I. BILATERAL CONSULTATIONS

- Ninth round of non-proliferation consultations held in Moscow (July 27-30). Next round planned for November in Washington. Consultations remain constructive.

- Soviets expressed continued interest in improving IAEA safeguards, strengthening export controls, and pursuing multilateral non-proliferation meetings.

II. REGIONAL ISSUES

- South Africa: Soviets supported G-77 move at June IAEA Board of Governors meeting to recommend suspension of South Africa's membership rights and privileges by the September IAEA General Conference.

- U.S. strongly supports principle of universality of membership in international organizations. In Moscow, we urged Soviets to rethink their position in light of harm to universality principle and possible effect on safeguards application in South Africa.

- Pakistan: Pervez case may prompt usual Soviet complaint over U.S. aid program to Pakistan and ineffectiveness of U.S. efforts to stop Pakistan's nuclear weapons program.

- U.S. aid program increases Pak security and decreases Pakistan's motivation for seeking nuclear capability.

- India: Soviets reportedly prepared to sell nuclear power reactor to India without requiring India to place its other nuclear facilities under IAEA safeguards.

(Note: In our demarche to Dubinin here, in Kennedy's meetings in Moscow, and in new letter to Shevardnadze we have strongly opposed sale of Soviet nuclear power reactor to India without full-scope safeguards.

III. NUCLEAR SAFETY COOPERATION

- Soviets and U.S. pursue increased nuclear safety cooperation bilaterally and through IAEA. NRC and DOE establishing cooperative safety arrangements with USSR and we encourage Soviet/U.S. industry contacts.
U.S. promotes international safety cooperation through IAEA. NRC and DOE are establishing cooperative safety arrangements with USSR. We are encouraging increased Soviet/U.S. industry contacts on safety assistance.