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DODE-00 ERDA-05 PM-04 SS-15 PA-01 PRS-01 USIA-06 /106 W

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FM AMEMBASSY LONDON
TO SECSTATE WASHDC 7651
INFO AMEMBASSY OTTAWA
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AMEMBASSY THE HAGUE
USMISSION NATO BRUSSELS
USMISSION EC BRUSSELS
USMISSION IAEA VIENNA
AMEMBASSY WARSAW
AMEMBASSY ROME

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~~C O N F I D E N T I A L~~ SECTION 01 OF 03 LONDON 18324

E.O. 11652: GDS
TAGS: PARM, TECH
SUBJECT: LONDON NUCLEAR SUPPLIERS' MEETING, NOVEMBER
11 - 12

SUMMARY. NUCLEAR SUPPLIERS MEETING ON NOVEMBER 11 -
12 (A) CONSIDERED REPORT OF WORKING GROUP ON MULTINATIONAL
FUEL CYCLE CENTERS AND INTERNATIONAL PLUTONIUM AND SPENT
FUEL STORAGE; DECIDED THAT NEXT STEP SHOULD BE
CONTINUATION OF IAEA STUDIES OF THESE SUBJECTS WITH

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: FRANK H PEREZ
CLASSIFICATION: CONFIDENTIAL REASON: 25X6
DECLASSIFY AFTER: 12 NOV 2026
DATE/CASE ID: 30 JUL 2009 200901085

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: APPEALS REVIEW PANEL
CLASSIFICATION: UNCLASSIFIED
APPEAL ACTION: RELEASED IN FULL
DATE/CASE ID: 25 MAY 2010 200901085

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ADVICE FROM INTERESTED MEMBER STATES TAKING INTO ACCOUNT THE WORKING GROUP REPORT AND THE DISCUSSION AT THIS MEETING;

(B) HELD LENGTHY DISCUSSION ABOUT FULL FUEL CYCLE SAFEGUARDS AS A CONDITION OF NUCLEAR EXPORTS (USSR AND UK PROPOSED TO AMEND GUIDELINES TO THIS EFFECT BUT GROUP DECIDED TO DEFER ANY DECISION ON THIS MATTER UNTIL NEXT MEETING);

(C) CONSIDERED U.S. PRESENTATION ON (I) MAXIMUM RESTRAINT FOR AT LEAST 3 YEARS IN EXPORT OF SENSITIVE FACILITIES AND TECHNOLOGY; (II) DESIRABILITY OF NATIONAL PUBLIC STATEMENTS OF POLICIES PARALLELLING PRESIDENT'S REMARKS ON SANCTIONS AGAINST VIOLATION OF SAFEGUARDS AGREEMENTS; (III) THE NEW EXPORT CRITERIA RECENTLY ANNOUNCED BY THE PRESIDENT; AND (IV) THE RELATIONSHIP OF ALL OF THE FOREGOING RELATED TO THE PRESENT GUIDELINES (THE U.S. PROPOSED THAT NEXT MEETING SHOULD CONSIDER AMENDMENTS OR AGREED INTERPRETATIONS OF THE GUIDELINES SUPPORTING THESE NEW POLICIES);

(D) DECIDED TO DEFER DECISIONS ON ENLARGEMENT OF GROUP UNTIL NEXT MEETING;

(E) AUTHORIZED RELEASE TO PRESS OF MEMBERSHIP OF GROUP AND OF FACT THAT ONE UNNAMED STATE (SWITZERLAND) WAS PRESENT AS AN OBSERVER;

(F) DECIDED TO DEFER PUBLICATION OF THE SUBSTANTIVE RESULTS OF THE GROUP'S WORK UNTIL THE NEXT MEETING AT WHICH EXTENT, NATURE AND TIMING OF SUCH PUBLICATION WOULD BE DISCUSSED FURTHER;

(G) DISCUSSED THE RELATIONSHIP OF VARIOUS IAEA ACTIVITIES TO THE WORK OF THE GROUP, BUT DECIDED AGAINST INVITING THE DIRECTOR GENERAL OF THE IAEA OR HIS REPRESENTATIVE TO THE NEXT MEETING AS AN OBSERVER; AND

(H) DECIDED TO HOLD NEXT MEETING IN LONDON, UNDER BRITISH CHAIRMANSHIP, ON MARCH 24-25, WITH A VIEW TO
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COMPLETING THIS REVIEW OF THE GUIDELINES AND REACHING DECISIONS ON ANY AMENDMENTS, SUPPLEMENTS, INTERPRETA-

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TIONS, OR IMPLEMENTATION THAT MAY BE UNCLASSIFIED END
SUMMARY.

1. WORKING GROUP REPORT: WHILE REPORT OF WORKING GROUP ON MULTINATIONAL FUEL CYCLE CENTERS AND INTERNATIONAL PLUTONIUM MANAGEMENT WAS GENERALLY WELL RECEIVED, IT WAS DECIDED TO GIVE IT NO OFFICIAL STATUS. THERE CONTINUED TO BE GENERAL CONCURRENCE IN THE DESIRABILITY OF STUDYING INTERNATIONAL PLUTONIUM STORAGE, BUT SEVERAL DELEGATIONS (OF WHICH THE UK WAS MOST VOCAL) STRESSED THE DISTINCTIONS BETWEEN SUCH A REGIME AND A SPENT FUEL STORAGE REGIME. U.S. STRESSED THE IMPORTANCE OF CONTINUING TO CONSIDER A SPENT FUEL STORAGE REGIME, AND URGED THAT IF OTHER DELEGATIONS WISHED TO EMPHASIZE TO THE IAEA SECRETARIAT THEIR INTEREST IN PLUTONIUM STORAGE, THEY SHOULD NOT OBJECT TO THE INCLUSION OF SPENT

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INFO AMEMBASSY OTTAWA
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AMEMBASSY BERLIN
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USMISSION IAEA VIENNA
AMEMBASSY WARSAW
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FUEL IN THE SECRETARIAT'S STUDY. U.S. DEL ALSO POINTED OUT THE DESIRABILITY OF INCLUDING IN SUPPLY AGREEMENTS A PROVISION ON CONSENT AS TO WHERE SPENT FUEL OR SEPARATED PLUTONIUM IS STORED THAT WOULD BE BROAD ENOUGH TO COVER BOTH. IT WAS DECIDED THAT THE WORKING GROUP SHOULD NOT BE ASKED TO PROCEED FURTHER AT THIS TIME, BUT THAT THE NEXT STEP WOULD BE COMPLETION OF THE IAEA STUDIES ON THESE TWO SUBJECTS, AND THAT INTERESTED MEMBER STATES SHOULD MAKE THEIR VIEWS KNOWN TO THE IAEA SECRETARIAT, TAKING INTO ACCOUNT THE DELIBERATIONS OF THE WORKING

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GROUP AND OF THE PRESENT MEETING.

2. FULL FUEL CYCLE SAFEGUARDS: THE PRINCIPAL FOCUS OF DISCUSSION AT THE MEETING WAS WHETHER TO REVISE THE GUIDELINES TO REQUIRE FULL FUEL CYCLE SAFEGUARDS AS A CONDITION OF NUCLEAR EXPORTS. THE SOVIETS TABLED A DRAFT AMENDMENT TO THIS EFFECT. THE UK THEN TABLED A GROUP OF FOUR ALTERNATIVE AMENDMENTS, WHICH, IN ORDER OF PREFERENCE WOULD REQUIRE FULL FUEL CYCLE SAFEGUARDS AS A CONDITION OF THE EXPORT OF (A) ANY TRIGGER LIST ITEM; (B) EXPORTS OF SENSITIVE FACILITIES OR TECHNOLOGY, WEAPONS USABLE MATERIAL, OR REACTORS; (C) EXPORTS OF SENSITIVE FACILITIES OR TECHNOLOGY OR WEAPONS USABLE MATERIAL; OR (D) EXPORTS OF SENSITIVE FACILITIES OR TECHNOLOGY. A NUMBER OF QUESTIONS WERE RAISED ABOUT THE DRAFTS, MOST NOTABLY WHETHER THEY SHOULD INCLUDE A REQUIREMENT THAT THE SAFEGUARDS HAVE THE DURATION AND COVERAGE CALLED FOR BY GOV 1621 (WHICH SEEMED TO BE WIDELY FAVORED). THE FRENCH AND THE GERMANS EXPRESSED RESERVATIONS ABOUT AMENDING THE GUIDELINES IN THIS RESPECT, WITH THE FORMER POINTING OUT THEIR ANTIPATHY TO USING SUPPLY LEVERAGE TO COMPEL OTHER

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COUNTRIES TO MAKE BASIC DECISIONS NOT DIRECTLY RELATED TO THE ITEMS SUPPLIED, AND OBSERVING THAT A DECISION OBTAINED UNDER SUCH DURESS COULD PROVE OF DOUBTFUL DEPENDABILITY. THE CHAIRMAN SAID THE UK AND USSR WOULD TRY TO PREPARE A REVISED DRAFT AMENDMENT THAT WOULD INCORPORATE THE IDEAS IN BOTH THE SOVIET AND PREFERRED BRITISH DRAFTS AND REFLECT THE DISCUSSION OF THIS MEETING. THIS REVISED DRAFT WOULD BE CIRCULATED WELL IN ADVANCE OF THE NEXT MEETING SO THAT IT COULD BE GIVEN DUE CONSIDERATION IN CAPITALS. AT THE SAME TIME, THE ALTERNATIVE APPROACHES SUGGESTED BY THE BRITISH SHOULD ALSO REMAIN UNDER CONSIDERATION.

3. NEW U.S. POLICY POINTS: U.S. PRESENTEE RELEVANT POINTS FROM THE PRESIDENTIAL POLICY STATEMENT, NOTING THAT EACH OF THE POINTS COULD BE RELATED TO PROVISIONS IN THE PRESENT GUIDELINES. THUS THE CALL FOR MAXIMUM RESTRAINT FOR AT LEAST THREE YEARS IN SENSITIVE EXPORTS WAS A SPECIAL APPLICATION OF THE CALL IN PARAGRAPH 7 OF CONFIDENTIAL.

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THE GUIDELINES FOR RESTRAINT IN SUCH TRANSFERS. THE PRESIDENT'S TREATMENT OF SANCTIONS WAS A WAY OF FURTHER IMPLEMENTING ARTICLE 14 OF THE GUIDELINES, WHICH TOUCHED ON THIS SUBJECT. THE NEW CRITERIA ON NPT ADHERENCE OR FULL FUEL CYCLE SAFEGUARDS WERE DIRECTLY RELATED TO ARTICLE 4; AND THE CRITERION CALLING ON FOREGOING, DEFERRING OR SHAPING SENSITIVE FACILITIES TO MEET NON-PROLIFERATION NEEDS WAS CLEARLY RELATED TO THE VETO PROVISIONS IN ARTICLE 9. U.S. DEL SAID THAT WHILE WE WERE NOT PROPOSING SPECIFIC AMENDING LANGUAGE AT THIS MEETING, WE URGED THAT APPROPRIATE AMENDMENTS OAL EED#

INTERPRETATIONS OR IMPLEMENTING MEASURES SHOULD BE AGREED AT THE NEXT MEETING. FULFORD (CANADA) SAID THAT WHILE

HIS COUNTRY COULD SUPPORT MAXIMUM RESTRAINT FOR A PERIOD PENDING CONSIDERATION OF ALTERNATIVE SOLUTIONS TO THE PLUTONIUM MANAGEMENT PROBLEM, HE CONSIDERED IT UNREALISTIC TO EXPECT A PERMANENT POLICY OF DENIAL TO BE VIABLE. THE SWEDISH, DUTCH, BELGIAN AND SOVIET REPRESENTATIVES MADE STATEMENTS GENERALLY FAVORABLE TO THE NEW U.S. POLICY DECISIONS. THE FRENCH, IN REVIEWING THEIR OWN OCTOBER 11 COMMUNIQUE, NOTED THAT IN THEIR RESTRAINT ON SENSITIVE TRANSFERS AND PREFERENCE FOR FUEL SERVICES THE FRENCH POLICY WAS SIMILAR TO THAT IN THE

PRESIDENT'S OCTOBER 28 POLICY STATEMENT. HE ADDED THAT UNCLASSIFIED
THE FRENCH POLICY REVIEW WAS STILL IN PROCESS.

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4. ENLARGEMENT OF MEMBERSHIP: WHILE THE GROUP
DISCUSSED ENLARGING ITS MEMBERSHIP, IT AGREED TO NO
FURTHER ENLARGEMENT UNTIL AFTER THE NEXT MEETING, AT
WHICH THE TOPIC WOULD BE DISCUSSED FURTHER. SUGGESTIONS
FOR ENLARGEMENT INCLUDED THE REMAINING MEMBERS OF THE
ZANGGER COMMITTEE (INCLUDING - IN ADDITION TO
SWITZERLAND - FINLAND, NORWAY, DENMARK, IRELAND,

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USMISSION IAEA VIENNA
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LUXEMBOURG, HUNGARY, AUSTRIA AND AUSTRALIA) WITH SPECIAL EMPHASIS BY SWEDEN AND THE UK ON FINLAND AND DENMARK WHO HAD RECENTLY EXPRESSED THEIR INTEREST IN JOINING, AND BY CANADA ON AUSTRALIA AND POSSIBLY OTHER URANIUM SUPPLIERS. SEVERAL DELEGATIONS SUGGESTED INCLUDING CONSUMER COUNTRIES, ALTHOUGH IT WAS POINTED OUT THAT MOST OF THE SUPPLIER MEMBERS WERE ALSO RECIPIENTS.

5. PUBLICATION OF THE GROUP'S MEMBERSHIP AND DOCUMENTS:
AT THE BEGINNING OF THE MEETING PRESS GUIDANCE WAS
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APPROVED THAT INCLUDED NAMING THE MEMBERS OF THE GROUP AND STATING THAT AN ADDITIONAL UNNAMED NATION (I.E. SWITZERLAND) HAD ATTENDED AS AN OBSERVER. THUS THE PRINCIPAL FOCUS OF DISCUSSION BECAME THE NATURE AND TIMING OF THE PUBLICATION OF THE GUIDELINES AND TRIGGER LIST. WHILE MOST SEEMED TO THINK THAT SOME FORM OF PUBLICATION WOULD BE REQUIRED LATER, THE GROUP AGREED THAT ANY PUBLICATION SHOULD BE DEFERRED UNTIL AFTER THE NEXT MEETING, AT WHICH THERE WOULD BE FURTHER DISCUSSION OF METHOD OF PUBLICATION. SUGGESTIONS INCLUDED INDIVIDUAL MEMBERS MAKING PUBLIC STATEMENTS OF THEIR NUCLEAR EXPORT POLICIES REFLECTING (OR GOING BEYOND) THE GUIDELINES, OR FOLLOWING THE ZANGGER COMMITTEE PRECEDENT OF SEPARATE NOTIFICATIONS BY EACH MEMBER TO THE IAEA OF ITS POLICY DECISION TO FOLLOW THE GUIDELINES. TWO DELEGATIONS SUGGESTED THAT THE GUIDELINES MIGHT BE EDITED TO IMPROVE THEIR PRESENTATION AND LANGUAGE, BUT THE FRENCH, U.S. AND OTHERS EXPRESSED STRONG RESERVATIONS ABOUT TAMPERING WITH THE PRESENT TEXT, AT LEAST UNTIL A NEW VERSION OF THE GUIDELINES WAS REQUIRED FOR SUBSTANTIVE REASONS.

6. RELATIONSHIP WITH THE IAEA: IT WAS POINTED OUT THAT RELATIONSHIP OF THE WORK OF THE GROUP TO IAEA ACTIVITIES HAD ALREADY BEEN DISCUSSED IN CONNECTION WITH POSSIBLE PUBLICATION OF THE GUIDELINES, AS WELL AS IN CONNECTION WITH THE FURTHER STUDY OF MULTINATIONAL FUEL

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CYCLE CENTERS AND INTERNATIONAL STORAGE. OTSUKA (JAPAN) UNCLASSIFIED
ALSO NOTED THE POSSIBLE NEED TO CONSIDER AT THE NEXT
MEETING THE RESULTS OF THESE AGENCY STUDIES, AND THE
DRAFT AGREEMENT BEING PREPARED BY THE SECRETARIAT TO
PROVIDE FULL FUEL CYCLE SAFEGUARDS. THE POLISH
DELEGATION (WITH GDR AND CZECH SUPPORT) SUGGESTED THAT
THE IAEA DG OR HIS REPRESENTATIVE BE INVITED TO ATTEND
FUTURE MEETINGS AS AN OBSERVER, BUT THIS WAS OBJECTED TO
BY SEVERAL DELEGATIONS AND TABLED WITHOUT ACTION. IT WAS
POINTED OUT THAT THE DG HAS RATHER COMPLETE INFORMAL
KNOWLEDGE OF THE GUIDELINES, AND THE LATER DECISIONS ON
PUBLICATION WOULD BE THE BEST CONTEXT IN WHICH TO DECIDE
HOW HE WILL GET FORMAL NOTIFICATION.

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7. DATE AND PLACE OF NEXT MEETING: IT WAS AGREED THAT
A FURTHER MEETING SHOULD BE HELD, AIMED AT COMPLETING THE
REVIEW OF THE GUIDELINES AND REACHING DECISION ON ANY
REVISIONS, AMENDMENTS, SUPPLEMENTS, AGREED
INTERPRETATIONS OR IMPLEMENTING MEASURES; THAT THIS
MEETING SHOULD AGAIN BE HELD IN LONDON UNDER UK CHAIR-
MANSHIP; AND THAT IT SHOULD BE SCHEDULED FOR MARCH 24-25.
THE CHAIRMAN URGED THAT IF ANY POSTPONEMENT OF THIS DATE
BECAME NECESSARY, THE EARLIEST POSSIBLE NOTICE THEREOF BE
GIVEN.

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