

Authority AND 971520By AL NARA Date 3/24/0DEPARTMENT OF STATE
BRIEFING MEMORANDUM

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*drafted SK
8/18/76*SECRETNODIS

To: The Secretary
Through: The Deputy Secretary
From: S/P - Winston Lord

White House Task Force and
Iran Nuclear Negotiations

I understand you indicated to Chuck Robinson, when he saw you yesterday, that you wanted to ensure that the product of the White House nuclear policy review would be consistent with our ongoing nuclear negotiations with Iran. On the basis of our work with the White House Task Force to date, it is clear that it is considering on a more general level fuel assurance and exchange possibilities, all of which would not interfere with successful implementation of your important understandings with Etemad and the Shah.

In general, the Task Force has been developing papers and alternative options on nuclear waste management, "plutonium use" (domestic and international implications of US reprocessing decisions) and international non-proliferation policies -- centered on the international implications of a Presidential decision on US domestic reprocessing -- which it intends to revise for final review to the agencies by this weekend if possible. The Department has been commenting informally on each Task Force draft with the understanding that final comments and approval would be deferred until the full, revised report becomes available next week. This will give you the opportunity to approve formal Department comments and to send a separate memorandum to the President on the report's international implications and policy recommendations and the content of his mid-September public message.

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Upon your return from Kansas City, I believe it would be useful to review with you the status of the White House efforts, in preparation for your own recommendations to the President on the Task Force's study and what he might say about non-proliferation in September. The Task Force Director (Bob Fri) has met several times with Chuck and others of us here. It is now our impression that in his cover memorandum to the report he will be recommending use of the Barnwell reprocessing plant as a demonstration of uranium/plutonium separation and eventual recycle, with the possibility of foreign services and participation. This outcome represents a compromise between advocates of full-scale commercialization of reprocessing in the US -- which would send negative international signals about US perceptions of reprocessing and plutonium -- and proponents of indefinite postponement of any US domestic reprocessing.

If adopted, the demonstration approach could well lend credibility to our international arguments for supply of reprocessing services as an alternative to technology, while demonstrating the problems that less-advanced nations would encounter in pursuing national facilities. On the other hand, we might prove just as credible internationally if we were to defer a reprocessing decision in the US, while pursuing effective international alternatives to national plutonium plants and perhaps plutonium recycle. In view of these and related foreign and non-proliferation policy considerations, we have clearly conveyed to Fri that the international implications must be carefully addressed in the Presidential message and that State must continue to play a key role in this process.

This said, Chuck and I would appreciate your confirmation/guidance, if possible before you leave for Kansas City, on next steps in the Iran negotiations and in our non-proliferation work, both in this Department and the White House. These subjects are addressed in two action memos which you received in the past weeks, proposing a line of action and procedural choices on Iran (Tab 1) and non-proliferation initiatives relating to your diplomatic strategy and timetable and to preparations for the Presidential message, beginning this month (Tab 2).

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At a minimum, we would like to have your authorization to begin proceeding along the lines of Option 3 of the Iran memo (State/ERDA preparation of an action plan for you to recommend to the President, while keeping the White House Task Force advised of the substance of a general approach) and to prepare a contingency package of diplomatic approaches along the lines of the August action proposals (Steps 1 to 3) in the non-proliferation memo. In this latter connection we would of course want to adjust any approaches to the outcome of your recent nuclear discussions in Iran, Pakistan and Europe. In order to arrive at the necessary guidance on both of these fronts, you may wish to meet with Chuck and me briefly before your departure.

Attachments:

Tab 1 - Memo on "Nuclear Negotiations with Iran"

Tab 2 - Memo on "Non-Proliferation Initiatives"

JK
 Drafter: S/P: JKalicki: mn
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THE DEPUTY SECRETARY OF STATE
WASHINGTON

August 13, 1976

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MEMORANDUM FOR THE SECRETARY

FROM: Charles W. Robinson *CR*

SUBJECT: Nuclear Negotiations for Iran

Attached is a memorandum of August 12, 1976 from Irving, Vest and Lord on the subject of nuclear negotiations with Iran. I am in general agreement with this memorandum, and concur in its recommendations although I believe the treatment of "commercial risk" is unduly complicated.

I believe that the U.S. can underwrite any excess costs to Iran resulting from our "buy back" arrangement without incurring undue financial burden. Until such time as the value of the products from reprocessing (enriched uranium and plutonium) exceeds the costs of reprocessing, the spent rods have no value and therefore Iran has not incurred any economic loss. This condition prevails today and will probably continue for 5-10 years in the future.

When the commercial value of enriched uranium and plutonium increase sufficiently to give the spent rods economic value, we would have to compensate Iran for any loss it has suffered as a result of our reprocessing of the spent rods. The cost to transport spent rods from Iran to the U.S. plus the cost of reprocessing in a larger more efficient U.S. plant would then have to be compared with reprocessing costs which Iran might otherwise have faced in a domestic reprocessing facility. The principle is relatively simple and I would not anticipate any insurmountable problems in arranging an acceptable formula with Iran. Furthermore, I don't

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believe that there would be any great financial burden to the U.S. in assuming the "commercial risks" in such a buy back arrangement.

Attachment:

August 12 Memo on Nuclear
Negotiations for Iran.

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By AL NARA Date 3/24/10

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FOR DEPUTY SECRETARY ROBINSON FROM THE SECRETARY

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: NUCLEAR COOPERATION WITH IRAN

1. IN MY TALK WITH THE SHAH, I RAISED THE ISSUE OF OUR NUCLEAR COOPERATION AGREEMENT. THE SHAH'S BASIC CONCERN IS THAT WE AVOID DOING ANYTHING WHICH WOULD APPEAR TO BE DISCRIMINATORY AGAINST IRAN. I PROPOSED TO THE SHAH, AND HE SEEMED AGREEABLE, THAT WE DEVELOP AN ARRANGEMENT UNDER WHICH IRAN WOULD HAVE THREE OPTIONS FOR HANDLING ITS REPROCESSING NEEDS: IN A BINATIONAL PLANT IN IRAN WITH THE US AS A PARTNER, BUT I MADE IT CLEAR THAT UNDER CURRENT AND FORESEEABLE CONDITIONS THIS WOULD NOT BE POSSIBLE; IN AN ACCEPTABLE THIRD COUNTRY; OR THROUGH EXCHANGE OF IRRADIATED FUEL FOR FRESH FUEL WITH THE U.S. THE FINAL DECISION WOULD BE MADE AT SOME FUTURE DATE, PERHAPS TEN YEARS AWAY, WHEN THE ECONOMIC NEED FOR PROCESSING ARISES. IRAN WOULD HAVE THE OPPORTUNITY TO CHOOSE AMONG THESE THREE OPTIONS IN THE FIRST INSTANCE, BUT THE U.S. WOULD HAVE A VETO IN ALL CASES. I MADE IT CLEAR THAT REPROCESSING IN IRAN ON A PURELY NATIONAL BASIS WOULD NOT BE AN ACCEPTABLE SOLUTION.

2. I LATER DISCUSSED THIS APPROACH IN CONSIDERABLY MORE DETAIL WITH ANSARI AND ETEMAD. THEY INDICATED THAT IRAN WOULD BE PREPARED TO GO ALONG WITH THIS SOLUTION,

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PROVIDED THE US BEARS THE COMMERCIAL RISK; THAT IS, IRAN'S EXCESS COSTS OF REPROCESSING, IF WE FORCE THEM TO FOLLOW SOMETHING OTHER THAN THE MOST ECONOMICAL APPROACH. THEY FEEL STRONGLY THAT SINCE IRAN IS AN NPT PARTY AND WILL MEET ITS NON-PROLIFERATION OBLIGATIONS FULLY, THEY SHOULD NOT FOOT THE BILL IF WE DEMAND RESTRAINTS BEYOND THE SAFEGUARDS REQUIRED BY THE TREATY.

3. I TOLD THEM THAT I WOULD SEE TO IT THAT THE APPROACH WAS CONSIDERED CAREFULLY IN THE INTERAGENCY NUCLEAR REVIEW NOW UNDERWAY, AND THAT WE WOULD ENDEAVOR TO GIVE THEM A RESPONSE BY SEPTEMBER ONE.

4. IF WE ARE SERIOUS ABOUT OUR NON-PROLIFERATION OBJECTIVES, AND ESPECIALLY ABOUT AVOIDING NATIONAL REPROCESSING, I BELIEVE WE HAVE TO PROVIDE OUR PARTNERS WITH A SUITABLE ALTERNATIVE THAT DOES NOT PENALIZE THEM ECONOMICALLY. THE APPROACH I OUTLINED ABOVE WILL ACCOMPLISH THIS. I UNDERSTAND THAT THE MAXIMUM POTENTIAL COSTS TO THE US, IF ANY, SHOULD BE MODERATE - MILLIONS A YEAR, AND CERTAINLY NOT BILLIONS. THIS IS A SMALL PRICE TO PAY FOR ADVANCING OUR NON-PROLIFERATION OBJECTIVES AND OPENING THE DOOR FOR SEVERAL BILLION DOLLARS WORTH OF NUCLEAR EXPORT TRADE OF DIRECT BENEFIT TO US. I SEE A PARTICULAR ADVANTAGE GIVEN SOME OF THE CRITICISM FREQUENTLY LEVELED AT IRAN, IF IRAN COULD EMERGE AS THE COUNTRY WHICH HAS HELPED US FIND A CONSTRUCTIVE SOLUTION TO THE PROLIFERATION ISSUE.

5. I STRESSED THAT I COULD NOT MAKE ANY COMMITMENT AS TO WHAT OUR RESPONSE TO THIS PROPOSAL WOULD BE. I ALSO SAID THAT IT WAS IMPORTANT THAT WE HAVE A CLEAR AND WORKABLE DEFINITION OF WHAT IS MEANT BY "COMMERCIAL RISK" WHICH THE US WOULD BE CALLED ON TO COVER OR SHARE. THEY AGREED TO TRY TO COME UP WITH SUCH A DEFINITION.

6. THE SECOND MAJOR ISSUE RAISED BY THE IRANJANS IS THEIR CONCERN THAT NRC EXPORT LICENSING THREATENS THE RELIABILITY OF OUR SUPPLY ASSURANCES, EVEN THOUGH IRAN

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COMPLIES FULLY WITH THE AGREEMENT. THEY WERE CLEARLY VERY UPSET BY THIS PROBLEM, AND I BELIEVE IT IS ESSENTIAL THAT WE FIND A WAY TO OVERCOME IT. AS MATTERS STAND NOW, WE ARE PROVIDING A MAXIMUM INCENTIVE TO OTHER COUNTRIES TO TURN TO OTHER SUPPLIERS, AS IRAN HAS ALREADY DONE, AND DEFEAT THE VERY NON-PROLIFERATION OBJECTIVITIME CLAIM TO HAVE. AT A MINIMUM, WE NEED TO HAVE A STRONG PRESIDENTIAL AND EVEN CONGRESSIONAL RE-AFFIRMATION OF THE DEPENDABILITY OF OUR SUPPLY ARRANGEMENTS FOR NATIONS WHICH LIVE UP TO THEIR NON-PROLIFERATION COMMITMENTS. I TOLD THE IRANIANS THAT WE WOULD ALSO CONSIDER THIS ISSUE IN OUR CURRENT REVIEW.

7. I WOULD LIKE TO SPEAK TO YOU SOON AFTER MY RETURN ABOUT THE APPROACH TO THESE ISSUES WHICH I OUTLINED ABOVE. IN ADDITION TO HAVING THESE PROPOSALS TAKEN UP BY THE TASK FORCE WHICH IS NOW REVIEWING THE REPROCESSING ISSUE, WE SHOULD ALSO CONSIDER WHETHER TO GO DIRECTLY TO THE NSC AND THE PRESIDENT, ALTHOUGH I AM INCLINED TO GIVE THE TASK FORCE THE FIRST CRACK AT THIS. I, OF COURSE, HAVE IN MIND THAT APPROACH WOULD BE GENERALIZED TO NPT COUNTRIES OTHER THAN IRAN. IN ADDITION TO ATHERTON, KRATZER AND SIEVERING WERE PRESENT WITH ME IN THE DISCUSSION AND I TOLD THEM THAT I WANTED TO BE KEPT INFORMED OF PROGRESS AND TO BE PERSONALLY INVOLVED WHENEVER NECESSARY. PENDING MY RETURN, YOU SHOULD GET THE APPROPRIATE STAFF STARTED ON HOW WE CAN BRING THIS MATTER TO A QUICK AND ACCEPTABLE CONCLUSION.

8. I ALSO WANT TO CONSIDER WHAT WILL BE NECESSARY TO HEAD OFF THE CURRENT CONGRESSIONAL INITIATIVES IN THIS FIELD, WHICH WILL FURTHER FORCE OUR FRIENDS TO LOOK ELSEWHERE. AND TRY TO GET THE CONGRESS ON A MORE CONSTRUCTIVE APPROACH. I AM PREPARED TO MEET PRIVATELY WITH APPROPRIATE CONGRESSIONAL LEADERS ON THIS ISSUE SO THAT I CAN TELL THEM FROM FIRST-HAND OBSERVATION WHERE OUR PRESENT NUCLEAR POLICIES ARE LEADING US. I BELIEVE PRIVATE DISCUSSIONS HAVE A MUCH BETTER CHANCE OF SUCCESS THAN FURTHER PUBLIC HEARINGS, AND I BELIEVE THAT I CAN PERSUADE PASTORE, RIBICOFF, JAVITS, PERCY

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AND GLENN TO JOIN WITH US IN A CONSTRUCTIVE AND
REALISTIC APPROACH.

9. WHILE YOU SHOULD HOLD THIS CLOSELY, YOU SHOULD
SHARE IT WITH LORD, IRVING, AND VEST SO THAT THEY
CAN GET STARTED ON THE NECESSARY STAFF WORK. IT
SHOULD NOT GO INTO INTERDEPARTMENTAL MACHINERY UNTIL
I RETURN.
KISSINGER

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