCLUSIONS, THEY PROVIDED NO NEW INFORMATION ON BRAZILIAN DEAL.

2. VEST INTRODUCED PAPER AS INTENDED TO BE SPRINGBOARD FOR DISCUSSION; NOTED REACTION OF UK, SOVIETS AND CANADIANS THAT THEY WOULD HAVE PREFERRED IT TO REQUIRE SAFEGUARDS ON ALL PEACEFUL NUCLEAR ACTIVITIES OF RECIPIENT; DESCRIBED FRENCH DESIRE TO COME OUT OF THIS WEEK'S MEETINGS WITH SIMPLER TEXT, INCLUDING BRACKETED ALTERNATIVES, FOR CONSIDERATION BY GOVERNMENTS; SAID WE WERE PREPARING AS POSSIBLE AID TO WEDNESDAY DISCUSSIONS ABSTRACT OF DISCUSSION PAPER WHICH WOULD HIGHLIGHT UNDERLYING PRINCIPLES AND CONCEPTS; NOTED FRENCH SUGGESTION THAT FORMAL MEETING BE HELD IN SEPTEMBER, BUT EXPRESSED SECRET

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PREFERENCE FOR JULY IF POSSIBLE AND VIEW THAT EXPANSION
OF GROUP SHOULD AVOID COMPLETION OF THIS FIRST STAGE; AND
SPOKE OF NECESSITY TO ADDRESS NEXT DAY GUIDELINES FOR HOW
THE PARTICIPANTS WOULD PLAN TO RESPOND TO PRESS AND
OTHER INQUIRIES.

3. FRG DEL NOTED DETAILED AND SOMEWHAT LEGALISTIC
NATURE OF DISCUSSION PAPER AND SAID THEY HAD A NUMBER OF
QUESTIONS, BUT WERE PREPARED TO USE PAPER AS BASIS FOR
DISCUSSION. THEY STRESSED DESIRABILITY OF MINIMIZING
IMPRESSION THAT SMALL GROUP OF RICH COUNTRIES WAS TRYING
to DICTATE TO THE REST OF THE WORLD, OR THE IMAGE OF A
CARTEL, AND THUS OF AVOIDING FORM OF DOCUMENT THAT
WOULD IMMEDIATELY CREATE SUCH A MISLEADING IMPRESSION.

AGREED WE WOULD ALL HAVE TO LIVE WITH THE UNAFFECTIVE
PUBLICITY AND THAT THE PARTICIPANTS SHOULD HARMONIZE
THEIR RESPONSES TO PRESS.

4. GERMANS ASKED IF "TRIGGER LIST" REFERRED TO ON FIRST
PAGE WAS THE SAME AS THE ZANGGER COMMITTEE LIST. U.S.
DEL EXPLAINED THAT IT ESSENTIALLY WAS, WITH CHANGES OF
FORMAT TO REMOVE CONNECTION WITH NPT AND SOME FEW
ADDITIONS (SUCH AS HEAVY WATER PLANTS, WHICH GERMANS
CONSIDERED A LOGICAL ADDITION) AND UPDATING, AND
POSSIBLE REFLECTION OF CONSUSUS ON HANDLING TECHNOLOGY
TRANSFERS.

5. IN RESPONSE TO QUESTION ABOUT MEANING OF UNPUBLISHED
TECHNOLOGY, U.S. DEL ASSURED THEM THAT THIS WAS BASICALLY
PROPRIETARY DATA.

6. GERMANS QUESTIONED EXCEPTION PERMITTING BILATERAL
SAFEGUARDS, NOTING THAT THIS WAS NOT AVAILABLE TO NPT
PARTIES AND WOULD REQUIRE BUILDING A DOMESTIC SAFEGUARDS
MECHANISM WHICH THEY WERE NOT IN A POSITION TO DO. U.S.
DEL INDICATED THAT EXCEPTION CLAUSE RESPONDED TO FRENCH
SUGGESTION AND WAS INTENDED TO COVER RARE, DE MINIMIS
CASES.

7. GERMANS EXPRESSED GENERAL AGREEMENT WITH PARAGRAPH ON
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PHYSICAL SECURITY, THAT COUNTRIES WOULD BE FREE TO GO
BEYOND THE MINIMUM STANDARDS, AND THE MEANS OF MEETING
THOSE STANDARDS WOULD BE A NATIONAL RESPONSIBILITY.

8. PRINCIPAL PROBLEMS RAISED BY GERMAN DEL WERE WITH
REQUIREMENT OF MULTINATIONAL PLANTS, INCLUDING (I) HOW,
GIVEN THE STRUCTURE OF THEIR ECONOMY, GOVERNMENT CONTROL
WOULD BE FEASIBLE; (II) THE SENSITIVITY OF RECIPIENT TO
INTERFERENCE WITH THEIR NATIONAL SOVEREIGNTY; AND (III)
QUESTIONS AS TO THE EFFECTIVENESS OF THE CONTROL ACHIEVED
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EXDIS

BY THE MULTINATIONAL STRUCTURE. U.S. DEL (KRATZER)
EXPLAINED THAT THE CENTRAL MINIMUM REQUIREMENT WE NOW
ENVISAGED WAS A SUFFICIENT SUPPLIER ROLE IN THE MANAGE-
MENT AND OPERATION OF THE PLANT TO KNOW WHAT WAS
HAPPENING. HE NOTED THE INHERENT DIFFICULTIES OF SAFE-
GUARDING REPROCESSING PLANTS EFFECTIVELY, AS WELL AS THE
FACT THAT IAEA DOES NOT ALWAYS EXERCISE ITS FULL AUTHOR-
ITY TO SAFEGUARD, AND THE POSSIBILITY OF SAFEGUARDS
BEING TERMINATED. THE GERMANS ASKED WHETHER LATTER
PROBLEM COULD NOT BE MET IN PART BY REQUIRING SAFEGUARDS
TO SURVIVE TERMINATION OF THE AGREEMENT. U.S. DEL
EXPLAINED THAT SUPPLIER ROLE IN MANAGEMENT AND OPERATION
PREFERABLE. GERMANS ASKED WHETHER IT WAS FEASIBLE TO
PLAY SUCH A ROLE, AND U.S. DEL ELABORATED ON DEPENDENCE
OF RECIPIENT ON SUPPLIER'S ASSISTANCE IN OPERATING THE
PLANT. GERMANS INDICATED THAT THIS MIGHT WELL BE SO FOR
INITIAL PERIOD OF 10 - 15 YEARS, BUT EVENTUALLY
RECIPIENT MIGHT BECOME INDEPENDENT OF SUCH HELP. THEY
ALSO NOTED RISK THAT PLANT COULD BE NATIONALIZED.

9. GERMANS ASKED A NUMBER OF QUESTIONS ABOUT NATURE OF
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SUPPLIER CONTROL, INCLUDING WHETHER WE ENVISAGED A
PRIVATE COMPANY EMPLOYEE OR A GOVERNMENT OFFICIAL IN THE
PLANT MANAGEMENT; THE MECHANISM AND DEGREE OF GOVERNMENT
CONTROL OVER HIM, IF A PRIVATE INDIVIDUAL (E.G., COULD
HE BE RECALLED BY THE GOVERNMENT); WHETHER THE SUPPLIER
REPRESENTATIVE WOULD HAVE A VETO OVER DECISIONS; AND
WHETHER MAJORITY STOCK OWNERSHIP BY THE SUPPLIER WOULD BE
NEEDED. U.S. DEL EXPLAINED REGULATIONS GOVERNING USG
RELATIONSHIP WITH NUCLEAR INDUSTRY AND INDICATED RANGE OF
POSSIBILITIES ON FIRST TWO QUESTIONS) AND GAVE NEGATIVE
ANSWERS TO THE LAST TWO. THEY EMPHASIZED, HOWEVER, THAT
PROPOSALS REGARDING SUCH SENSITIVE TECHNOLOGY REDUCED BUT
BY NO MEANS ELIMINATED RISKS, AS DEMONSTRATED BY PITFALLS
ENUNCIATED BY FRG, AND THEREFORE THAT AS NATIONAL POLICY
U.S. UNDERTOOK NO SUCH TRANSFERS. EARLIER U.S. DEL MADE
POINT THAT IN ANY EVENT U.S. CONTINUES TO ADVOCATE
MAXIMUM RESTRAINT IN TRANSFER OF SUCH TECHNOLOGY, BUT IF
TECHNOLOGY IS TRANSFERRED IT SHOULD BE UNDER STRINGENT
CONTROLS.

10. AT DINNER, FOLLOWING MEETING, VEST MADE POINT THAT
THE MORE CONTROLS THE FRG COULD INJECT INTO THE BRAZIL
SIDE, THE MORE IT WOULD HELP IN DEALING WITH CRITICISMS
ELSEWHERE. BALKEN REPLIED THIS WAS BONNS OBJECTIVE AND
IT WISHED TO KEEP US AS INTIMATELY INFORMED AS POSSIBLE.
COMMENT. KRATZER WAS TOLD RECENTLY IN BONN THAT WE WOULD
BE PROVIDED MORE FACTS ON NATURE OF FACILITIES INVOLVED
AND THAT U.S. WOULD BE PLEASANTLY SURPRISED BY DETAILS OF
ARRANGEMENT WHEN THESE BECOME KNOWN TO US.

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