



DEPARTMENT OF STATE
ACTION MEMORANDUM

S. 1

MN Chon
8022546

- 1 NOV 1980

SECRET/NODIS

TO: The Deputy Secretary

THROUGH: T - Matthew T. Nimetz *mm*

FROM: OES - Thomas R. Pickering *TRP*
EUR - George S. Vest *GV*

SUBJECT: Proposed Demarche On Italy-Iraq Nuclear Cooperation

The Italians recently provided us unofficially with considerable detailed information on their nuclear cooperation with Iraq. We have reviewed this and consider it very important that we advise Prime Minister Forlani soon about our deep concerns concerning Italian-Iraq nuclear cooperation. In particular, we wish to ensure that the new government is fully aware of the nature of our concerns, abides by the assurances that Cossiga gave President Carter last June, and does not enter into new arrangements or engage in nuclear cooperation under existing arrangements with Iraq in ways damaging to our non-proliferation and other foreign policy interests. The attached demarche will request Ambassador Gardner to make such a demarche.

RECOMMENDATION

That you approve the attached cable.

Attachment:
As stated

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RDS-1 10/31/00

DECLASSIFIED
NW 59081
RB NARA Date 3/22/19

Drafted by: OES/NEP:MGuhin:fw
Ext. 27036, 10/29/80

Clearances: S/P:RGallucci
D:RDeitz
P:MPatterson
EB/IEP:EMorse
T:WSalmon
DOE:HBengelsdorf
ACDA:CVanDoren
NSC:GOplinger
OES/N:LVNosenzo
EUR/RPE:WBarmon
EUR/WE:EBeigel
PM/NPP:Warren
S/AS:ALocke
INR/RMP/NS:BFrisa
NEA:MWiznitzer
DOE/IA:AHegburg (Subs)

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OES/NEP:MGUHN:S/P:RGALLUCCI:JW
10/29/80, EXT. 27036
D:WCHRISTOPHER

OES:TPICKERING
D:RDEITZ
T:WSALMON
ACDA/NP:CVANDOREN

EUR:GVEST
EB/IEP:EMORSE
DOE:HBENGELSDORF
NSC:GOPLINGER

IMMEDIATE ROME

NODIS

E.O. 12065: RDS-1 10/29/00 (THOMAS PICKERING) OES

TAGS: ENRG, TECH, MNUC, PARM, IT

SUBJECT: ITALIAN-IRAQI NUCLEAR COOPERATION

REFS: {A} SECTO 4006; {B} ROME 22014; {C} STATE 239708

1. {S} ENTIRE TEXT.

2. WE BELIEVE IT IS VERY IMPORTANT THAT YOU UNDERLINE OUR DEEP CONCERNS ABOUT ITALIAN-IRAQI NUCLEAR COOPERATION AT THE EARLIEST OPPORTUNITY WITH PRIME MINISTER FORLANI. YOU SHOULD DRAW ON THE PRESIDENT'S DISCUSSIONS AND COSSIGA'S ASSURANCES, AS WELL AS ON RELEVANT POINTS IN PARAS BELOW. OUR MAIN PURPOSES ARE TO MAKE CLEAR THAT WE EXPECT THE GOI:

{A} TO CONTINUE TO ABIDE BY THE "COSSIGA" ASSURANCES (REF A);

{B} NOT TO ENTER INTO ANY NEW ARRANGEMENTS WITH RESPECT TO NUCLEAR COOPERATION WITH IRAQ IN SENSITIVE AREAS, PARTICULARLY REPROCESSING;

{C} IN PARTICULAR, NOT TO ENGAGE IN ANY COOPERATION RELATED TO PILOT SCALE OR COMMERCIAL REPROCESSING (PHASES II AND III OF THE PROGRAM AS DESCRIBED TO US

WC
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BY CNEN PRESIDENT COLOMBO};

{D} TO LIMIT COOPERATION UNDER EXISTING ARRANGEMENTS IN ORDER TO MINIMIZE ANY FURTHER TRANSFERS, TRAINING OR OTHER ASSISTANCE THAT WOULD HELP IRAQI REPROCESSING AMBITIONS OR UPGRADE THE EXISTING FACILITIES IN THIS REGARD; AND

{E} NOT TO MAKE ANY COMMITMENTS AT THIS TIME TO SUPPLY TO IRAQ A NATURAL URANIUM FUELED REACTOR LIKE CIRENE.

3. YOU MAY WISH TO INFORM CNEN PRESIDENT COLOMBO OF OUR VIEWS AND APPROACH AND THAT WE HAVE COMPLETED A PRELIMINARY REVIEW OF THE INFORMATION HE PROVIDED AND WILL WISH TO PURSUE SOME FURTHER ASPECTS AND QUESTIONS WITH HIM. DETAILS OF THIS FOLLOW-UP WILL BE SENT SEPTEL.

4. UNLESS EMBASSY COUNSELS OTHERWISE, WE WOULD PLAN TO TELL THE UK THAT WE NO LONGER REQUEST THEY DEFER THEIR OWN DEMARCHE TO THE GOI ABOUT NUCLEAR COOPERATION WITH IRAQ {REF C}. WE WOULD EXPECT TO DO THIS SHORTLY AFTER YOU MEET WITH PRIME MINISTER FORLANI AND, AT THE SAME TIME, WOULD PROVIDE UK WITH OUTLINE OF ITALIAN PROGRAM OF COOPERATION WITH IRAQ AS WE UNDERSTAND IT WITHOUT REFERENCE TO OR DETAILS FROM CNEN DRAFT PAPER.

5. WE RECOGNIZE THAT GOI MIGHT CONSIDER ITSELF VULNERABLE TO IRAQI OIL CUTOFF, EVEN THOUGH IT IS NOT CLEAR THAT IRAQ WOULD RESPOND TO ITALIAN RESTRAINT ON NUCLEAR EXPORTS BY REFUSING TO RESUME OIL SHIPMENTS. IN RECENT BILATERAL HIGH-LEVEL CONSULTATIONS ON OIL SUPPLIES THE ITALIANS HAVE NOT EXPRESSED CONCERN OVER THIS LINKAGE AND HAVE INDICATED TO US THAT THEIR SUPPLY SITUATION RESULTING FROM THE WAR IS MANAGEABLE OVER THE SHORT TERM. HOWEVER, IF THE ITALIANS RESPOND TO YOUR DEMARCHE BY RAISING THE HYPOTHETICAL PROBLEM OF IRAQI LINKAGES TO OIL SUPPLY IN A MANNER WARRANTING RESPONSE, YOU MAY DRAW ON THE FOLLOWING:

{A} WE UNDERSTAND THE SERIOUSNESS OF ITALY'S OIL DEPENDENCE AND ARE INTERESTED TO LEARN OF ITALIAN VIEWS ON THIS ISSUE;

{B} AS A FIRST REACTION, WE ARE NOT CONVINCED OF THE SERIOUSNESS OF THE IRAQI THREAT ONCE CONDITIONS RETURN TO NORMAL {I.E., WHEN IRAQI EXPORTS RETURN TO NEAR PRE-WAR LEVEL} AS WE EXPECT THE MARKET TO REMAIN SOFT WITH

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EXCESS PRODUCTION AVAILABLE ELSEWHERE;

{C} FURTHERMORE, THE IEA SYSTEM IS DESIGNED TO MEET THE SPECIFIC THREAT OF A SINGLE-COUNTRY EMBARGO THAT CAUSES A SUPPLY SHORTFALL OF AT LEAST SEVEN {?} PERCENT; AND

{D} IN THAT EVENT WE ARE PREPARED TO STAND WITH OUR ITALIAN PARTNERS IN THE IEA CONTEXT AND TO SUPPORT THEM IN THEIR EFFORTS TO SECURE ALTERNATIVE OIL SUPPLIES.

6. BELOW ARE SOME FURTHER POINTS YOU MAY WISH TO DRAW ON OR AMPLIFY IN YOUR PRESENTATION TO FORLANI.

{A} WE RECOGNIZE THAT IRAQ IS PARTY TO THE NON-PROLIFERATION TREATY AND MAINTAINS THAT ITS PROGRAM IS WHOLLY PEACEFUL AND DIRECTED TOWARD AUTONOMY IN EVERY STEP OF THE NUCLEAR ENERGY FUEL CYCLE. HOWEVER, SOME OF THE FUEL CYCLE CAPABILITIES IT IS ACQUIRING EXCEED IRAQ'S FORESEEABLE PEACEFUL NUCLEAR NEEDS AND, MOST SIGNIFICANTLY, WOULD SUBSTANTIALLY CONTRIBUTE IN TIME TO A NUCLEAR EXPLOSIVES OPTION. WE BELIEVE THAT IRAQ HAS PLANNED ITS PROGRAM TO PROVIDE SUCH AN OPTION IN THE FUTURE. THE ACQUISITION OF SENSITIVE FACILITIES AND WEAPONS-USABLE MATERIAL BY IRAQ WOULD SIGNIFICANTLY INCREASE REGIONAL TENSIONS AND INSTABILITY. IF IRAQ WERE ACTUALLY TO ACQUIRE A NUCLEAR EXPLOSIVES CAPABILITY, US AND ITALIAN SECURITY INTERESTS WOULD BE THREATENED. CURRENT HOSTILITIES STRONGLY UNDERLINE THESE POTENTIAL DANGERS.

{B} THE ITALIAN GOVERNMENT HAS ASSURED US THAT IT WILL KEEP ITS NUCLEAR COOPERATION WITH IRAQ UNDER STRICT CONTROL IN ORDER TO AVOID ANY TRANSFER OF SENSITIVE TECHNOLOGIES NOT IN LINE WITH THE NON-PROLIFERATION TREATY AND LONDON SUPPLIER GUIDELINES. WE WELCOME THESE ASSURANCES, AS WELL AS THE ASSURANCE THAT THE ITALIAN GOVERNMENT WILL CONSULT WITH THE US GOVERNMENT BEFORE MAKING ANY NEW COMMITMENTS TO IRAQ FOR NUCLEAR COOPERATION.

{C} THE ITALIAN GOVERNMENT IS WELL AWARE OF OUR CONCERNS ABOUT TRANSFERS OF SENSITIVE TECHNOLOGIES, PARTICULARLY TO STATES IN VOLATILE REGIONS. DISCUSSIONS WITH OTHER KEY SUPPLIER COUNTRIES HAVE INDICATED A SHARED CONCERN ABOUT THE NEED FOR RESTRAINT IN THIS REGARD AND INDEED, IN ADDITION TO THE US

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BOTH FRANCE AND THE FEDERAL REPUBLIC OF GERMANY HAVE PUBLICLY ANNOUNCED POSITIONS OF NOT ENTERING INTO ANY NEW COOPERATION IN THE REPROCESSING AREA.

{D} WE APPRECIATE THE CONSIDERABLE EXCHANGE OF INFORMATION WHICH HAS OCCURRED AT THE TECHNICAL LEVEL AND LOOK FORWARD TO A CONTINUING DIALOGUE. THE EXCHANGES WE HAVE HAD SO FAR INDICATE SOME KEY CONCERNS. IN PARTICULAR:

-- ITALIAN ASSISTANCE TO DATE IN RADIOCHEMISTRY AND CHEMICAL ENGINEERING IS DEFINITELY RELATED TO REPROCESSING. IT WILL PROVIDE ALL OF THE BASIC STEPS FOR "MOCK REPROCESSING" AND, THUS, WILL FURNISH THE UNDERSTANDING NEEDED FOR THE SEPARATION OF SIGNIFICANT QUANTITIES OF PLUTONIUM. THE RADIOISOTOPE FACILITY IS ALSO OF CONCERN IF THE IRAQIS WERE TO MISUSE THIS FOR REPROCESSING.

-- IN ADDITION, TRAINING OF IRAQI NATIONALS IN REPROCESSING AT ITALIAN FACILITIES WILL HELP PROVIDE A CADRE OF IRAQI EXPERTS IN THIS AREA THAT COULD SUPPORT PEACEFUL OR NON-PEACEFUL OBJECTIVES.

-- THE IRAQI PROGRAM CALLS FOR FURTHER EFFORTS TO ACQUIRE REPROCESSING CAPABILITIES, INCLUDING A PILOT REPROCESSING PLANT AND EVENTUALLY A LARGER PLANT. EITHER OF THESE WOULD BE CAPABLE OF SEPARATING ENOUGH PLUTONIUM FOR SEVERAL NUCLEAR EXPLOSIVES IF IRAQ ACQUIRED AND MISUSED SUCH MATERIAL.

{E} WE WOULD STRONGLY OPPOSE ANY ARRANGEMENTS BY ANY COUNTRY TO PROVIDE TO IRAQ OR ASSIST IRAQ IN ACQUIRING PILOT SCALE OR LARGER REPROCESSING CAPABILITIES.

{F} MOREOVER, WE URGE THE ITALIAN GOVERNMENT TO LIMIT ITS COOPERATION UNDER EXISTING ARRANGEMENTS IN ORDER TO MINIMIZE ANY FURTHER TRANSFERS OR ASSISTANCE THAT COULD CONTRIBUTE SIGNIFICANTLY TO IRAQ'S CAPABILITY TO ACQUIRE NUCLEAR EXPLOSIVES. WE WOULD LIKE TO CONTINUE OUR DIALOGUE WITH YOUR EXPERTS ON HOW THIS MIGHT BE ACCOMPLISHED.

{G} WE ALSO HAVE SOME SERIOUS CONCERNS ABOUT ANY SUPPLY OF NATURAL URANIUM FUELED, CONTINUOUS LOADING REACTORS LIKE CIRENE IN VOLATILE REGIONS SUCH AS THE MIDDLE EAST. SUCH A REACTOR WOULD PRODUCE SUBSTANTIAL AMOUNTS OF PLUTONIUM AND COULD BECOME INVULNERABLE TO A TERMINATION OF FUEL SUPPLY IF IRAQ WERE TO DECIDE TO WITH-

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BOTH FRANCE AND THE FEDERAL REPUBLIC OF GERMANY HAVE PUBLICLY ANNOUNCED POSITIONS OF NOT ENTERING INTO ANY NEW COOPERATION IN THE REPROCESSING AREA.

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-- ITALIAN ASSISTANCE TO DATE IN RADIOCHEMISTRY AND CHEMICAL ENGINEERING IS DEFINITELY RELATED TO REPROCESSING. IT WILL PROVIDE ALL OF THE BASIC STEPS FOR "MOCK REPROCESSING" AND, THUS, WILL FURNISH THE UNDERSTANDING NEEDED FOR THE SEPARATION OF SIGNIFICANT QUANTITIES OF PLUTONIUM. THE RADIOISOTOPE FACILITY IS ALSO OF CONCERN IF THE IRAQIS WERE TO MISUSE THIS FOR REPROCESSING.

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DRAW FROM THE NPT. WE LOOK FORWARD TO TECHNICAL DISCUSSIONS WITH ITALIAN INDUSTRY AND OFFICIALS TO EXPLORE ALTERNATIVE APPROACHES. WE STRONGLY HOPE THAT THE ITALIAN GOVERNMENT WILL NOT MAKE ANY COMMITMENTS FOR SUPPLY OF NATURAL URANIUM FUELED REACTOR LIKE CIRENE AT THIS TIME OR ADOPT POSITIONS NOW THAT COULD LEAD YOU LATER TO CONSIDER THAT AN OBLIGATION TO SUPPLY EXISTS. END POINTS.

7. WITH REGARD TO POINT 6{F} ABOVE, AS YOU ARE AWARE WE HAVE BEEN TRYING STEP-BY-STEP TO GET THE ITALIANS TO TELL US EXACTLY WHAT THEY ARE COMMITTED TO UNDER THEIR EXISTING ARRANGEMENTS AND TO GET THEM TO TERMINATE OR ALTER THOSE ELEMENTS OF GREAT-EST CONCERN. THE INFORMATION WE HAVE FROM THE CNEN, WHILE CONSIDERABLY MORE THAN WE HAD BEFORE, STILL LEAVES A SIGNIFICANT NUMBER OF QUESTIONS UNANSWERED WITH REGARD TO ACTUAL ITALIAN ACTIVITIES AND COMMITMENTS AT THIS POINT. THE PURPOSE OF POINT {F} IS TO GET A POLITICAL COMMITMENT TO CONTINUE THIS DIALOGUE AT THE WORKING LEVEL WITH A VIEW TO MINIMIZING FURTHER ITALIAN-IRAQI COOPERATION IN THE REPROCESSING AREA. WE ARE PREPARING FOLLOW-UP QUESTIONS FOR USE WITH CNEN PRESIDENT COLOMBO TO TRY TO ELICIT ADDITIONAL DETAILS ON THE SCOPE OF SENSITIVE COOPERATION SO THAT WE CAN BECOME INCREASINGLY MORE SPECIFIC WITH THE ITALIANS ABOUT THE AREAS OF THEIR ACTIVITIES IN PHASE I THAT ARE OF SIGNIFICANT CONCERN. WE WILL ALSO WANT TO DETERMINE THE EXTENT TO WHICH THE ITALIANS MAY CONSIDER THEY HAVE COMMITMENTS WITH RESPECT TO PHASES II and III.

8. ON US-ITALIAN NUCLEAR COOPERATION AND SECTION 129 OF THE NON-PROLIFERATION ACT, TO GIVE FORLANI THE FULL PICTURE YOU MAY WISH TO ADD THAT ANY NEW ARRANGEMENTS FOR REPROCESSING COOPERATION WITH IRAQ WOULD RAISE BOTH MAJOR POLICY AND LEGAL PROBLEMS AND JEOPARDIZE OUR OWN NUCLEAR COOPERATION WITH ITALY AND EURATOM.

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CONTINUATION PAGE

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OES/NEP:MGUHN:S/P:RGALLUCCI:JW
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D:WCHRISTOPHER

PLEASE ADD ADDITIONAL CLEARANCES:

P:MPATTERSON
OES/N:LVNOSENZO
PM/NPP:WARREN
S/AS:ALOCKE
INR/RMP/NS:BFRISA
NEA:WIZNITZER
DOE/IA:AHEGBURG (SUBS)
S/S-O:

ACTION - IMMEDIATE - ROME

SUBJECT: ITALIAN-IRAQI NUCLEAR COOPERATION

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