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SECT 50 OF 07886

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DEPT PASS ERDA/WASH FOR GIAMBUSSO

E.O. 11652: GDS

TAGS: TECH, IR, USIRJC

SUBJECT: NUCLEAR ENERGY DISCUSSION (*OR - How we gave the form away*)

REF: STATE 190420

1. SUMMARY: AS RESULT OF LENGTHY PLENARY MEETING OF JOINT COMMISSION
ATOMIC ENERGY COMMITTEE HELD THIS AFTERNOON, IT APPEARS THAT BASIS
HAS BEEN IDENTIFIED WHICH COULD LEAD TO AGREED APPROACH TO NUCLEAR
ENERGY BILATERAL WITHIN FRAMEWORK OF EXISTING U.S. POSITION.
BASIC APPROACH WOULD INVOLVE ALLOWING IRAN OPTION TO CHOOSE
AMONG SEVERAL SETS OF ALTERNATIVES BEFORE REACHING BOTTOM LINE
OF ALLOWING REPROCESSING IN IRANIAN NATIONAL FACILITIES UNDER
EFFECTIVE SAFEGUARDS. EACH OF ALTERNATIVES WOULD INCLUDE FUEL

PAGE 1

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58

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PAGE 2

C O N F I D E N T I A L

17823

REPLACEMENT OPTION, THUS PRESERVING U.S. ABILITY TO FORECLOSE NATIONAL REPROCESSING IN IRAN. HOWEVER, U.S. WOULD EXPRESS INTENT, WITHIN NECESSARY PRACTICAL AND LEGAL LIMITS, TO REPLACE IRRADIATED FUEL WITH FRESH FUEL WHEN REQUESTED TO DO SO. MEETINGS WILL RESUME TOMORROW, WITH BOTH INFORMAL DRAFTING AND PLENARY SESSIONS SCHEDULED. END SUMMARY.

Classified

2. AFTER INITIAL STATEMENT STRONGLY CRITICAL OF U.S. POSITION ETEMAD RETREATED FROM MORE EXTREME POSITIONS TAKEN BY GOI IN ITS JULY 21 COMMENTS ON U.S. DRAFT. IN PARTICULAR, WHILE CONTENDING U.S. HAS OBLIGATION TO ASSIST IRAN IN ALL AREAS OF NUCLEAR TECHNOLOGY, INCLUDING REPROCESSING, ETEMAD ACKNOWLEDGED THIS WAS IMPRACTICAL FOR U.S. UNDER CURRENT CONDITIONS, AND IRAN WOULD NOT PRESS POINT. HOWEVER, HE REITERATED FREQUENTLY VOICED COMPLAINT THAT ALL OPTIONS REST WITH U.S., AND THAT IRAN IS THEREFORE PRECLUDED FROM OPTIMUM ECONOMIC DEVELOPMENT OF FUEL CYCLE IN IRAN. HE STATED THAT IRAN WOULD NOT ACCEPT DISCRIMINATORY TREATMENT IN WHICH INDUSTRIALIZED NATIONS COULD PURSUE FUEL CYCLE IN MOST ECONOMIC MANNER, WHILE IRAN WAS SUBJECTED TO RESTRAINTS WHICH COULD LEAD TO ECONOMIC PENALTY. HOWEVER, HE AGREED THAT ASSURED FUEL SUPPLY WAS MOST IMPORTANT CONSIDERATION, WITH ECONOMICS OF LESS IMPORTANCE. ETEMAD ALSO STRESSED IMPORTANCE OF PLUTONIUM AVAILABILITY FOR IRAN'S FAST BREEDER PROGRAM, INCLUDING POSSIBLE EXPERIMENTAL UNIT. THIS POINT WAS NOT DISCUSSED IN DETAIL, BUT USDEL EMPHASIZED THAT INTENT OF CURRENT U.S. DRAFT WAS TO ACCOMMODATE AN IRANIAN BREEDER PROGRAM ON AS NEEDED BASIS.

obligation

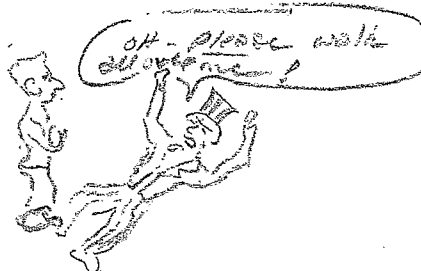
3. USDEL EXPLAINED THAT NEED FOR U.S. TO EXPRESS FUEL EXCHANGE ARRANGEMENT IN FORM OF U.S. OPTIONS, RATHER THAN AS U.S. OBLIGATIONS, WAS NOT A MATTER OF PRINCIPLE, BUT A REFLECTION OF LIMITATIONS ON U.S. LEGAL AND PRACTICAL ABILITY TO UNDERTAKE FIRM OBLIGATIONS IN THIS REGARD. THEY EXPRESSED WILLINGNESS TO SEEK WAYS OF EXPRESSING FUEL TRANSFER ARRANGMENT IN TERMS EXPRESSING U.S. INTENT TO PERFORM, IF POSSIBLE. THEY ALSO STRESSED THAT BOTTOM LINE OF U.S. MAY 31 DRAFT ENABLES REPROCESSING IN IRANIAN NATIONAL FACILITIES SUBJECT TO EFFECTIVE SAFEGUARDS, THUS ENSURING THAT IRAN IS NOT FORECLOSED FROM EVERY SOLUTION TO REPROCESSING PROBLEM.

4. AFTER LENGTHY DISCUSSION, IN WHICH ETEMAD'S SENIOR STAFF OCCASSIONALLY TOOK FAR MORE NEGATIVE POSITION THAN HE, IT WAS AGREED THAT POSSIBLE SOLUTION TO REPROCESSING ISSUE WAS

PAGE 2

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PAGE 3

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OFFERED BY APPROACH UNDER WHICH IRAN WOULD BE ABLE TO CHOOSE AMONG SEVERAL ALTERNATIVE PATHS TO "BOTTOM LINE", THUS ALLOWING IT TO OPTIMIZE FUEL CYCLE IN MANNER CONSISTENT WITH U.S. NON-PROLIFERATION CONCERNS. FOR EXAMPLE, IRAN MIGHT, AS FIRST OPTION, CHOOSE THIRD-COUNTRY REPROCESSING, OR EXCHANGE OF IRRADIATED FUEL FOR FRESH FUEL, RATHER THAN BINATIONAL PLANT, AS IN CURRENT DRAFT. U.S. DEL STRESSED, AND IRANIAN DEL AGREED, THAT FUEL EXCHANGE MUST BE ONE OF STEPS IN EACH SET OF ALTERNATIVES.

5. WHILE RECOGNIZING THAT APPARENT AGREEMENT IN PRINCIPLE WITH ETEMAD HAS BEEN ACHIEVED BEFORE, ONLY TO EVAPORATE AFTER ETEMAD REVIEWS DETAILED DRAFTS, WE BELIEVE APPROACH DESCRIBED ABOVE PROVIDES PROMISING BASIS FOR CONTINUING DISCUSSION WHICH COULD LEAD TO RENEWED AGREEMENT IN PRINCIPLE WITHIN FRAMEWORK OF PRESENTLY APPROVED U.S. POSITION. HOWEVER, CONSIDERABLE DIFFICULT DRAFTING REMAINS TO BE DONE BEFORE APPROACH IS FULLY DEVELOPED EVEN FOR PURPOSE OF FULL COMPREHENSION AND CONSIDERATION, AND ONLY REPROCESSING ISSUE HAS SO FAR BEEN ATTACKED WITH SEVERAL OTHER DIFFICULT POINTS REMAINING TO BE DISCUSSED.

6. DISCUSSIONS WERE SPIRITED BUT EXTREMELY CORDIAL AND CONSTRUCTIVE AND BENEFITED, IN OUR VIEW, FROM PARTICIPATION OF ETEMAD'S SENIOR STAFF WHO OBVIOUSLY HAVE BEEN A SOURCE OF NEGATIVE ADVICE TO HIM IN PAST. RESULTS OF TOMORROWS SESSIONS WILL BE REPORTED PROMPTLY.

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PAGE 3

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