

Approved by S
COMPLETE DISTRIBUTION
MADE IN S/S-I.

DEPARTMENT OF STATE

7613887

Date: JUL 6 1976
Initials: [Handwritten initials]

Memorandum of Conversation

DATE: May 12, 1976

NODIS

SUBJECT: Proposed Cable to Tehran on Pakistani Nuclear Reprocessing

PARTICIPANTS: The Secretary
Mr. Sonnenfeldt, Counselor
Mr. Atherton, Assistant Secretary, NEA
Mr. Bartholomew, Deputy Director, S/P
Mr. Goodby, Deputy Director, PM
Mr. Kratzer, Deputy Assistant Secretary, OES
Robert A. Peck, NEA/PAB (notetaker)

DISTRIBUTION: S(Aherne), S, S/S, WH(Rodman), C(Sonnenfeldt)
The Secretary: What is the subject?

Mr. Atherton: Our proposed cable to Helms laying out talking points for his use with the Shah on the issue of the Pakistani nuclear reprocessing project.

The Secretary: It is not clear to me what we gain from requiring a regional reprocessing plant.

Mr. Kratzer: There are several advantages, most importantly the improved control and accountability for the sensitive materials which would result from having people involved in the operation of the plant in addition to those of the host country.

The Secretary: Unless there is collusion among the parties. The Iranians and Pakistanis could simply set quotas between them for the amount of diverted materials that would go to each.

Mr. Kratzer: That is true. This is a basic problem with all physical safeguards. An additional possible restraint would be to involve one or more of the suppliers in the operation and management of the facility. No one, however, is pushing the idea of an Iranian-Pakistani joint reprocessing project as a solution to the present problem.

The Secretary: What ideas are we offering the Shah?

Mr. Atherton: Our immediate proposal is to instruct Helms to discuss our concerns frankly with the Shah and to attempt to draw out the Shah's thinking on this question.

NEA/PAB:RAPeck:rr
(Drafting Office and Officer)

5/28/76
FORM DS-1254
2-65

SECRET
X GDS-1

DECLASSIFIED
Authority NND 989759
By [signature] NARA Date 4/5/00

SECRET

-2-

The Secretary: But what is our solution?

Mr. Atherton: One possibility which would greatly strengthen our hand on this issue would be for the Shah to weigh in with Bhutto.

The Secretary: But Bhutto has said he was willing to have a joint Iranian-Pakistani project.

Mr. Bartholomew: But in Pakistan.

Mr. Atherton: We had clear indications from Etemad that the Shah is concerned about this issue, and that he believes Bhutto is aiming for a weapons program. Etemad left the impression that the Shah expects us to consult with him. Mr. Secretary, there are two recent developments which bear on this subject. Yesterday the Senate Foreign Relations Committee accepted an amendment drafted by Senator Symington which would cut off all funds for military or economic assistance to countries which either exported reprocessing facilities or received such facilities unless two conditions are met: the reprocessing facility would have to be multilateral and the recipient country would have to agree to place all its nuclear facilities under IAEA safeguards.

The Secretary: But hasn't Pakistan accepted IAEA safeguards on this project?

Mr. Kratzer: The Symington amendment requires more than IAEA safeguards on the single reprocessing facility. It would require a general agreement between the recipient country and the IAEA to place all present and future facilities under safeguards. This is also an NPT requirement.

The Secretary: Does India have such a general agreement? Does Iran?

Mr. Kratzer: India is not a party to the NPT and does not have such an agreement. Iran of course is an NPT party.

The Secretary: It is a little rough on the Pakistanis to require them to do what the Indians don't have to do.

Mr. Bartholomew: The important distinction here is that there is no economic basis for this project. Pakistan has no need for reprocessed fuel at the present time and its future needs, when they develop, could be better met in other ways.

SECRET

SECRET

-3-

The Secretary: Why do they want the reprocessing plant?

Mr. Bartholomew: They want to be in a position to produce a weapon and a reprocessing facility clearly puts them in that position.

Mr. Kratzer: They are also trying to acquire a heavy water plant even though they don't plan to build any new heavy water reactors.

Mr. Atherton: I might mention here the second point I wanted to raise and that is an intelligence report that Libya has agreed to finance the Pakistani reprocessing project in return for some unspecified future nuclear cooperation.

The Secretary: How do the negotiations stand between the Iranians and us?

Mr. Kratzer: Our meetings with Etemad here in Washington produced quite a bit of progress. Etemad wanted to talk over our proposals with the Shah.

The Secretary: What are our proposals?

Mr. Kratzer: We want to have the option to buy back the spent fuel and replace it with fresh, enriched uranium. If we don't exercise that option the Iranians would then be free to reprocess their spent fuel.

The Secretary: In their own reprocessing plant?

Mr. Kratzer: If they want one.

The Secretary: We have a request from the Germans for our views on their proposed agreement with the Iranians. What is their strategy? To make me the fall guy?

Mr. Kratzer: If there turns out to be strong criticism of the FRG-Iranian agreement they would expect we at least would indicate that we reviewed the accord in advance.

The Secretary: We are caught in the middle here. The Iranians may accuse us of dragging our feet.

Mr. Kratzer: Negotiation of our own bilateral agreement is the only matter directly between us and the Iranians.

The Secretary: What are we required to tell the Germans?

Mr. Sonnenfeldt: You need to talk with Genscher personally.

SECRET

Mr. Kratzer: The FRG-Iran agreement almost meets the test of the Symington amendment. Iran is an NPT party and the facilities would be under binational auspices.

The Secretary: But what happens when the Germans get kicked out. I am frankly getting off the multinational concept. I have endorsed it publicly, but in any region you look at it is a fraud. Pakistan does not want to be in a plant located in Iran and a plant in Pakistan would just be a cover.

Mr. Kratzer: Supplier involvement would help. The burden should be on the suppliers.

The Secretary: Look, to the extent the country thrown out has leverage in its bilateral relations it can enforce its rights, but if Brazil threw the FRG out I seriously doubt that the FRG would put its entire bilateral relationship with Brazil in jeopardy. We are the only country which is fanatical and unrealistic enough to do things which are contrary to our national interests. The Europeans are not so illogical. If you go around the world, where can you find a region where the multinational concept would apply?

Mr. Kratzer: The Far East is the best prospect.

The Secretary: Australia would never agree.

Mr. Bartholomew: The Japanese have already said they are not interested.

The Secretary: I know I have endorsed the idea, but when you study the practical application it is not so appealing. I can see a policy of opposing reprocessing, but I am not sure we should fall on our own swords to push others into multinational projects. Suppose the multinational plant were located in Pakistan. What would we have achieved?

Mr. Bartholomew: That would not be acceptable.

The Secretary: Suppose the Pakistanis came to us and said they have now got Iraq lined up to join with them--or Sri Lanka. I would not be eager to spread this technology to those countries. I am prepared to send this cable.

(To Atherton) You can sign this out for me.

(to Sonnenfeldt) I will talk to Genscher about this other matter.