

## Message Text

SECRET

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51

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W  
----- 069351

O P 171414Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2035

INFO AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY MOSCOW PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY SEOUL PRIORITY

AMEMBASSY ISLAMABAD PRIORITY

AMEMBASSY BRASILIA PRIORITY

AMEMBASSY BUENOS AIRES PRIORITY

USMISSION IAEA VIENNA

S E C R E T SECTION 01 OF 02 LONDON 09224

EXDIS

E.O. 11652: XGDS-1

TAGS: PARM, TECH, MNUC, CN

SUBJECT: NUCLEAR EXPORT POLICY: BILATERALS WITH CANADA

1. U.S./CANADIAN (VEST/FULFORD) BILATERALS ON NUCLEAR EXPORT POLICY TOOK PLACE MONDAY JUNE 16 AND COVERED BOTH MULTILATERAL EXPORT POLICY "DISCUSSION PAPER" AND SPECIFIC NUCLEAR EXPORT CASES OF BILATERAL CONCERN. SIMILAR BILATERALS SCHEDULED WITH FRENCH, SOVIETS AND GERMANS FOR JUNE 17TH PRIOR TO OPENING OF SECOND MULTILATERAL MEETING ON JUNE 18.

2. WITH REGARD TO MULTILATERAL MEETING, CANADIANS DREW ATTENTION TO CONTINUED PRESS MENTION OF SUPPLIERS' DISCUSSIONS (BUT NO REFERENCE TO LONDON MEETING) IN GUARDIAN AND FINANCIAL TIMES AND RAISED ISSUE OF HANDLING OF FUTURE PUBLICITY AS WELL AS OF EXPANSION BEYOND GROUP OF SEVEN. U.S. DEL NOTED LIKELIHOOD OF SUCH

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PUBLICITY, GIVEN ACCENTUATED PRESS AND PARLIAMENTARY

CONCERN; NEED FOR CONTINGENCY GUIDANCE; AND PREFERENCE FOR PRIOR AGREEMENT WITHIN RESTRICTED GROUP BEFORE FORMALLY ADDRESSING QUESTION OF EXPANSION. (AUSTRALIA, GDR, NETHERLANDS, SWEDEN AND SOUTH AFRICA WERE MENTIONED AS LIKELY CANDIDATES FOR EXPANDED GROUP.)

3. ON GENERAL EXPORT PRINCIPLES, CANADIANS COMMENTED ON PREDICTABLE COMPLEXITY OF U.S. "DISCUSSION PAPER" IN ABSENCE OF FULL FUEL SAFEGUARDS APPROACH, WHICH THEY PREFERRED; MENTIONED IMPORTANCE OF MANDATORY PROVISIONS TO MINIMIZE SUPPLIER COMPETITION; AND EXPRESSED HOPE THAT FRENCH COULD CONTINUE TO BE MOVED IN DIRECTION OF MORE STRINGENT SAFEGUARDS AND CONDITIONS. WHILE INDICATING THAT U.S. WOULD BE INTERESTED IN FULL FUEL CYCLE SAFEGUARDS, IF COMMON AGREEMENT COULD BE REACHED ON THEM, U.S. DEL NOTED FRENCH OPPOSITION TO SUCH REQUIREMENT, INDICATED FORMAL COMPATIBILITY OF DISCUSSION PAPER WITH FRENCH CONCEPT OF PURSUIT OF SUPPLIED FACILITIES, MATERIALS AND TECHNOLOGY, AND EXPLAINED THEME OF SAFEGUARDS "CONTAMINATION" OF ALL ITEMS TOUCHED BY EXTERNAL SUPPLY. DISCUSSION OF RETRO-ACTIVITY NOTED FRENCH OPPOSITION TO ALTERING PRIOR AGREEMENTS BUT POSSIBILITY OF FLEXIBILITY WITHIN THEIR FRAMEWORK AND VIA IMPLEMENTATION, INCLUDING SPECIFIC NUCLEAR EXPORT DECISIONS. DISCUSSION OF "MUTUAL CONSENT" PROVISION NOTED USEFULNESS OF REACTOR SUPPLIERS EXERCISING EFFECTIVE LEVERAGE OVER NATURE AND LOCATION OF URANIUM ENRICHMENT, CHEMICAL REPROCESSING AND PLUTONIUM STORAGE.

4. SPECIFIC SUGGESTIONS BY CANADIANS FOR FUTURE WORK INCLUDE COVERAGE OF REACTOR TECHNOLOGY OF ALL REPEAT ALL TYPES, GREATER ATTENTION TO FUEL FABRICATION, ELABORATION OF MODEL TRILATERAL (SUPPLIER/RECIPIENT/ IAEA) AGREEMENT, AND CONSIDERATION OF SANCTIONS AGAINST VIOLATORS OF NUCLEAR COOPERATION AGREEMENTS PARTICULARLY IN CASE OF NUCLEAR EXPLOSIONS. IN EXTENDED DISCUSSION OF FULL FUEL CYCLE CENTERS, CANADIANS STATED PREFERENCE FOR EXERCISING SUPPLIER'S GOVERNMENTAL INFLUENCE THROUGH INTER-GOVERNMENTAL AGREEMENTS AND NOT REPEAT NOT THROUGH  
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INDUSTRIAL-LEVEL ARRANGEMENTS, BUT ACKNOWLEDGED UTILITY OF SUPPLIER INVOLVEMENT AT ALL POSSIBLE LEVELS. U.S. DEL EMPHASIZED CONCERN WITH SPREAD OF NATIONAL REPROCESSING FACILITIES EVEN OF PILOT SCALE AND POTENTIAL TECHNICAL, ECONOMIC AND POLITICAL BENEFITS OF MULTINATIONAL, REGIONAL PLANTS, WITH PARTICULAR INTEREST IN EAST ASIAN POSSIBILITIES.

5. IN DISCUSSION OF SENSITIVE NUCLEAR EXPORT CASES, CANADIANS SHARED U.S. CONCERN OVER KOREA AND SAID THEY WERE INSISTING ON INCORPORATING "MUTUAL CONSENT" PROVISION REGARDING REPROCESSING IN ROK/CANADIAN NUCLEAR AGREEMENT IN CONNECTION WITH CANDU SUPPLY. CANADIANS

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WERE TOLD OF U.S. AIDE MEMOIRE RECENTLY PRESENTED TO ROKG, UNDERTOOK TO INFORM USG OF ANY CHANGE IN OTTAWA'S POSITION, AND AGREED TO CONSULT CLOSELY ON FUTURE STEPS INVOLVING FRANCE AND KOREA. ON PAKISTAN, CANADIANS CONFIRMED GOC CONTINUES TO PRESS FOR EXTENDING SAFE-GUARDS DURATION FOR KANUPP, NOTING HOLD-UP IN SUPPLY OF FUEL FABRICATION PLANT, AND WERE ADVISED OF U.S. WILLINGNESS TO EXAMINE COORDINATION WITH REGARD TO HEAVY WATER SUPPLY.

6. ON ARGENTINA, CANADIANS NOTED THEY WERE IN MORE

DIFFICULT POSITION. SINCE THE COMMERCIAL CONTRACT WAS ALREADY IN FORCE AND WORK THEREUNDER PROCEEDING IN CANADA, ALTHOUGH NO DELIVERIES HAD BEEN MADE. CANADA WAS NOW SEEKING TO SUPERIMPOSE A GOVERNMENT-TO-GOVERNMENT AGREEMENT, ON WHICH THE TOUGHEST ISSUES WERE RESTRICTIONS ON RETRANSFER AND A VETO WITH RESPECT TO REPROCESSING.

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7. AT CANADIAN REQUEST, U.S. OUTLINED BRIEFLY STATUS OF DISCUSSIONS WITH FRG ON BRAZIL AND PROPOSED PARALLEL APPROACHES TO FRANCE. CANADIANS EXPRESSED CONCERN ON FULL FUEL CYCLE EXPORT TO BRAZIL, NOTED SOVIET SALE TO LIBYA AND AGREED ON IMPORTANT RELATIONSHIP BETWEEN GENERAL "DISCUSSION PAPER" AND BEHAVIOR REGARDING SPECIFIC EXPORT CASES.

5. CANADIANS EXPRESSED CONCERN OVER FACT THAT INFCIRC 153 SAFEGUARDS WOULD (IN ABSENCE OF TRILATERAL) TERMINATE UPON WITHDRAWAL OF NPT. U.S. DEL SUGGESTED WE EXPLORE POSSIBILITY OF SOLUTION SIMILAR TO THAT USED IN MOST RECENT ARGENTINE AGREEMENT, WHERE SAFEGUARDS CONTINUE BEYOND EXPIRATION DATE OF AGREEMENT.

9. CANADIANS TOLD US DUPUY WOULD NOT ATTEND LONDON MEETINGS SINCE HE WAS ENGAGED IN TALKS OF UNSPECIFIED NATURE WITH THE JAPANESE.

RICHARDSON

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