Summary: Key elements of the Administration's nuclear energy policy were discussed with Iran's Atomic Energy Chief. It was agreed that there should be early resumption of discussions on bilateral agreement for cooperation, subject to progress of the nuclear energy bill in the Congress. It was also agreed in principle...
2. NEA DEPUTY ASSISTANT SECRETARY SOBER, ACCOMPANIED BY ECONOMIC/COMMERCIAL COUNSELOR, CALLED ON DR. AKBAR ETAMAD, PRESIDENT OF ATOMIC ENERGY ORGANIZATION OF IRAN, AFTERNOON MAY 15, TO REVIEW WITH HIM RECENT DEVELOPMENTS IN USG POLICY AND DISCUSS NEXT STEPS IN NEGOTIATIONS ON BILATERAL NUCLEAR COOPERATION. SOBER OPENED HIS REMARKS SAYING THAT HE HAD DISCUSSED THESE MATTERS WITH MR. JOSEPH NYE OF DEPARTMENT WHO HAD ASKED HIM TO CONVEY NYE'S REGRETS AT NOT HAVING BEEN ABLE TO ATTEND SHIRAZ NUCLEAR TECHNOLOGY CONFERENCE AND AT HAVING MISSED ETAMAD AT SALZBURG.

3. SOBER NOTED THE PRESIDENT'S PLEDGE THAT FORNATIONS WHICH SHARE OUR NUCLEAR NONPROLIFERATION CONCERNS WE WILL BE A RELIABLE SUPPLIER OF NUCLEAR EQUIPMENT AND FUELS, THE BILL SENT TO THE CONGRESS BY THE PRESIDENT IN LATE APRIL INCORPORATES MANY PROVISIONS OF OUR NONPROLIFERATION POLICY. IT IS OUR HOPE, HE SAID, THAT THE CONGRESS WILL MOVE EXPEDITIOUSLY TO ENACT THIS LEGISLATION WHEREUNION WE WILL BE ABLE TO MOVE FORWARD PROMPTLY ON AN AGREEMENT FOR COOPERATION WITH IRAN.

4. SOBER NOTED THAT THE GOI'S RECENT STATEMENTS FOREGOING REPROCESSING FACILITIES WERE WELCOMED. IT SHOULD SUBSTANTIALLY FACILITATE OUR BILATERAL NEGOTIATIONS. ETAMAD REAFFIRMED THAT IRAN HAD INDEED DECIDED TO ABANDON THE IDEA OF HAVING REPROCESSING FACILITIES. HE WENT ON TO SAY THAT THIS DECISION WAS ASSOCIATED WITH THE EXPECTATION THAT THE SUPPLIER NATIONS WILL FULLY RECOGNIZE IRAN'S LEGITIMATE NEEDS FOR NUCLEAR FUEL AND TECHNOLOGY. HE SAID THAT HE HOPED THAT THE UNITED STATES AND QUOTE ITS ALLIES UNQUOTE WOULD RECOGNIZE THIS QUOTE POLITICAL ACT UNQUOTE BY IRAN AND GIVE IRAN DUE CREDIT FOR IT. SOBER REPLIED THAT WE CERTAINLY DID RECOGNIZE THIS VERY IMPORTANT DECISION BY IRAN WHICH WAS CLEARLY CONSISTENT WITH PRESIDENT CARTER'S NUCLEAR POLICY, NOTING THAT WE OUR...
CONFIDENTIAL

SELVES HAVE DEFERRED INDEFINITELY COMMERCIAL REPRISE.
SING IN THE U.S. SOBER WENT ON TO SAY THAT U.S.
HAS TAKEN STEPS TO INCREASE ITS OWN ENRICHMENT CAPACITY
AND IS DEVELOPING WASY TO MAKE FUEL AVAILABLE THROUGH
LONG-TERM CONTRACTS. WE WELCOMED IRAN'S INTEREST IN
INTERNATIONAL FUEL CYCLE EVALUATION PROGRAM WHICH THE
PRESIDENT HAS PROPOSED AND WANT IT TO BE A COLLABORATIVE
ENDAUEOR WE WILL BE APPROACHING ETEMAH SOON WITH
CONCRETE PROPOSALS.

6. TURNING TO THE NPT, ETEMAH MADE TWO POINTS: (1)
IN IRAN'S VIEW, THERE HAS BEEN OVER THE YEARS NO REAL
DISTINCTION MADE BY THE UNITED STATES IN ITS HANDLING
OF NPT AND NON-NPT COUNTRIES. THAT THE FORMER COUNTRIES
HAVE NOT BENEFITED MORE FROM HAVING SIGNED NPT, SAID ETEMAH,
HAS OF REAL CONCERN TO IRAN. (2) ETEMAH SAID THAT THERE
ARE EVIDENTLY SOME IN THE U.S. WHO FEEL THAT SOME

ANNOTES

HH 332
ARTICLES OF THE NPT HAVE MORE VALIDITY THAN OTHERS. ANY DIFFERENTIATION AMONG THE VARIOUS ARTICLES OF THE NPT CAN ONLY WEAKEN BOTH THE NPT AND IAEA; IN FACT, SAID ETEmAD, BOTH NEED STRENGTHENING. ETEmAD THOUGHT THAT THE U.S. WAS NOT GIVING FULL WEIGHT TO ITS RESPONSIBILITIES UNDER ARTICLE 4 OF THE NPT. SOBER OBSERVED THAT THE U.S. RECOGNIZES THAT, AS A NUCLEAR WEAPONS STATE, WE HAVE A SPECIAL RESPONSIBILITY TO SHARE WITH OTHERS THE BENEFITS OF NUCLEAR ENERGY. INDEED, USG PROPOSAL FOR FUEL CYCLE EVALUATION PROGRAM IS DESIGNED TO ENHANCE THE PEACEFUL NUCLEAR COOPERATION ENVISAGED IN ARTICLE 4. HOWEVER, IN FULFILLING OUR RESPONSIBILITIES UNDER ARTICLE 4 WE MUST
DEPARTMENT OF DEFENSE
JOINT CHIEFS OF STAFF
MESSAGE CENTER

PAGE 2

CONFIDENTIAL
NOT IMPEL OBJECTIVES OF ARTICLES 1 AND 2. ETEMAD AGREED WITH LATTER POINT.

7. ETEMAD THEN TURNED TO ONE OF HIS FAVORITE THEMES — THE QUOTE LONDON CLUB UNQUOTE OF SUPPLIER NATIONS, SPEAKING WITH AN APPARENT ABSENCE OF RANCOR, ETEMAD WAS NEVERTHELESS CANDID IN SAYING THAT SOME QUOTE BAD FEELING UNQUOTE HAD BEEN ENGENDERED WITHIN GOI AS A RESULT OF DECISIONS BY THE SUPPLIER NATIONS QUOTE TAKEN BEHIND OUR BACKS. UNQUOTE SOBER REMARKED THAT THE DECISIONS IN QUESTION HAD TO BE VIEWED IN CONTEXT OF OVERRIDING CONCERN TO LIMIT THE RISK OF NUCLEAR PROLIFERATION.

8. FOLLOWING A BRIEF DISCUSSION OF IRAN'S NUCLEAR POWER PLANT PROGRAM, ETEMAD ACKNOWLEDGED OUR VERY RECENT UNDERSTANDING THAT WAY COULD BE OPEN FOR THE U.S. TO SUPPLY CONSIDERABLE NUMBER OF NUCLEAR POWER PLANTS BEYOND THE EIGHT PLANTS HITHerto QUOTE EARMARKED UNQUOTE FOR THE U.S.

9. SOBER THEN MENTIONED TO ETEMAD THE INTEREST OF SECRETARY VANCE IN HAVING AN EARLY, BROAD DISCUSSION BETWEEN OUR TWO COUNTRIES OF ENERGY ISSUES UNDER THE AUSPICES OF THE U.S.-IRAN JOINT COMMISSION. SUCH A DISCUSSION SHOULD ENCOMPASS NOT ONLY NUCLEAR ENERGY BUT OTHER SOURCES SUCH AS NATURAL GAS AND SOLAR ENERGY AS WELL. SOBER SAID THAT HE HAD MENTIONED THE SECRETARY'S INTEREST IN this RESPECT TO MINISTER OF ECONOMIC AFFAIRS AND FINANCE ANSARY (IRANIAN CO-CHAIRMAN OF THE JOINT COMMISSION) WHO WAS VERY SYMPATHETIC TO THE IDEA. SOBER ADDED THAT HE WOULD VERY MUCH LIKE TO HAVE Dr. ETEMAD'S VIEWS ON WAYS TO MAKE AN ENERGY MEETING MOST USEFUL.

10. ETEMAD ENTIRELY AGREED WITH THE IDEA, SAYING TENTATIVELY THAT HE THOUGH ONE TO TWO DAYS OUGHT TO BE SUFFICIENT FOR SUCH A MEETING. HE ALSO AGREED THAT NEGOTIATIONS ON THE BILATERAL AGREEMENT FOR COOPERATION MIGHT BE RESUMED IN THE CONTEXT OF THE BROADER NUCLEAR ENERGY MEETING. CONSULTING HIS CALENDAR, ETEMAD SAID THAT HE WOULD BE AVAILABLE FOR BOTH THE ENERGY MEETING AND BILATERAL NUCLEAR TALKS IN EITHER THE LAST WEEK OF
JUNE OR THE LAST WEEK OF JULY OF THIS YEAR, WHILE IRAN NATURALLY WOULD PREFER TO AWAIT PASSAGE IN THE CONGRESS OF THE ADMINISTRATION'S ENERGY BILL HE THOUGHT THAT THE TALKS ON THE BILATERAL COULD BE RESUMED PRELIMINARILY EVEN BEFORE FINAL ENACTMENT OF THE BILL.

II. ETEMAD CONCLUDED WITH TWO OBSERVATIONS ON THE NUCLEAR ENERGY BILATERAL. HE SAID THAT IRAN WOULD WANT TO EXAMINE OUR NEW LEGISLATION TO SEE IN WHAT FASHION U.S. COMMITMENTS UNDER THE BILATERAL WOULD BE MET IN VIEW OF THE AUTONOMOUS CHARACTER OF THE U.S. NUCLEAR REGULATORY COMMISSION. SECONDLY, HE SAID IRAN WOULD NEED TO SATISFY ITSELF ON THE MATTER OF NUCLEAR SUPPLY GUARANTEES. SPECIFICALLY, IRAN WOULD HAVE TO HAVE A COMPLETE UNDERSTANDING OF WHAT THE NEW U.S. LEGISLATION PROVIDES FOR WITH REGARD TO U.S. RIGHTS TO REDUCE OR TERMINATE FUEL SUPPLIER TO A FOREIGN NATION.