

April 28, 1960

**South African Report, 'Union-United States
Cooperation in Nuclear Field: Financial Assistance'**

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Summary:

A summary of an exchange of telegrams between the US Embassy in South Africa and the US Legation in Vienna discussing the US position on any formal request by the Union of South Africa for nuclear materials.

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EMBASSY OF THE UNION OF SOUTH AFRICA
AMBASSADE VAN DIE UNIE VAN SUID-AFRIKA
WASHINGTON 8, D. C.

28th April, 1960.

Airbag (Safehand)

CONFIDENTIAL

3 MAY 1960

schedule

The Secretary for External Affairs,
PRETORIA

Union-United States Cooperation in
nuclear field: Financial Assistance.

*the London
7 telephone the
subject parts of this
report to the Philip this
morning. He will inform me
your before latter also the
acting minutes
training body should go to
AEB immediately
phone the South
give him
details
H/S*

I attach for your records, copies of the following telegrams exchanged between this Embassy and our Legation in Vienna:

- (1) Telegram No. 6 dated April 22, 1960, from Vienna;
- (2) This Embassy's reply, No. 3 of April 26, 1960; and
- (3) This Embassy's telegram No. 4 of April 28, 1960.

The latter telegrams of course convey only the gist of discussions which took place between representatives of this Embassy and the officials of the U.S.A.E.C., and you might care also to have on record a more extensive rendering of the remarks made, in particular those which tend to illuminate the American position.

It was soon apparent that the particular aid referred to in Vienna's telegram No. 6 did not fall for consideration within the framework of the 1957 agreement between the Union and the United States for cooperation in the peaceful uses of nuclear energy, but rather within that provided by President Eisenhower's original offer to assist other nations in the realization of their nuclear power projects - the "Atoms for Peace" proposal of 1954. (An A.E.C. spokesman has informed the Embassy that in none of the forty-six bilateral cooperative agreements concluded up to the present, has a provision for grants-in-aid been included).

It appears that in the initial period during which funds were appropriated for assistance to other countries in the construction of nuclear facilities, little or no difficulty was experienced by the Commission from the Congressional "watch-dog" committee, the Joint Committee on Atomic Energy.

*A copy of this minute and its annexures
was taken by Mr. Pretorius to Mr. Brink
by car on 4/5/60 at 10.45 a.m. wmf*

However/....

However, this Committee has become over the years progressively more critical of the "scramble" for nuclear capability observable particularly amongst those countries with little or no demonstrable ability to maintain a rational nuclear programme, or who might be expected to be able to pay for such programmes from domestic sources. The matter came to head when the German Federal Republic made an application for a grant of aid under the "Atoms for Peace" programme. This was at a time when the post-war viability of the German economy was becoming well known, if not notorious, and the Committee understandably raised serious objections to the application on the grounds that the Germans were sufficiently well-endowed to finance the construction of reactors themselves. Subsequent applications received from Switzerland, Sweden, Belgium, Australia and New Zealand were similarly viewed, and as a consequence, established policy is to restrict grants to those countries which might be considered to fall within the category of "less industrialized".

Mr. Wells therefore made it sufficiently clear that however much the Commission would wish to accommodate the Union - one of the first countries with whom it had entered into cooperative arrangements - the Congressional Committee would be most unlikely to accept the idea that the Union was incapable of financing its own reactor construction.

However, he also emphasized that his Commission would wish to be as helpful as possible to the Union within the framework of this policy, and instanced the possibility of the provision of equipment and/or lease of fuel as an earnest of this desire, should such assistance be requested. Mr. Wells subsequently telephoned to say that the grant of equipment was also governed by the Congressional limitation - vide my telegram No. 4 to Vienna.

It was made perfectly clear to Mr. Wells and his colleagues throughout the discussion that there was, at this stage at least, no question of an official approach, and that we were actuated only by a desire to clear the ground, and, in the event of there appearing a possibility of "closer cooperation", to enquire what administrative and/or other action would be required by the Commission to ensure such "cooperation".

Mr. Wells expressed appreciation for this approach, particularly as the strictures applied by Congress referred to above, might have compelled the Commission to return a negative reply to an official approach - a situation which the Commission

would/....

3.

like to avoid. However, he expressed interest in being given more details of the Union's research project, which would materially assist them in assessing its merits, and in exploring avenues of possible assistance not controlled so closely by Congressional financial vigilantes. If, despite the somewhat discouraging contents of my telegram No. 4 to Vienna, there should still be a desire to explore the possibility of U.S. aid, it would be useful if appropriate instructions, accompanied by relevant details of our project, could be furnished to this Embassy preferably in advance of Dr. Roux's arrival. When Wells of the Atomic Energy Commission was in Vienna recently, I spoke to him regarding the likelihood of the

Copy to Vienna.

South Africans taking up provision for Dollars 340,000 plus 50,000 (\$390,000) aid in United States/South African bilateral and he confirmed to me that in terms existing, repeat existing, legislative authority appropriate for such grants would no longer be available after June. *Richardson* individual projects might subsequently be considered. **AMBASSADOR.** write and special appropriations sought. Roux who arrived here from South Africa yesterday morning tells me Cabinet approval has been given to approach United States Government for \$350,000 aid in terms of bilateral and that he plans to discuss this further with Atomic Energy Commission on arrival Washington in June. Understood P.S. Since the above was typed, a further telegram, No. 7, has been received from Vienna, which reads as follows:-

"Schumann requested to ensure that full details of Southern University project reach you by May 15th. Preliminary memorandum being airmailed from here."

This should be read with the concluding paragraph of the report above. In circumstances please enquire from Wells whether in order to meet United States deadline it is desirable to forward information on relevant South African project prior to Roux's arrival at Washington. Full details have not yet been worked out but relevant memorandum prepared by Southern University can be forwarded as an indication of scope of project.

To enable Roux to take necessary further action please telegraph reply indicating precisely what advance information is required to reach me by April 20th.