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Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.

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C O R R E C T E D C O P Y TEXT PARA 6

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E.O. 11652: NA

TAGS: TECH, USIRJC

SUBJ: IRANIAN COUNTERPROPOSALS FOR ATOMIC ENERGY AGREEMENT

1. AMB JULY 22 RECEIVED LETTER FROM DR. ETEMAD DATED JULY 21, 1976, TRANSMITTING AEOI QUOTE, VIEWS ON THE MAJOR ISSUES WHICH REMAIN UNRESOLVED UNQUOTE. LETTER STATES QUOTE WE ARE READY TO RESUME DISCUSSIONS WITH REPRESENTATIVES OF YOUR GOVERNMENT IMXZHE EARNEST HOPE OF EXPDITIOUSLY REACHING AGREEMENT UNQUOTE.

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2. FOLLOWING QUOTED VERBATUM FROM ACCOMPANYING IRANIAN NOTE:

PAGE 1.

I. REPROCESSING:

A-1 WE PROPOSE THAT ARTICLE VIII C OF THE AGREEMENT (ALL REFERENCES HEREIN ARE TO THE UNITED STATES DRAFTS OF MAY 31, 1976 FOR THE AGREEMENT AND NOTE) READ AS FOLLOWS:

WHENEVER ANY MATERIAL COVERED BY THIS AGREEMENT REQUIRES REPROCESSING SUCH REPROCESSING, SHALL BE PERFORMED IN APPROPRIATE FACILITIES.

A-2 WE FURTHER PROPOSE THAT PARAGRPPHS 4, 5, 6, 7 AND 8 OF THE NOTE READE AS FOLLOWS:

THE UNITED STATES HAS ALSO NOTED WITH PLEASURE IRAN'S DESIRE TO EXERCISE LEADERSHIP IN FURTHERANCE OF THE OBJECTIVES OF THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS TO WHICH IRAN IS A PARTY, AND ITS INTENTION, IF IT SHOULD UNDERTAKE SENSITIVE FUEL CYCLE ACTIVITIES IN IRAN, TO DO SO UNDER CONDITIONS WHICH DEMONSTRATE IN THE MOST EFFECTIVE POSSIBLE WAY THAT SUCH ACTIVITIES ARE BEING CONDUCTED IN ACCORDANCE WITH THE OBJECTIVES OF THE TREATY. THE UNITED STATES UNDERSTANDS THAT IRAN PLANS TO CONSULT WITH THE UNITED STATES AT SUCH TIME AS IT APPEARS THAT ANY MATERIAL COVERED BY THIS AGREEMENT REQUIRES REPROCESSING. EXPECTING THE UNITED STATES TO ASSIST IRAN IN ESTABLISHING REPROCESSING FACILITIES. THE UNITED STATES ALSO APPRECIATES HAVING BEEN ADVISED THAT IRAN WILL BE PREPARED, IN CONNECTION WITH THE ESTABLISHMENT OF SUCH FACILITIES, TO INVITE THE ADMINISTRATION OR SUCH PERSONS FROM THE UNITED STATES THAT SHALL SUPPLY THE NEEDED TECHNOLOGY AND EQUIPMENT TO PARTICIPATE ACTIVELY IN THEIR MANAGEMENT, OPERATION AND FINANCING, AND IS PREPARED TO GIVE APPROPRIATE CONSIDERATION TO THIS INVITATION WHEN SUCH FACILITIES ARE TO BE ESTABLISHED.

PAGE 2.

THE PARTIES UNDERSTAND THAT ANY UNITED STATES PARTICIPATION IN SUCH FACILITIES SHALL BE COMMENSURATE WITH THE RESPECTIVE UNITED STATES ECONOMIC AND FINANCIAL CONTRIBUTION TO THE FACILITIES ON THE BASIS OF REASONABLE COMMERCIAL PRACTICE. FURTHERMORE, SUCH FACILITIES SHALL BE SUBJECT TO THE SAFEGUARDS OF

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ARTICLE XI OF THE AGREEMENT.

MAJORITY CONTROL OR VETO POWER SHALL NOT BE REQUIRED TO AFFORD THE "ACTIVE PARTICIPATION" CONTEMPLATED IN THE PARAGRAPH BEFORE LAST. THE IMPERIAL GOVERNMENT OF IRAN SHALL HAVE THE RIGHT TO EFFECTIVE CONTROL OF THE MANAGEMENT AND OPERATION OF THE REPROCESSING FACILITIES.

IN THE COURSE OF DISCUSSIONS OF THIS SUBJECT, REPRESENTATIVES OF THE IMPERIAL GOVERNMENT OF IRAN POINTED OUT THAT THE POSSIBILITY EXISTS THAT, NOTWITHSTANDING ITS DESIRE, IRAN MAY FIND, AT A GIVEN TIME, THAT REPROCESSING IN IRAN IS NOT ADVISABLE. THE PARTIES AGREE THAT IN SUCH EVENT, AT THE REQUEST OF IRAN, THE REPROCESSING OF MATERIALS COVERED BY THIS AGREEMENT SHALL TAKE PLACE IN FACILITIES AVAILABLE TO THE UNITED STATES, AND IRAN SHALL HAVE THE EXCLUSIVE RIGHT TO THE RESULTS THEREOF. IF SUCH FACILITIES ARE NOT AVAILABLE, THEN IRAN MAY TRANSFER TITLE TO IRRADIATED SPECIAL NUCLEAR MATERIAL SUBJECT TO ARTICLE X, PARAGRAPH (2) OF THE AGREEMENT TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA OR AUTHORIZED PERSONS UNDER ITS JURISDICTION.

WHEN IRRADIATED SPECIAL NUCLEAR MATERIAL IS THUS TRANSFERRED FROM IRAN, THE UNITED STATES SHALL TRANSFER TO IRAN A QUANTITY OF URANIUM ENRICHED IN ISOTOPE U-235 EQUIVALENT IN ENERGY VALUE TO THE

PAGE 3.

RECOVERABLE SPECIAL NUCLEAR MATERIAL CONTAINED IN THE IRRADIATED FUEL SO TRANSFERRED.

ALTERNATIVELY, THE PARTIES MAY AGREE THAT THE COMPENSATION FOR IRRADIATED SPECIAL NUCLEAR MATERIAL TRANSFERRED FROM IRAN MAY CONSIST OF FINANCIAL COMPENSATION FOR THE VALUE OF THE RECOVERABLE SPECIAL NUCLEAR MATERIAL CONTAINED IN THE IRRADIATED MATERIAL SO TRANSFERRED. THE GOVERNMENT OF THE UNITED STATES IS ALSO PLEASED TO TAKE THIS OPPORTUNITY TO REAFFIRM THAT, WITH RESPECT TO IMPLEMENTATION OF ARTICLE VIII, PARAGRAPH C THE UNITED STATES WILL IN NO CIRCUMSTANCES SEEK TO GAIN ANY COMMERCIAL ADVANTAGE. THE GOVERNMENT OF THE UNITED STATES, IN RESPONDING TO REQUESTS FOR ENDORSING REPROCESSING ACTIVITIES IN IRAN, HAS TAKEN

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INTO ACCOUNT ALL RELEVANT CIRCUMSTANCES, INCLUDING PARTICULARLY THE FACT THAT IRAN IS A PARTY TO THE TREATY ON THE NON-PROLIFERATION OF NUCLEAR WEAPONS, AND THAT THE PROVISION OF ARTICLE VIII, PARAGRAPH C ACCORDS WITH THE NON-PROLIFERATION OBJECTIVES OF MUTUAL INTEREST TO BOTH PARTIES TO THE AGREEMENT.

B-COMMENTS

1. IRAN CONSIDERS REPROCESSING AS AN IMPORTANT "DOWN STREAM" ACTIVITY, AND FOR OBVIOUS SECURITY OF SUPPLY AND ECONOMIC REASONS SERIOUSLY INTENDS TO HAVE IT PERFORMED IN FACILITIES ESTABLISHED IN IRAN.

2. THE UNITED STATES DESIRING TO SELL A LARGE NUMBER OF POWER PLANTS, IN ALL FAIRNESS SHOULD BE PREPARED TO SUPPLY IRAN WITH THE MEANS TO ESTABLISH ALL FACILITIES WHICH IN THE OPINION OF THE IRANIAN GOVERNMENT CONSTITUTE INTEGRAL PARTS OF ITS NUCLEAR POWER PROGRAM.

PAGE 4.

3. IRAN COULD NOT BUT EXPECT TO HAVE EFFECTIVE CONTROL OF THE MANAGEMENT AND OPERATION OF FUEL CYCLE FACILITIES, INCLUDING REPROCESSING FACILITIES, ESTABLISHED HERE.

4. IRAN IS PREPARED TO ALLOW ACTIVE PARTICIPATION IN THE MANAGEMENT AND OPERATION OF ITS REPROCESSING FACILITIES TO THE GOVERNMENT OF THE UNITED STATES OR SUCH ENTITIES FROM THE UNITED STATES THAT SHALL SUPPLY THE NEEDED TECHNOLOGY AND EQUIPMENT. THAT PARTICIPATION, HOWEVER, SHOULD NOT UNDERMINE IRAN'S EFFECTIVE CONTROL OF ITS FUEL CYCLE PROGRAM. IT THUS HAS TO BE A MINORITY VOTING RIGHT WITHOUT A VETO POWER. FURTHERMORE, WHILE IRAN DOES NOT WISH TO EXCLUDE THIRD PARTY PARTICIPATION, IT DOES NOT SEE ANY REASON TO EXPRESS THIS VIEW IN A BILATERAL AGREEMENT.

5. IRAN MAINTAINS THAT ANY "PARTICIPATION" IN IRANIAN REPROCESSING FACILITIES BY OTHERS MUST BY WHOLE. THUS ONLY COMMENSURATE WITH THEIR ECONOMIC AND FINANCIAL CONTRIBUTION TO THE FACILITIES, OTHER NATIONS COULD EXPECT A SHARE IN MANAGEMENT AND OPERATION. OTHERWISE, IRAN ALONE WOULD BE FOOTING THE BILL FOR THE NONPROLIFERATION OBJECTIVES. THAT, AS PURELY ECONOMIC PROPOSITION, IS UNACCEPTABLE TO IRAN.

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6. IRAN SHOULD RETAIN FULL RIGHT TO THE RESULTS OF THE REPROCESSING DONE WITHIN IN IRAN, OR IN FACILITIES ELSEWHERE.

7. FURTHERMORE, IRAN SHOULD HAVE FULL RIGHT TO DECIDE WHETHER TO REPROCESS OR OTHERWISE DISPOSE OR TREAT THE MATERIALS PROVIDED UNDER THE AGREEMENT, SUBJECT OF THE LEGITIMATE RESTRICTIONS OF THE AGREEMENT, THE PRINCIPLES OF WHICH ARE THE SAFEGUARDS OF ARTICLE XI.

PAGE 5.

8. WHILE IRAN IS WILLING TO CONSIDER "THE HIGH LEVEL COMMUNICATION" AS THE SUBSTITUTE FOR THE NOTE FOR THE MEDIUM OF EXPRESSION, THE PARTICULARS OF BOTH NEED TO BE CAREFULLY REVIEWED.

9. THE CONSTRUCTION OF EXPERIMENTAL AND COMMERCIAL FAST BREEDER REACTORS IS A PART OF IRAN'S ATOMIC ENERGY PROGRAM. THE PLUTONIUM RESULTING FROM REPROCESSING UNDER THIS AGREEMENT MIGHT BE NEEDED FOR USE IN SUCH BREEDER REACTORS AS IRAN MAY ESTABLISH.

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II. PHYSICAL SECURITY

A-1 WE PROPOSE THAT ARTICLE VII E OF THE AGREEMENT
READ AS FOLLOWS:

THE PARTIES, UNLESS THEY OTHERWISE AGREE, SHALL APPLY TO MATERIALS
AND EQUIPMENT TRANSFERRED OR PRODUCED UNDER THIS AGREEMENT, THE
STANDARDS SET FORTH IN DOCUMENT INFCIRC/225 OF THE INTERNATIONAL
ATOMIC ENERGY AGENCY (IAEA), AS WELL AS IN IAEA REQUIREMENTS
OR RECOMMENDATIONS SUPPLEMENTING, AMENDING, OR REPLACING
SAID DOCUMENT. THE PARTIES SHALL CONSULT ON THEIR EXPERIENCE
REGARDING THE APPLICATION OF SUCH STANDARDS.

A-2 WE FURTHER PROPOSE THAT PARAGRAPH 9 OF THE NOTE BE DELETED.

B-COMMENTS

THE PROPOSED DRAFT OF ARTICLE VIII E IS IN CONFORMITY WITH THE PROVISIONS WHICH IRAN HAS AGREED TO IN THE ARRANGEMENTS FOR COOPERATION IN THE PEACEFUL USES OF ATOMIC ENERGY WITH OTHER COUNTRIES. IT IS APPARENT THAT IRAN SHOULD FOLLOW THE SAME STANDARDS OF PHYSICAL SECURITY WITH REGARD TO ALL ITS ATOMIC MATERIALS AND EQUIPMENT, REGARDLESS OF THE SOURCE OF SUPPLY.

III. SAFEGUARDS

A- WE PROPOSE THAT PARAGRAPH 11 OF THE NOTE BE DELETED.

B- COMMENTS

MAKING INFORMATION ON THE IMPLEMENTATION OF THE SAFEGUARDS AGREEMENT WITH IAEA AVAILABLE TO THIRD PARTIES WOULD BE CONTRARY BOTH TO THE IAEA PRACTICE AND TO THE SPIRIT WITH WHICH THE IAEA'S SAFEGUARD SERVICES ARE RENDERED.

IV. STOCK-PILING SPECIAL NUCLEAR MATERIAL

A- WE PROPOSE THE ADDITION OF THE FOLLOWING AS THE PENULTIMATE PARAGRAPH OF THE NOTE:

WITH RESPECT TO ARTICLE VIII, SUB-PARAGRAPH B(2), THE GOVERNMENT OF THE UNITED STATES CONFIRMS THE UNDERSTANDING THAT NEITHER THE PROVISIONS OF ARTICLE VIII, SUB-PARAGRAPH B(1) AND ARTICLE VI B, NOR ANY OTHER PROVISION IN THIS AGREEMENT IMPOSE ANY CEILING OTHER THAN THAT ESTABLISHED BY THE FINAL PROVISION OF ARTICLE IX, ON THE QUANTITY OF URANIUM ENRICHED IN THE ISOTOPE U-235 WHICH MAY BE TRANSFERRED TO IRAN UNDER ARTICLE VIII, SUB-PARAGRAPH B(2).

B- COMMENTS

1. THE NEW PARAGRAPH IN THE NOTE IS PROPOSED TO PREVENT ANY "BOOTSTRAPPING" INTERPRETATION WHICH MAY ALLOW IMPOSING THE "ONLY NECESSARY AT THE TIME" CEILING ON THE ENRICHED URANIUM THAT MAY BE TRANSFERRED TO IRAN UNDER ARTICLE VIII, SUB-PARAGRAPH B(2). THAT INTERPRETATION

WOULD USE THE REFERENCE IN ARTICLE VIII, SUB-PARAGRAPH B(1) TO ARTICLE VI, AND WOULD ARGUE THAT NOTWITHSTANDING THE INITIAL REFERENCE IN ARTICLE VIII, SUB-PARAGRAPH B(1) TO "THE PROVISIONS OF SUB-PARAGRAPH B(2)", THE SAID CEILING COULD BE IMPOSED ON "ARRANGEMENTS" FOR THE TRANSFER OF SPECIAL NUCLEAR MATERIAL UNDER ARTICLE VIII, SUB-PARAGRAPH B(2), IT SHOULD BE NOTED THAT THE AGREEMENT AUTHORIZES SUCH ARRANGEMENTS IN ARTICLE VI, PARAGRAPH B.

THE PROPOSED NEW PARAGRAPH OF THE NOTE SHOULD MAKE CLEAR THAT THE PARTIES AGREE TO STOCK-PILING IN IRAN, UP TO THE CEILING OF ARTICLE IX, OF ENRICHED URANIUM OBTAINED THROUGH IRAN'S INVESTMENT IN URANIUM ENRICHMENT FACILITIES IN THE UNITED STATES.

V. DEFINITION OF SAFEGUARDS

A- WE PROPOSE THAT ARTICLE I, PARAGRAPH (11) READ AS FOLLOWS:

"SAFEGUARDS" MEANS A SYSTEM OF CONTROLS DESIGNED TO ASSURE THAT ANY MATERIALS, EQUIPMENT AND DEVICES COMMITTED TO THE PEACEFUL USES OF ATOMIC ENERGY ARE NOT USED TO FURTHER THE DEVELOPMENT OF ANY NUCLEAR WEAPON.

B- COMMENT

INJUNCTION AGAINST USE FOR "ANY MILITARY PURPOSE", AS INDICATED IN THE DRAFT OF THE NOTE IS TOO BROAD. FOR EXAMPLE, IT COULD UNDULY INHIBIT THE USE OF RADIOISOTOPES OR RADIATION SOURCES FOR SPECIFIC APPLICATION IN DEFENSE PROGRAMS SUCH AS NON-DESTRUCTIVE TESTING OR SIGNALIZATION. THE PROPOSED INJUNCTION AGAINST THE USE OF WHAT IS PROVIDED UNDER THE AGREEMENT FOR THE DEVELOPMENT OF NUCLEAR WEAPON SHOULD CONVEY THE PARTIES INTENT MORE EXACTLY.

VI. DEFINITION OF SOURCE MATERIAL

A- WE PROPOSE THAT ARTICLE I, PARAGRAPH (12) READ AS FOLLOWS:

"SOURCE MATERIAL" MEANS URANIUM CONTAINING THE MISTURE OF ISOTOPES OCCURRING IN NATURE; URANIUM DEPLETED IN THE ISOTOPE 235; THORIUM; ANY OF THE FOREGOING IN THE FORM OF METAL, ALLOY,

CHEMICAL COMPOUND, OR CONCENTRATE; ANY OTHER MATERIAL CONTAINING ONE OR MORE OF THE FOREGOING.

B- COMMENT

1. UNILATERAL FUTURE DESIGNATION BY EITHER PARTY OF ANY MATERIAL AS SOURCE MATERIAL IS DELETED AS IT WOULD PROVIDE UNPREDICTABLE AND UNACCEPTABLE DISCRETION.
2. THE PROPOSED DEFINITION IS CURRENT AT IAEA.

VII. DEFINITION OF SPECIAL NUCLEAR MATERIAL

A- WE PROPOSE THAT ARTICLE I, PARAGRAPH (13) READ AS FOLLOWS:

"SPECIAL NUCLEAR MATERIAL" MEANS PLUTONIUM, URANIUM ENRICHED IN THE ISOTOPE 233 OR IN THE ISOTOPE 235; ANY MATERIAL CONTAINING ONE OR MORE OF THE FOREGOING.

B-COMMENTS

1. UNILATERAL FUTURE DESIGNATION BY EITHER PARTY OF ANY MATERIAL AS SPECIAL NUCLEAR MATERIAL IS DELETED AS IT WOULD HAVE PROVIDED UNACCEPTABLE DISCRETION, E.G. , WITH RESPECT TO THE PROVISIONS OF ARTICLE VIII, SUB-PARAGRAPH B(1).
2. THE PROPOSED DEFINITION IS CURRENT AT IAEA.

VIII. EXISTING LAWS AND REGULATIONS

A- WE PROPOSE THAT ARTICLE II, PARAGRAPH A READ AS FOLLOWS:

SUBJECT TO THE PROVISIONS OF THE AGREEMENT, THE AVAILABILITY OF PERSONNEL AND MATERIAL, AND THE EXISTING APPLICABLE LAWS, TREATIES, REGULATIONS, AND LICENSE REQUIREMENTS IN THEIR RESPECTIVE COUNTRIES, THE PARTIES SHALL CO-OPERATE WITH EACH OTHER IN THE ACHIEVEMENT OF THE USES OF ATOMIC ENERGY FOR PEACEFUL PURPOSES.

B- COMMENT

WHILE THE RESTRICTIONS OF THE EXISTING LAWS, TREATIES, REGULATIONS, AND LICENSE REQUIREMENTS ARE ACCEPTABLE, THOSE IMPOSED BY THE FUTURE ONES ARE NOT. THE TERM "EXISTING" WHICH WE PROPOSE INSTEAD OF "IN FORCE", CONVEYS THAT INTENT MORE CLEARLY AND LESS AMBIGUOUSLY.

I. EXPORT AND IMPORT LICENSES

A- WE PROPOSE THAT THE FOLLOWING BE ADDED AS THE NEW ARTICLE II, PARAGRAPH B; AND THE EXISTING ARTICLE II, PARAGRAPH B BE DESIGNATED AS ARTICLE II, PARAGRAPH C.

UPON REQUEST BY AN EXPORTER OR IMPORTER RESPECTIVELY AND IN ACCORDANCE WITH THE LAWS AND REGULATIONS APPLICABLE IN THE TERRITORIES OF THE PARTIES, EXPORT AND IMPORT LICENSES SHALL BE ISSUED WITH REGARD TO MATERIALS, EQUIPMENT AND TECHNOLOGY NECESSARY FOR THE IMPLEMENTATION OF THIS AGREEMENT OR OF ARRANGEMENTS UNDER ITS ARTICLE VI, OR OF CONTRACTS UNDER THEM.

B- COMMENTS

WE WISH TO HAVE THIS MUTUAL INTENT OF THE PARTIES TO ISSUE THE NEED EXPORT AND IMPORT LICENSES BE EXPRESSLY STATED IN THE AGREEMENT.

X. EXCHANGE OF INFORMATION OTHER THAN GOVERNMENT-CLASSIFIED

A- WE PROPOSE THAT ARTICLE III READ AS FOLLOWS:

SUBJECT TO THE PROVISIONS OF ARTICLE II, THE PARTIES SHALL EXCHANGE INFORMATION WITH RESPECT TO THE APPLICATION OF ATOMIC ENERGY TO PEACEFUL PURPOSES AND THE CONSIDERATIONS OF HEALTH AND SAFETY CONNECTED THEREWITH. GOVERNMENT-CLASSIFIED INFORMATION MAY BE EXCLUDED FROM SUCH EXCHANGE UNLESS PRIOR APPROVAL IS GRANTED BY THE COMPETENT AUTHORITIES OF THE RESPECTIVE COUNTRY. THE EXCHANGE OF INFORMATION PROVIDED FOR IN THIS ARTICLE WILL BE ACCOMPLISHED THROUGH VARIOUS MEANS, INCLUDING REPORTS, CONFERENCES AND VISITS TO FACILITIES.

B-COMMENT

"UNCLASSIFIED INFORMATION", LEFT UNDEFINED AS IN THE EXISTING

DRAFT, COULD EXCLUDE INFORMATION CLASSIFIED BY PRIVATE FIRMS
FOR COMMERCIAL REASON. OUR PROPOSAL MAKES CLEAR THAT
ONLY GOVERNMENT-CLASSIFIED INFORMATION MAY REASONABLY BE
WITHHELD IN THIS EXCHANGE TO IMPLEMENT A COOPERATION
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XI. POLICIES CONCERNING AUTHORIZED PERSONS

A- WE PROPOSE THAT ARTICLE VI, PARAGRAPH C BE DELETED.

B- COMMENTS

THE REFERENCE IN THE EXISTING ARTICLE VI, PARAGRAPH C TO ARTICLE II AND "THE OTHER APPLICABLE CONDITIONS SET FORTH IN THIS AGREEMENT" IS AT BEST SUPERFLUOUS AND THEREFORE SHOULD BE DELETED. OBVIOUSLY, IN INTERPRETING ARTICLE VI,

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PARAGRAPHS A AND B, OTHER PARTS OF THE AGREEMENT ARE TAKEN INTO ACCOUNT, ESPECIALLY ARTICLE II, AND "OTHER APPLICABLE CONDITIONS", IF ANY, HOWEVER, MAKING THE ARRANGEMENTS OF ARTICLE VI SUBJECT TO "THE POLICIES OF THE PARTIES WITH REGARD TO TRANSACTIONS INVOLVING THE AUTHORIZED PERSON", AS ARTICLE VI, PARAGRAPH C DOES, IS INTRODUCING A NEW RESTRICTION, NOT SET FORTH IN ARTICLE II. FURTHERMORE, POLICIES, UNLIKE LAWS AND REGULATIONS, ARE RATHER IMPRECISE AND DIFFICULT TO ASCERTAIN. WE WOULD PREFER NOT TO HAVE THIS FURTHER CONDITION IMPOSED ON OUR COOPERATION.

PAGE 16.

XII. TRANSFER TO THIRD COUNTRIES-SPECIAL NUCLEAR MATERIAL

A- WE PROPOSE THAT ARTICLE VIII, PARAGRAPH D READ AS FOLLOWS:

SPECIAL NUCLEAR MATERIAL PRODUCED THROUGH THE USE OF MATERIAL, INCLUDING EQUIPMENT AND DEVICES, SUBJECT TO ARTICLE X, PARAGRAPH (2) OF THIS AGREEMENT MAY BE TRANSFERRED TO ANOTHER NATION OR GROUP OF NATIONS, PROVIDED THAT THE ADMINISTRATION AGREES THAT SUCH NATION OR GROUP OF NATIONS HAS AN APPROPRIATE AGREEMENT FOR COOPERATION WITH THE GOVERNMENT OF THE UNITED STATES OF AMERICA OR SUCH NATION OR GROUP OF NATIONS GUARANTEES TO THE PARTIES THE USE OF SUCH SPECIAL NUCLEAR MATERIAL FOR PEACEFUL PURPOSES UNDER THE SAME SAFEGUARDS AS THOSE PROVIDED IN ARTICLE XI AND XII.

B- COMMENT

1. THE SAFEGUARDS THAT WE SHALL APPLY OURSELVES SHOULD BE ADEQUATE WITH RESPECT TO OUR TRANSFERREES. WE COULDN'T REASONABLY ASK MORE.

2. "OTHER ARRANGEMENTS ACCEPTABLE TO THE PARTIES" IN THE EXISTING ARTICLE VIII, PARAGRAPH D IS DELETED AS ITS MEANING IS AT BEST AMBIGUOUS AND ITS IMPLICATIONS OPEN-ENDED.

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XIII. IRAN'S OPTION WITH RESPECT TO THE ENRICHED URANIUM FROM IRAN'S INVESTMENT IN THE UNITED STATES

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A- WE PROPOSE THAT ARTICLE IX, PARAGRAPH B READ AS FOLLOWS:

IN THE EVENT THAT THE IMPERIAL GOVERNMENT OF IRAN ENTERS INTO AN AGREEMENT OR AGREEMENTS ENTITLING IT TO A PORTION OF THE SEPARATIVE WORK OUTPUT OF A URANIUM ENRICHMENT FACILITY OR FACILITIES IN THE UNITED STATES OF AMERICA IN WHICH IT HAS INVESTED, THE QUANTITY OF SEPARATIVE WORK REQUIRED TO PRODUCE THE URANIUM ENRICHED IN THE ISOTOPE U-235 WHICH MAY BE TRANSFERRED UNDER THIS AGREEMENT FOR STORAGE WITHIN IRAN OR USE AS FUEL IN REACTORS IN IRAN FOR POWER APPLICATIONS, OR BOTH MAY INCLUDE, AT THE DISCRETION OF THE IMPERIAL GOVERNMENT OF IRAN, ALSO THAT AMOUNT OF SEPARATIVE WORK TO WHICH THE IMPERIAL GOVERNMENT OF IRAN IS ENTITLED PURSUANT TO SUCH AGREEMENT OR AGREEMENTS; PROVIDED, HOWEVER, THAT THE TOTAL AMOUNT OF SEPARATIVE WORK REQUIRED TO PRODUCE THE URANIUM ENRICHED IN THE ISOTOPE U-235 WHICH IS TRANSFERRED UNDER THIS AGREEMENT FOR STORAGE WITHIN IRAN OR USE AS FUEL IN REACTORS IN IRAN FOR POWER APPLICATIONS, OR BOTH, SHALL NOT EXCEED THAT NECESSARY TO SUPPORT THE FUEL CYCLES OF REACTORS HAVING A TOTAL INSTALLED CAPACITY OF TWENTY-THREE THOUSAND (23,000) MEGAWATTS ELECTRIC.

B- COMMENTS

THE MINOR CORRECTION IN THE TEXT MAKES IT CLEAR THAT THE TRANSFER OF THE ADDITIONAL SEPARATIVE WORK ONLY REQUIRES DECISION BY IRAN.

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XIV. TRANSFER OF THIRD PARTIES-MATERIALS

A- WE PROPOSE THAT ARTICLE X, PARAGRAPH 3 READ AS FOLLOWS:

NO MATERIAL, INCLUDING EQUIPMENT AND DEVICES, TRANSFERRED TO THE IMPERIAL GOVERNMENT OF IRAN OR TO AUTHORIZED PERSONS UNDER ITS JURISDICTION PURSUANT TO THIS AGREEMENT OR THE SUPERSEDED AGREEMENT WILL BE TRANSFERRED TO UNAUTHORIZED PERSONS OR BEYOND THE JURISDICTION OF THE IMPERIAL GOVERNMENT OF IRAN UNLESS SUCH TRANSFERREES GUARANTEES TO THE PARTIES THE USE OF SUCH MATERIAL FOR PEACEFUL PURPOSES UNDER THE SAME SAFEGUARDS AS THOSE PROVIDED IN ARTICLE XI AND XII.

B- COMMENTS

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SEE COMMENTS UNDER POINT XII. WE COULD NOT EXPECT GREATER RESTRICTION WITH RESPECT TO THE TRANSFER OF "MATERIAL", THAN "SPECIAL NUCLEAR MATERIAL".

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XV. TERM AND PLACE OF SIGNING.

A- WE PROPOSE THAT ARTICLE XV READ AS FOLLOWS:

EACH OF THE PARTIES SHALL PROVIDE THE OTHER PARTY WITH WRITTEN NOTIFICATION THAT IT HAS COMPLIED WITH ITS STATUTORY AND CONSTITUTIONAL REQUIREMENTS FOR ENTRY INTO FORCE OF THIS AGREEMENT. THIS AGREEMENT SHALL ENTER INTO FORCE ON THE DATE ON WHICH ONE OF THE PARTIES HAS RECEIVED THE LETTER OF SUCH NOTIFICATIONS, AND SHALL REMAIN IN FORCE FOR A PERIOD OF FIFTEEN YEARS. THE FIFTEEN-YEAR PERIOD MAY BE EXTENDED FOR SUCH ADDITIONAL PERIOD AS MAY BE AGREED BETWEEN THE PARTIES IN ACCORDANCE WITH THEIR STATUTORY AND CONSTITUTIONAL REQUIREMENTS.

IN WITNESS WHEREOF, THE UNDERSIGNED, DULY AUTHORIZED, HAVE SIGNED THIS AGREEMENT.

DON IN IN DUPLICATE, IN THE ENGLISH AND PERSIAN LANGUAGES, BOTH EQUALLY AUTHENTIC, THIS DAY 19 .

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

FOR THE IMPERIAL GOVERNMENT OF IRAN:

3. EMBASSY COMMENT: IS IS EVIDENT THAT DESPITE AGREEMENT IN PRINCIPLE TO THE QUOTE "SUGGESTED APPROACH UNQUOTE PROPOSED BY THE U.S. SIDE IN APRIL, 1976, DR. ETEMAD DOES NOT ACCEPT A U.S. VETO ON REPROCESSING OF U.S.-SUPPLIED FUEL OF FUEL IRRADIATED IN U.S.- SUPPLIED REACTORS. SOME OF HIS OTHER PROPOSED CHANGES IN THE MAY 31, 1976, U.S. DRAFT MAY BE LESS OBJECTIONABLE. PLEASE ADVISE WHETHER THE DEPARTEMTN/ERDA WILL BE PREPARED TO ENTER INTO FURTHER NEGOTIATIONS IN THE ROUND OF COMMITTEE MEETINGS PRIOR TO THE FORTHCOMING MEETING

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DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

MESSAGE CENTER

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