



DEPARTMENT OF STATE

Washington, D.C. 20520

NSC UNDER SECRETARIES COMMITTEE

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NSC-U/DM-7A

December 4, 1974

TO: The Deputy Secretary of Defense
The Assistant to the President for
National Security Affairs
The Director of Central Intelligence
The Chairman of the Joint Chiefs of Staff
The Chairman, Atomic Energy Commission
The Director, Arms Control and Disarmament
Agency
The Director, United States Information
Agency

SUBJECT: US Nuclear Non-Proliferation Policy

The Chairman has forwarded the attached memorandum to the President. A copy is hereby provided for your information.

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Authority NND 023070
Ex. 102 NARA 12/16/02

Wreatham E. Gathright

Wreatham E. Gathright
Staff Director

Attachment:

As stated

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THE DEPUTY SECRETARY OF STATE
WASHINGTON

NSC UNDER SECRETARIES COMMITTEE

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NSC-U/DM-7A

December 4, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: U.S. Nuclear Non-Proliferation Policy

NSSM 202 directed a review of present U.S. policy concerning non-proliferation and the Non-Proliferation Treaty (NPT) in light of the Indian nuclear test. A recently updated NSSM 156 study is a companion paper that focuses on the specific options open to us in dealing with India. The policy decisions in NSDM 255 concerning consultations regarding multilateral supplier controls over transfers of nuclear materials, technology, and equipment, have been taken into account in this review.

On the basis of the review done pursuant to NSSM 202, the Under Secretaries Committee, recognizing that the proliferation problem is at a crucial juncture, recommends an intensified program to inhibit the further spread of independent nuclear explosives capabilities. This program would exploit the common interest of many key countries in inhibiting proliferation by providing for concerted action. The U.S. could both support such action and, where appropriate, catalyze more effective international coordination.

The Under Secretaries Committee recognizes that we might only be able to delay further proliferation however determined our anti-proliferation efforts may be, but concludes that U.S. national security objectives can be served even with a non-proliferation strategy that is only partially effective. It would be desirable

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to defer the disadvantages associated with an expanded number of nuclear powers as long as possible, while seeking to create conditions which might ultimately check such expansion.

In the short run, the most effective approach to slowing down the spread of nuclear weapons is for the advanced nuclear industrial states to tighten controls on weapons-usable material and related production capabilities. Proliferation can also be limited through maintaining and making more widely applicable the legal and political barriers to acquisition of independent nuclear explosives capabilities. In addition to the policy actions presented below, a successful non-proliferation strategy will be affected particularly by the confidence of non-nuclear weapon states that their security needs can continue to be met without recourse to independent nuclear forces. It will also be affected by perceptions of these states regarding progress in U.S.-Soviet nuclear arms limitations.

As a series of near-term non-proliferation steps, it is recommended that:

1. Through consultations with nuclear industrial states, particularly the U.S.S.R. and France, and a conference of such states, the U.S. should pursue coordinated policies designed to:

-- Ensure that international safeguards are both effective and widely applied to peaceful international nuclear cooperation by seeking to strengthen the political, financial, and technical base of the International Atomic Energy Agency (IAEA) safeguards program, and by requiring that such safeguards be placed on nuclear material and equipment exported by these states or material derived from these exports, at least to the extent indicated by the guidelines issued by the Zangger (Nuclear Exporters') Committee. Considerations should also be given to: (a) expanding these guidelines to cover sensitive nuclear technology and additional equipment; and (b) developing concerted policies to secure IAEA safeguards to the maximum extent possible on peaceful nuclear programs of non-nuclear weapons states who are not NPT parties.

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-- Restrict the spread of independent national uranium enrichment and chemical reprocessing facilities through: (a) reaching common principles regarding the supply of sensitive technology, equipment and assistance in the construction of national facilities; and (b) encouraging multinational plants (or bilateral plants involving the U.S.) capable of satisfying future world demands for reliable and economic commercial services in these fields. In this connection, non-proliferation considerations should be factored into U.S. policy decisions with respect to future availability and supply of uranium enrichment services.

-- Impose special conditions on nuclear exports to countries in sensitive regions, such as certain areas in the Middle East, in order to minimize the accumulation of plutonium and other special nuclear material. These conditions would include such provisions as requiring that reprocessing, storage and fabrication of plutonium derived from supplied nuclear material or equipment take place in mutually-agreed facilities outside the country or region in question. In the case of NPT parties, less stringent conditions should be arranged, if compatible with our overall non-proliferation interests.

-- Establish specific physical security standards to be included as a condition of nuclear cooperation, and strengthen international efforts to achieve widespread adoption and maintenance of meaningful physical security measures on nuclear material. In this connection, the U.S. should advocate that the IAEA be the forum for drafting a physical security convention.

-- Minimize the risk of indigenous "peaceful" nuclear explosive (PNE) development in non-nuclear weapons states not party to the NPT through: (a) seeking agreement by non-NPT parties that they will not in any way assist any NNWS to develop or acquire PNEs; (b) requiring explicit confirmation that nuclear material exported, or derived from the use of exports, will not be used for any nuclear explosives; and (c) establishing that all nuclear materials subject to IAEA safeguards may not be used for any nuclear explosives.

2. In conjunction with other NPT proponents, the U.S. should intensify efforts in support of the treaty and in seeking early ratification by key non-nuclear

-- Support for the FRG, UK, and other European countries in their high-level contacts with the Italian Government to convey both the importance of early NPT ratification and the relationships of such ratification to the ability of NPT parties to continue nuclear supplies to the European Communities.

-- High-level communications with the Japanese designed to remove any doubt about the continued importance of such ratification to the U.S. and other NPT proponents as an essential contribution to international stability and long-term progress toward nuclear arms control, and as helping to ensure a maximum role for Japan in international nuclear commerce and at the NPT Review Conference in May 1975.

-- Appropriate actions designed to achieve ratification by other prospective NPT participants, and encouragement of a common recognition by nations unlikely to adhere to the treaty in the near-term that the further spread of independent nuclear explosives capabilities endangers the security of all states.

-- Development of visible ways, consistent with the policies set forth in recommendation 1 above, in which preferential treatment could be given to NPT parties in such areas as: (a) the availability of commercial nuclear facilities, fuels, and technological support; (b) potential PNE services; and possibly (c) credit terms.

-- Taking a more positive stance with respect to implementing Article V of the NPT, but being prepared to highlight the limitations as well as the potential benefits of PNEs.* Without prejudging the scope of the future U.S. indigenous PNE program and bearing in mind that the U.S. program has been inactive for several years, this approach would involve: (a) participating more readily in selected studies of proposed PNE projects; (b) making clear our intention to meet our Article V obligations; and (c) supporting IAEA efforts to devise procedures for implementing PNE services, should such services appear warranted. On all these issues, consultations with the Soviets should

*This recommendation is presently being reviewed in the context of a more comprehensive study for the Verification Panel of U.S. policy regarding international aspects of PNEs.

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be held in an effort to develop common policies. The question of PNE services may well be affected by the outcome of negotiations with the Soviet Union on Article III of the TTBT. Evolving U.S. PNE service policy must be carefully coordinated with our test ban objectives to preclude taking actions that might, in view of the probable greater exploitation by the Soviet Union of peaceful nuclear explosives, place the U.S. in a relatively disadvantageous position with respect to nuclear weapons development and deployments.

3. Coordinated multilateral approaches should be developed to ensure that the Indian nuclear explosion does not hasten further proliferation in Pakistan and elsewhere, by:

-- Endeavoring to persuade India to place IAEA safeguards on its nuclear exports and not to export nuclear explosive technology or devices, or assist others in building national chemical reprocessing plants.

-- Seeking to dissuade India from undermining the NPT and to defer any further Indian explosive tests, particularly in the period prior to the Review Conference.

-- Avoiding the implication that India's status as a world power has been substantially enhanced as a result of its nuclear test.

-- Seeking to hold India to its peaceful protestations and to minimize the scope, pace, and military dimensions of its nuclear explosive program through Indian acceptance of such measures as: (a) accountability for weapons-usable material; (b) deferral of further PNE production and limiting it to specified current needs; and (c) international observation of PNE tests, recognizing that such observation procedures would not be expected to constitute a technically sound basis for distinguishing between PNEs and nuclear weapons.

-- Seeking Soviet and French cooperation, and the cooperation of other potential suppliers, in continuing not to supply India with long-range bombers or other sophisticated nuclear delivery capabilities.

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4. Appropriate interagency mechanisms should be established to formulate and oversee future U.S. non-proliferation policies, support relevant consultations and negotiations, and conduct necessary policy studies.

-- Prompt study should be undertaken of U.S. policy on implementing Article V of the NPT and PNE services generally in a manner consistent with our test ban objectives.

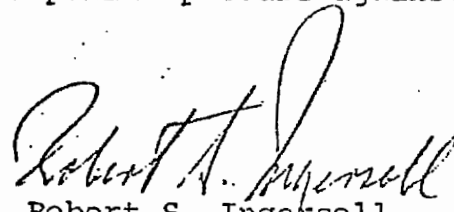
-- Urgent attention should be paid to further defining a U.S. policy on preferential treatment for NPT parties in such areas as fuel supply and technical assistance.

-- Studies should be made of sanctions as a deterrent to proliferation, measures which should be taken to assure the credibility and effectiveness of IAEA safeguards, the use of financing as a supplementary vehicle for imposing safeguards conditions on nuclear exports, and the possibility of multilateral controls on sophisticated nuclear delivery systems.

-- A series of "country studies" should be launched to investigate in detail the factors affecting potential nuclear weapons decisions in key NNWS, the preferred strategy for deterring such decisions, and options for the U.S. in the event these states acquire independent nuclear explosives.

-- The question of how best to handle the problem of security assurances at the NPT Review Conference should be examined.

-- There should be consideration of further steps to maintain a strong U.S. public posture against nuclear proliferation.


Robert S. Ingersoll
Chairman

Attachments:

1. Executive Summary

Approved For Release 2002/05/23 : CIA-RDP81B00080R001600010016-7

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NSSM 202 STUDY

Executive Summary

U.S. NON-PROLIFERATION POLICY

In response to NSSM 202, the Under Secretaries Committee has prepared the attached study which reviews U.S. policy concerning non-proliferation and the Non-Proliferation Treaty (NPT). A NSSM 156 study, updated in light of the Indian nuclear test, is a companion paper that focuses on the specific options and courses open to us in our dealings with India.

Desirability and Feasibility of Non-Proliferation

Inhibiting the spread of nuclear weapons has been a consistent and important element of U.S. policy for the entire nuclear era. The basis for our non-proliferation interest is the assessment that the danger of nuclear war as well as world instability would significantly increase with an unrestrained spread of nuclear weapons. Acquisition of nuclear weapons would also give nations a sense of greater independence, thus complicating international diplomacy, diminishing American influence, and possibly eventually requiring extensive and costly restructuring of our defense posture. With additional nuclear weapons states (NWS), it would become more difficult to negotiate international arms control agreements, and progress in limiting the bilateral U.S.-USSR competition would be substantially complicated. Further spread of nuclear weapons would also provide increased opportunity for sub-national theft and blackmail. Finally, unless the risk that peaceful nuclear programs might be used to initiate weapons programs can be minimized, all nations will face security dangers and the continued expansion of nuclear power as a world energy source could be threatened.

The problem of preventing the spread of nuclear weapons and independent nuclear explosives capabilities is now at a crucial stage. Commercial nuclear power generation is coming into wider use throughout the world;

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as a result of the Indian nuclear test, other non-nuclear weapons states may rethink their decisions regarding the acquisition of nuclear explosives. We are in general entering a period when political barriers to proliferation appear to be weakening, given movements toward a multi-polar world and decreasing credibility with respect to security guarantees. These trends could adversely affect the future of the Non-Proliferation Treaty (NPT), through setbacks in the ratification process in Japan and the European Community countries, by reducing the longer-term efficacy of the treaty as a non-proliferation instrument.

Nevertheless, the Under Secretaries Committee has concluded that a policy aimed at deterring further proliferation can be effectively pursued without incurring significant political costs or risks. At the present time, virtually all non-nuclear weapon states (NNWS) lack either the capability or the motivation to produce a nuclear explosive device. This offers the opportunity to undertake policies aimed at inhibiting further nuclear proliferation through practical measures which can (i) restrict through safeguards requirements and export controls the availability to non-nuclear states of materials and equipment needed to produce a nuclear explosive device, and (ii) diminish the incentives which might influence NNWS to acquire an independent nuclear explosive capability.

The nuclear material, equipment, and technology needed to produce nuclear weapons are still available only from a limited number of suppliers who generally oppose proliferation. Although it is essential that our supplier position and diplomatic influence be brought to bear, the U.S. cannot by itself establish an effective and durable non-proliferation regime. Such a program requires intensified concerted action, building upon existing international and multilateral mechanisms, to exploit the common non-proliferation interests of key NWS and NNWS.

The USC recognizes that we might only be able to delay further proliferation, however determined our anti-proliferation efforts may be, but concludes that U.S. national security objectives can be served even with a non-proliferation strategy that is only partially effective. It would be desirable to defer the disadvantages associated with an expanded number of nuclear powers

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as long as possible, while seeking to create conditions which might ultimately check such expansion. At the same time, prudence dictates that the U.S. should begin to explore the problem of how to shape our security posture in a world environment of larger numbers of independent nuclear states as a means of hedging against the failure to contain fully the further spread of nuclear weapons capabilities.

This study emphasizes concerted efforts designed to curb the spread of nuclear weapons, consisting of concrete actions to contain technical capabilities; to strengthen legal, political, and security barriers; and to deal with the special issue of peaceful nuclear explosives (PNEs). These measures, which are summarized below, involve reliance on certain basic functional tools, such as IAEA safeguards, export controls, and the NPT, as well as approaches tailored to key countries. However, the success of a non-proliferation policy will depend in large part on whether NNWS believe that their security and political needs can continue to be met without recourse to independent nuclear forces. It will also depend on their perceptions regarding progress in U.S.-Soviet arms limitations. Thus, our overall foreign and defense policy, the relative stability of regions of potential conflict in the world, and the general structure of peace in the international system have an important bearing on the longer-term prospects for limiting the spread of nuclear weapons.

Containing Technical Capabilities

All manufacturers of commercial nuclear equipment and material, except France (and potentially India), are either NPT parties or signatories moving toward ratification and support efforts to standardize safeguards applications. France has publicly declared that it will behave as if it were a party to the NPT, but it has apparently been lax in practice in adhering to this position in its nuclear export policy and has been reluctant to cooperate with other suppliers in developing export guidelines. There are signs, however, that the new French Government, which is engaged in a review of its international policies, might be more forthcoming in its approach to nuclear safeguards and export controls. Although this generally favorable situation will deteriorate to some extent in coming years, as NNWS acquire

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greater technical capabilities, it provides potential leverage for limiting the availability of weapons-usable material and technologies through export controls and international safeguards. Despite its apparent negative thrust, this approach can benefit all users of peaceful nuclear energy by permitting material and equipment to be made available within a framework of credible and effective safeguards controls. Furthermore, selective controls over international transfers of delivery vehicles and related technologies could be effective in dissuading certain major powers from embarking on an independent nuclear arms program.

The U.S. is still the dominant international supplier of nuclear power plants and fuel, but our leverage in the international commercial nuclear field is diminishing. Loss of U.S. dominance in the peaceful nuclear area could allow customers to deal with other suppliers who impose less rigorous controls on sensitive material, equipment, and technology. Accordingly, there is now an urgent need to upgrade our safeguards and control policies and to consult with other nuclear suppliers on this matter.* Although informal contacts and the use of existing multilateral mechanisms should continue to be pursued, a conference of nuclear industrialized states would provide a unique opportunity for realizing such a coordinated approach. Preceded by bilateral discussions as appropriate, a restricted conference attended by the major current and potential nuclear suppliers, namely the US, France, the USSR, the FRG, Japan, the UK, and Canada, would appear to be a desirable step that could later lead to a broader conference which included other nuclear industrial states or nuclear material suppliers.

Soviet and French support for a nuclear suppliers conference would be crucial and would dictate the need for advance consultations with both countries. Of particular concern are the potential adverse reactions to such a conference of non-participants, especially importers of nuclear material who may fear a suppliers' cartel. Therefore, in laying the groundwork for the

*NSDM 255 authorized consultations with other nuclear suppliers with the aim of minimizing risks of commercial nuclear transfers of sensitive material and technology.

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suppliers conference, it should be emphasized that establishing a reliable and widely accepted international control system is necessary to ensure the continued availability of commercial nuclear material under conditions which will not endanger the security of any country, and is therefore an objective which should be shared by consumers as well as suppliers.

The most important substantive non-proliferation objectives to be achieved in a program of consultation and coordination among commercial nuclear suppliers can be summarized as follows:

1. Ensure that IAEA safeguards are applied as a condition to exports of nuclear equipment and material to NNWS who are not NPT parties, and strengthen the political, financial, and technical base of the IAEA's safeguards program. Of immediate importance would be gaining widest possible acceptance of the Zangger Committee export guidelines as well as agreed procedures for codifying, implementing, and modifying these guidelines. Consideration should be given to expanding these guidelines to cover sensitive nuclear technology and additional equipment. Of particular importance in this regard is a high-level approach to the French to gain their cooperation. Efforts should also be made to assure that detailed IAEA safeguards provisions negotiated with NNWS are adequate, to increase support in the areas of inspector training and verification techniques, and to investigate alternative contingency schemes for IAEA financing, with supplier countries assuming a greater share of this burden. In dealing with NNWS not bound by the NPT requirement to subject all their nuclear facilities to IAEA safeguards, supplier nations should explore the prospect of developing concerted policies to require, as a condition for assistance on particular projects, that international safeguards be accepted on as large a proportion as possible of a recipient's peaceful nuclear facilities.

2. Seek to limit the number of independent reactor fuel reprocessing facilities and attempt to control the spread of independent uranium enrichment plants and technology. Since multilateral plutonium reprocessing plants could offer considerable economic advantages, we could urge that construction of national plants and exports of relevant technology be deferred pending

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international consultations on how best to meet future reprocessing requirements consistent with non-proliferation objectives. Solutions could involve constructing regional multinational plants and offering favorable terms for reprocessing services to smaller countries. The U.S. should encourage multi-lateral plants (or bilateral plants involving the U.S.) capable of satisfying future demands in these fields. Discussion with the UK-FRG-Netherlands centrifuge association and the French EURODIF organization, as well as within the Energy Coordinating Group (ECG), should be aimed at encouraging multinational ownership of enrichment plants and policies of maintaining tight controls on transfers to other countries of centrifuge and other sensitive enrichment technologies. Construction of a fourth enrichment plant, possibly with foreign financial participation, to reduce the economic incentive for additional foreign plants and other non-proliferation considerations should be factored into U.S. policy decisions with respect to future availability and supply of uranium enrichment services.*

3. Obtaining agreement to place special conditions on nuclear exports to nations in sensitive regions. If common criteria could be developed, the accumulation of plutonium and highly-enriched uranium in sensitive areas could be precluded or at least delayed. Understandings should be reached to support the types of special conditions included in the proposed U.S. reactor and fuel sales to Egypt and Israel, which include such provisions as requiring that derived plutonium be reprocessed and stored outside the area in question. It would also be useful to gain consensus to apply special conditions not only to requests from other Middle East states, but also to countries in other troubled or unstable areas of the world to be addressed on a case-by-case basis. This policy should, however, give due weight to whether the recipient is an NPT party and, in such cases, less stringent conditions should be arranged, if compatible with our overall non-proliferation interests.

*An interagency study on future U.S. enrichment policy options is currently underway, as called for by NSSM 209.

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4. Developing common standards for improved physical protection of nuclear materials in use, storage, and transit. This would involve supplier agreements to include physical security criteria in exports of nuclear material. Consultations on this issue should involve discussions on the technical aspects of the physical security problem, procedures for strengthening and maintaining protective measures, and concerted arrangements pertaining to thefts and recovery of nuclear materials. This could be reinforced and broadened by an international convention on physical security to be drafted under IAEA auspices.** It will be necessary to examine carefully the projected cost of physical security measures that we propose to be adopted, the means of paying for them, and how the efficacy of the measures can be verified.

Among the additional possible issues to be considered for cooperative efforts are:

-- Common agreements to include safeguards requirements, special conditions on disposition of plutonium, and physical security criteria in loan covenants issued by Ex-Im banks for the financing of commercial nuclear facilities.

-- Arrangements among major suppliers to develop agreed selective export criteria for certain classes of nuclear delivery vehicles and critical components or technologies.

PNEs and Non-Proliferation

The Indian nuclear test focussed attention on the proliferation implications of PNEs. Notwithstanding Indian claims to the contrary, a nuclear explosive device, regardless of its intended purpose, can be used as a nuclear weapon, and the technology for making such devices for peaceful purposes is indistinguishable from the technology for making nuclear weapons for a country in an early stage of nuclear explosives development. This

*See "Study of Provisions for an International Convention Concerned with Physical Guidelines" submitted to the President as called for under NSDM 255.

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view is consistent with the NPT and is shared by the UK, Canada, over a dozen nations participating in the multilateral Zangger (Nuclear Exporters') Committee, and the IAEA Director General. U.S. objectives in bilateral negotiations with the Soviets pursuant to Article III of the Threshold Test Ban Treaty (TTBT) are intended to ensure that PNEs would be for bona fide peaceful applications, would not provide weapons-related information, and would not be used to circumvent the restrictions on nuclear weapons testing inherent in the agreed threshold test ban. Any agreements reached as a result of these negotiations should be formulated to avoid compromising the position that there is no distinction between PNEs and nuclear weapons, as defined above.

The feasibility and economic utility of PNE applications have not yet been satisfactorily demonstrated in the United States. The Soviets, on the other hand, have an active PNE program and claim to have reached the point of practical applications. Apart from the potential value of PNEs in peaceful applications, there are a number of NNWS not parties to the NPT who may be tempted for prestige purposes to demonstrate a nuclear weapons capability with a PNE cover. Therefore, assurances in Article V of the NPT that any potential benefits of PNE applications would be made available to non-nuclear weapon parties at the lowest possible cost, which were designed to help deter independent PNEs and gain treaty support, should not have been expected to lead all NNWS to give up the option of proceeding with indigenous programs. Nevertheless, although the interest of NNWS in PNEs has been limited, some NNWS contend that the U.S. and Soviet Union have not fulfilled the expectations engendered by Article V.

The range of options open to a state that is interested in PNE applications is rather narrow. If it is an NPT party, its only recourse is to obtain such services from the U.S. or the USSR or to obtain them from the French (who have not developed this technology very far) or the Indians (who will have, at best, a very limited capability for some years). If the NNWS is not an NPT party, it can still seek services from the nuclear weapon states to develop its own indigenous PNE capability.

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Some bilateral agreements for peaceful nuclear cooperation and many IAEA safeguards agreements contain a "PNE loophole" insofar as they do not specifically preclude the use of the nuclear materials involved for PNEs. This is not a problem where the recipient is a party to the NPT, since such a recipient is bound by the treaty not to manufacture or otherwise acquire any nuclear explosive device. But where the recipient is not a party to the NPT (as in the cases of Brazil and Argentina) further assurances would be needed, especially in view of disputes that have already arisen. In an effort to close the "PNE loophole", efforts have been made by the U.S. to obtain from certain NNWS an explicit confirmation that materials associated with American-supplied reactors will not be used for any nuclear explosive purpose.*

The Indian explosion adversely affected non-proliferation by strengthening the hands of NPT opponents in key NNWS where ratification is pending, making the indigenous PNE route look more attractive as a means of entering the "nuclear club", and raising the issue of India possibly contributing to proliferation through PNE assistance or unsafeguarded nuclear exports. Real or perceived movement by India towards a direct military program can exacerbate proliferation problems, regionally and worldwide. Some countries, particularly Japan, view the lack of a strong U.S. and USSR response to the Indian test as having contributed to a weakening of the NPT and non-proliferation barriers generally. Acceptance of the Indian decision, suddenly treating India as an advanced nuclear state, or condoning its "peaceful uses" rationale could have the effect of encouraging other nations to follow the Indian example. Strong measures directed against the Indian nuclear program on the other hand, might create resentment on the part of the Indians which could harm non-proliferation efforts by making more difficult our efforts to deter the Indians from expanding their nuclear explosives program and to induce them to adopt a stance of requiring

*In the case of the Tarapur reactor in India, the parties confirmed that any use of material in excess of fuel cycle requirements must be approved by the United States.

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safeguards in their nuclear exports position.

A proposed U.S. PNE policy consistent with non-proliferation should consist of the following elements:

1. Ensure that all civil nuclear cooperation and safeguards agreements preclude the development of PNEs. This would involve common steps by nuclear suppliers to close any PNE "loophole" in bilateral agreements, particularly with non-NPT parties, through obtaining specific confirmation by recipients that nuclear material and equipment will not be used for any nuclear explosives. This approach should also involve implementing the agreed Zangger Committee position on precluding PNEs and supporting interpretations presented by the IAEA Director General that non-NPT Agency safeguards preclude PNEs.

2. Take a more positive stance with respect to implementing Article V of the NPT, but be prepared to high-light the limitations as well as the potential benefits of PNEs.* This approach is aimed at (a) reducing the likelihood of charges that we are not fulfilling our obligations to provide services, while, at the same time, (b) minimizing the danger that encouraging the use of PNEs could stimulate independent programs. Without prejudging the scope of the future U.S. indigenous PNE program and bearing in mind that the U.S. program has been inactive for several years, this approach would involve participating more readily in studies of proposed PNE projects and of making clear our intention to meet our Article V obligations. In this connection, we should consult with the Soviets, in an effort to develop common policies, and support IAEA efforts to devise procedures for implementing PNE services, should such services appear warranted. A particular issue to be resolved is how to provide preferential treatment to NPT parties, since to do so would increase the incentive to join the treaty but at the same time could lead some NNWS remaining outside the

*This recommendation is being addressed in detail in the context of an ongoing interagency study for the Verification Panel of U.S. international PNE policies.

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treaty to pursue national PNE programs. One approach to this problem which should be studied would be to adopt a policy of agreeing to provide potential PNE benefits to non-NPT parties which officially eschew independent PNEs under less favorable terms than to NPT parties. The question of PNE services may well be affected by negotiations with the Soviet Union on Article III of the TTBT. Evolving U.S. PNE service policy must be carefully coordinated with our test ban objectives to preclude taking actions that might place the U.S. in a relatively disadvantageous position with respect to nuclear weapons development and deployment, in view of the probable greater exploitation by the Soviet Union of peaceful nuclear explosives.

3. Seek to reduce the risk that the Indian nuclear explosion will lead to further proliferation in Pakistan and elsewhere.* While it is not possible to prevent India from pursuing a nuclear explosive program, the U.S. and other concerned nations should attempt to hold India to its peaceful declarations through acceptance of measures designed to minimize the scope, pace, and military dimension of its program. Specific proposals to accomplish this goal would include: external accountability for India's weapons-grade material; selective monitoring of reprocessing and plutonium storage facilities not otherwise subject to safeguards; international observation of PNE tests; and delay of planned explosions.** We do not expect India to join the NPT, and, from the non-proliferation standpoint, this would be unwise since it would require amending the treaty and result in legitimizing a third category of "PNE states." But we should seek to dissuade the GOI from actively attempting to undermine support for the treaty, particularly in the period prior to the May

*See NSSM 156 (revised) and the NSSM 202 study (Section V) for a full discussion of this question and the options available.

**These procedures would not be expected to constitute a technically sound basis for "distinguishing" between PNEs and weapons. There is a danger that such procedures might be seen as legitimizing PNEs in India, thereby encouraging indigenous PNE development by NNWS, such as Pakistan, Argentina and Brazil.

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1975 Review Conference. India should also be influenced to place IAEA safeguards on its nuclear exports, not to export PNE technology or devices, and not to assist others in building reprocessing plants. Finally, the U.S. should approach the Soviets, the French, and other potential suppliers to cooperate in not providing India with sophisticated nuclear delivery systems (long-range bombers and ballistic missiles), recognizing that India already has some means of delivery available.*

4. Make certain that our policies relative to the TTBT and the LTBT remain consistent with our non-proliferation policy. Procedures that might be negotiated permitting U.S. and Soviet PNEs, which would be applicable only to the U.S. and the USSR in the context of TTBT provisions limiting weapon tests, could be seen as providing undesirable precedents for "legitimizing" indigenous PNEs in relation to NNWS and India. Therefore, as discussed above, the U.S. and the USSR should design and publicize TTBT procedures in such a way as to counter these tendencies. If the Soviet pursue the question of modifying the LTBT to permit significant excavation projects which could lead to a wider range of PNE services, under Article V of the NPT, we should recognize that such a step could increase interest in independent PNEs and weaken an existing, effective nuclear arms control accord.

Strengthening Legal, Political, and Security Barriers

Over the long term, attempts to deal with the proliferation problem through nuclear safeguards and physical controls alone will not be sufficient. Continued effectiveness of our non-proliferation strategy will depend increasingly on the success of multilateral efforts to strengthen political, legal, and security barriers.

The NPT plays a central role in this connection, since it provides a recognized and reinforcing international

*In approaching the Soviets on this question, the U.S. would make no compromise on its basic position of rejecting non-transfer proposals put forth by the USSR at SALT.

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mechanism for nations to codify national decisions to eschew independent nuclear explosives, and creates a uniform structure for applying safeguards through both supplier and receiver obligations. The treaty has also been a focus for U.S.-Soviet cooperation in the non-proliferation field. There are presently 83 parties to the NPT and 23 other signatories. The Indian explosion set back ratification prospects in certain key signatory states (notably Japan and Italy). Ratification by these countries, particularly prior to the Review Conference, would contribute immeasurably to the continued viability of the NPT. Without these ratifications, other potential parties would be less likely to join, and parties to the treaty as well as strong supporters might lose interest. While the treaty is only one non-proliferation vehicle, any further major blow to it would make it much more difficult to prevent nuclear proliferation through other devices.

The forthcoming NPT Review Conference may represent an opportunity for the U.S. to further its non-proliferation objectives and to institute some of the strategies proposed in this study. However, our understanding of the attitudes of the other participants is far from complete at this time, and it is not inconceivable that we may find ourselves on the defensive in the Conference over questions such as the lack of CTB and SALT progress.

In order to encourage wider adherence to the Non-Proliferation Treaty, the following steps should be taken:

1. Reaffirm high-level U.S. support for the NPT and encourage adherence by important non-parties. This would include approaches to Japan, Italy, and possibly the FRG, as well as to other non-parties such as the Dutch, Belgians, Spaniards, South Africans, and South Koreans. Specific U.S. approaches would be in concert with other NPT proponents as applicable, for example in supporting FRG and UK contacts with the Italian Government to highlight the importance of early ratification for continued nuclear supply to the European Community. To Japan, the U.S. and others should stress ratification as an essential contribution to world stability and as helping to ensure a maximum role for Japan in international nuclear commerce and

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at the NPT Review Conference. In connection with the latter, U.S. policy should seek to assure that the NPT will be seen as contributing to international security with the prospect of more accessions. While early NPT ratification by such nations as Egypt and Israel or Brazil and Argentina remains unlikely, efforts should be made to encourage common recognition by these states that the acquisition of nuclear weapons or independent explosives devices can endanger regional and global security.

2. Complete negotiations with IAEA before the end of 1974 on the standing Presidential offer of a safeguards agreement covering selected U.S. commercial nuclear facilities. Implementation of the offer would reduce discrimination concerns and demonstrate that the U.S. is not seeking competitive advantage over other NNWS in the international market, and would help induce industrialized nations in particular to adhere to the NPT.

3. Add to the benefits which NPT adherence bestows in such areas as the availability of commercial nuclear facilities, fuels, and technology support. Additional measures worth considering would be: preferential treatment with respect to future enriched uranium supply services; announcing publicly that NPT status will be an important factor in the export of HEU (per NSDM 235); consideration of favorable finance terms for NPT parties; and exploring preferential treatment in the field of PNE services, consistent with Article V of the treaty.

Longer-Term Issues

Decisions to acquire nuclear weapons will ultimately rest on an assessment of self-interest taking into account security, political, and economic factors. Therefore, an effective non-proliferation policy must seek to decrease the motivations of other nations to translate whatever technical capabilities may be available into a decision to develop nuclear explosives. This approach is perhaps more difficult and elusive than attempts to contain capabilities or to seek wider adherence to the NPT, since the factors affecting nuclear explosives decisions vary from country to country

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and are extremely complex, but the elements of such a longer-term strategy can be identified.

Consistent with Article VI of the NPT, it will be important to maintain a credible balance of obligations between NWS and NNWS through further progress in limiting nuclear tests and reducing strategic nuclear forces. Comprehensive or low threshold test bans, consistent with overall U.S. national security interests, could support non-proliferation by increasing general inhibitions against nuclear testing and constraining nuclear weapons developments, as long as they preclude unverified independent PNEs. Nuclear free zones can provide regional limitations against nuclear proliferation, and can be given U.S. support as long as they meet our criteria of local initiative, adequate participation and verification, and no unilateral military advantage.

NNWS security concerns can be approached in a number of interrelated ways: through security commitments and assurances (e.g., NATO, the U.S./Japan mutual security treaty, or the trilateral assurances to NPT parties under UN Security Council Resolution 255); through military assistance and deployments, usually in the context of these commitments; and through efforts to put greater stress on the limited military utility of nuclear weapons. Many NNWS, particularly Pakistan, would like evidence of more solid NWS support against nuclear threats, but any such support from the U.S. would be subject to strong Congressional constraints. In terms of security concerns, the following policy lines should be considered:

-- include non-proliferation considerations in decisions on security commitments and military assistance;

-- consider strengthening the existing U.S.-USSR-UK trilateral security assurances (for example, by making explicit the possibility of assistance or action on behalf of a threatened NNWS in case of a deadlock in the Security Council);

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-- and seek support of the nuclear powers (and India) for parallel undertakings regarding nuclear weapons use (such as non-use against any NNWS that is not engaged in aggression assisted by a nuclear power).

Nevertheless, there may well be states which remain motivated to develop nuclear explosives for prestige and possibly aggressive purposes. While there is no single prescription for dealing effectively with these cases, de-emphasis on the military and political utility of nuclear weapons; highlighting costs; technical difficulties and risks involved in a nuclear decision; avoidance of steps which appear to give special status to India as a result of its explosion; and pursuit of ways to give special international status and recognition to NNWS such as Japan would all be helpful. Finally, the longer-term utility and practicality of establishing prospective sanctions against potential nuclear powers should be studied, with a view to helping deter nations from moving in that direction.

Further Effort

The Under Secretaries Committee recommends that appropriate interagency mechanisms be established to: (a) formulate, coordinate, and oversee future U.S. non-proliferation policies; (b) support relevant consultations and negotiations; and (c) conduct necessary policy studies. On the latter point, a prompt study should be made of U.S. policy on implementing Article V of the NPT and PNE services generally in a manner consistent with our test ban objectives. Attention should also be paid to further defining a U.S. policy on preferential treatment under the NPT and to exploring the question of security assurances and limited non-use formulations. There should be studies of the question of sanctions as a deterrent to proliferation, what measures should be taken to assure that IAEA safeguards are credible and effective, the use of financing as a supplementary vehicle for imposing safeguards conditions on nuclear exports, and the possibility of multilateral controls on sophisticated nuclear delivery systems. A series of "country studies" should also be launched to investigate in detail the factors affecting potential nuclear weapons decisions in key NNWS, the

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preferred strategy for deterring such decisions, and options for the U.S. in the event these states acquire independent nuclear explosives. Finally, there should be consideration of further steps to maintain a strong U.S. public posture against nuclear proliferation.

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