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DEPARTMENT OF STATE
CMC REARCS

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PAGE 01 OF 02 STATE 009394 111144Z 021887 0858767

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INFO: SNP (01)

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ORIGIN OES-09

AT THIS STEP AND RESTATING U.S. EXPECTATION THAT THE CHINESE GOVERNMENT WILL MOVE EXPEDITIOUSLY TO ADHERE TO THE TREATY EARLY IN 1992.

INFO	LOG-00	ACDA-13	AID-00	AMAD-01	CEA-01	CEQ-01	CIAE-00
	COKE-00	CTHE-00	DINT-05	DODE-00	DOEE-00	EAP-00	EB-00
	EUR-00	E-01	FRB-03	H-01	INRE-00	INR-01	IO-19
	JUSE-00	L-00	ADS-00	NEA-00	NRC-02	NSAE-00	NSCE-00
	OIC-02	OMB-01	OPIC-00	PK-00	PRS-01	SNP-00	SP-00
	SSO-00	SS-00	STR-20	TRSE-00	T-01	USIE-00	EPAE-00

/102R

4. BEGIN TALKING POINTS:

-- THE UNITED STATES WELCOMES THE RECENT DECISION BY THE NATIONAL PEOPLE'S CONGRESS TO APPROVE CHINA'S ACCESSION TO THE NPT.

-- WE HOPE CHINA WILL MOVE QUICKLY TO ADHERE TO THE TREATY EARLY THIS YEAR.

-- AS GRATIFYING AS THIS DEVELOPMENT IS, WE MUST ALSO SAY FRANKLY THAT WE WERE DISAPPOINTED BY RECENT REPORTS THAT CHINA HAS FORMALLY AGREED TO PROVIDE A 300 MW NUCLEAR POWER REACTOR TO PAKISTAN.

-- WHILE IT IS IMPORTANT THAT THIS REACTOR, AS WE UNDERSTAND IT, WILL BE SUBJECT TO IAEA SAFEGUARDS, WE REGRET THAT CHINA, DESPITE THE URGINGS OF THE UNITED STATES, HAS APPARENTLY DECIDED NOT TO REQUIRE FULL-SCOPE SAFEGUARDS IN PAKISTAN AS A CONDITION FOR THE SALE.

-- AS WE HAVE PREVIOUSLY STATED, THE UNITED STATES HAS LONG ADVOCATED THAT NUCLEAR SUPPLIER STATES ADOPT A POLICY OF REQUIRING FULL-SCOPE SAFEGUARDS AS A CONDITION FOR SIGNIFICANT NEW NUCLEAR EXPORT COMMITMENTS TO NON-NUCLEAR

WEAPON STATES.

-- FULL-SCOPE SAFEGUARDS, AS YOU KNOW ARE IAEA SAFEGUARDS ON THE ENTIRETY OF A STATE'S PEACEFUL NUCLEAR PROGRAM, NOT JUST ON THE PARTICULAR ITEM BEING EXPORTED TO THE STATE.

-- THE UNITED STATES AND MOST OTHER NUCLEAR SUPPLIERS (INCLUDING JAPAN, GERMANY, FRANCE AND THE UK) NOW IMPLEMENT A FULL-SCOPE SAFEGUARDS NUCLEAR EXPORT POLICY.

-- FURTHERMORE, EVEN BEFORE THE MAJOR NUCLEAR SUPPLIERS CAME TO ADOPT A GENERAL POLICY ON FULL-SCOPE SAFEGUARDS AS AN EXPORT CONDITION, A DE FACTO CONSENSUS HAD DEVELOPED THAT SIGNIFICANT NUCLEAR SUPPLY TO SPECIFIC COUNTRIES OF PROLIFERATION CONCERN, INCLUDING PAKISTAN, SHOULD BE AVOIDED IN THE ABSENCE OF FULL-SCOPE SAFEGUARDS.

-- A FULL-SCOPE SAFEGUARDS NUCLEAR EXPORT POLICY REDUCES THE CHANCE THAT ASSISTANCE TO THE SAFEGUARDED PART OF A COUNTRY'S NUCLEAR PROGRAM MIGHT BE DIVERTED TO THE UNSAFEGUARDED PART.

-- IT ALSO FACILITATES THE IAEA'S TECHNICAL ROLE IN APPLYING SAFEGUARDS, BECAUSE SAFEGUARDS ARE SIMPLER AND MORE EFFECTIVE WHEN ALL OF A COUNTRY'S PEACEFUL NUCLEAR ACTIVITIES ARE SAFEGUARDED.

-- FINALLY, THE WIDESPREAD IMPLEMENTATION OF A FULL-SCOPE SAFEGUARDS EXPORT POLICY BY MAJOR NUCLEAR SUPPLIERS REDUCES THE RISK THAT INDIVIDUAL SUPPLIERS WILL COMPETE

AGAINST EACH OTHER BY OFFERING LESS STRINGENT SAFEGUARDS CONDITIONS TO POTENTIAL CUSTOMERS, A FORM OF SALESMANSHIP THAT IS DETRIMENTAL TO THE NON-PROLIFERATION REGIME.

-- THE UNITED STATES ONCE AGAIN URGES CHINA TO CONSIDER JOINING THE VAST MAJORITY OF OTHER MAJOR NUCLEAR SUPPLIER COUNTRIES IN ADOPTING SUCH A POLICY.

END TALKING POINTS. BAKER

DRAFTED BY OES/NEP: JADDOLEY
APPROVED BY OES/N: FMCGOLDRICK
OES/NEP: EBUSICK S/NP: LGALLINI
EAP/CM: FHART NEA/RA: LWARD
ACDA/HP: SDAVIS T: SAOKI
S/S-O: KAUGUSTINE S/S: WITON

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CONFIDENTIAL STATE 009394

USVIENNA FOR UNVIE

E.O. 12356: DECL: OADR
TAGS: KNNP, KSCA, ENRG, CH, PK
SUBJECT: CHINA'S NUCLEAR REACTOR DEAL WITH PAKISTAN;

CHINESE STEPS TOWARD JOINING NPT

REF: A) ISLAMABAD 00022 B) 91 ISLAMABAD 19676

1. CONFIDENTIAL - ENTIRE TEXT.

2. DEPARTMENT NOTES PRESS REPORTS AND GOVERNMENT OF PAKISTAN'S PUBLIC ANNOUNCEMENT (REF A) THAT GOP AND CHINESE OFFICIALS SIGNED AGREEMENT IN BEIJING DECEMBER 31 FOR CHINESE SUPPLY OF 300 MW NUCLEAR POWER PLANT TO PAKISTAN. WHILE IT IS IMPORTANT THAT THE REACTOR WILL APPARENTLY BE SUBJECT TO IAEA SAFEGUARDS, AND WHILE THE RELATIVE TRANSPARENCY ACCORDED THIS DEAL (IN CONTRAST WITH SEVERAL OTHER RECENT CHINESE NUCLEAR TRANSACTIONS) IS A WELCOME DEVELOPMENT, WE ARE NEVERTHELESS DISAPPOINTED THAT THE TERMS OF THE DEAL EVIDENTLY DO NOT INCLUDE THE FULL-SCOPE SAFEGUARDS EXPORT CONDITION WE HAD URGED CHINA TO INSIST ON. WE WOULD LIKE TO EXPRESS OUR DISAPPOINTMENT AT THE LATTER OMISSION AND RESTATE THE CASE FOR FULL-SCOPE SAFEGUARDS AS A NUCLEAR EXPORT REQUIREMENT. CHINA'S DEAL WITH PAKISTAN IN EFFECT DISRUPTS A DE FACTO NUCLEAR SUPPLIER CONSENSUS AGAINST SUPPLYING SIGNIFICANT NUCLEAR COMMODITIES SUCH AS REACTORS TO PAKISTAN IN THE ABSENCE OF FULL-SCOPE SAFEGUARDS. IT ALSO GOES AGAINST THE RECENT TREND OF SUPPLIERS TO MAKE IT THEIR GENERAL POLICY TO REQUIRE FULL-SCOPE SAFEGUARDS AS A CONDITION FOR SIGNIFICANT NUCLEAR EXPORTS TO ALL NON-NUCLEAR-WEAPON STATE DESTINATIONS. EMBASSY IS REQUESTED TO MAKE POINTS IN PARAGRAPH 4 BELOW.

3. ON THE POSITIVE SIDE, WE NOTE THE RECENT DECISION BY

THE NATIONAL PEOPLE'S CONGRESS TO APPROVE CHINA'S ACCESSION TO THE NPT. WE SUGGEST THAT EMBASSY PREFACE POINTS ON FSS AND PAKISTAN BY EXPRESSING U.S. SATISFACTION

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: DONALD A JOHNSTON
DATE/CASE ID: 27 AUG 2003 200102166

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