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GC-GRAHAM

July 14, 1977

T.S. Attachment

MEMORANDUM FOR: THE ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS

Cyrus Vance *cv*

SUBJECT: Nuclear Safeguards - Pakistan, South Africa, China

In your memorandum of June 30, you asked to be kept informed of progress in US efforts to obtain Chinese and South African compliance with strict safeguards as a condition of nuclear supply. This request was based on Presidential interest in an intelligence report that South African uranium exports via Germany to Pakistan would depend upon assurances that the material would be adequately safeguarded. Several of the issues raised by this report deserve comment.

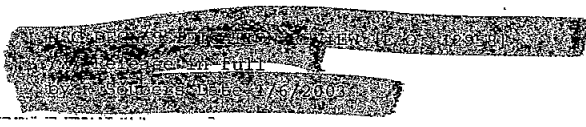
The intelligence information on which the report was based apparently came from normal commercial channels, and the transaction to which it refers is not specified. The FRG firm involved serves as both a broker in marketing South African uranium without processing it, as a processor of uranium, and as a fabricator of nuclear fuel from processed uranium. (The firm's uranium processing activities do not include enrichment services.) It is not clear which type of activity is involved here.

Pakistan would seem to have no immediate need for supplies of South African uranium, because it recently concluded an arrangement with Niger for the supply of uranium concentrate subject to IAEA safeguards as approved by that organization's Board of Governors on February 23. In addition to raw uranium yellowcake, however, Pakistan needs fuel fabrication services to replace assistance formerly supplied by Canada, which terminated nuclear cooperation with Pakistan pending agreement to apply more stringent safeguards and to cancel the planned reprocessing

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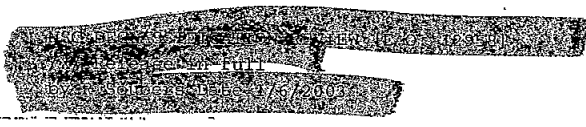
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As the intelligence report indicates, South Africa requires safeguards on its uranium exports as a national policy. Assurances to this effect were given in a letter to the Secretary of the Zangger (NPT Exporters) Committee, as reported in the attached document of February 24, 1975. The FRG for its part is an NPT party and a full member of the Zangger Group, thus applying IAEA safeguards conditions to its nuclear exports, and also participates in the London Nuclear Suppliers Group (NSG), thereby being further committed to safeguards as a condition of supply as well as to appropriate consultations with other suppliers in nuclear transfer cases of particular sensitivity.

The primary matter of concern with regard to Pakistan then, is not safeguards, which seem likely to be required by both South Africa and the FRG, but the availability of fuel fabrication services. By constraining Pakistani access to nuclear fuel services wherever possible, pressure can be built up to encourage Pakistan to adopt and follow responsible non-proliferation policies, including cancellation or indefinite deferral of its reprocessing project. When more complete information on possible activities of German firms develops in regard to fuel fabrication for Pakistan, appropriate consultations with the government of the FRG can be considered.

China, on the other hand, is not yet involved in foreign nuclear transfers, though it has reportedly told Pakistan it will provide fuel services--but apparently not raw uranium supplies--if all other sources are cut off. There have been reports that Chinese technicians have arrived at the KANUPP (heavy water reactor) station in Pakistan to familiarize themselves with the operation of the reactor, but the Chinese have no experience with heavy water power reactors or with the techniques of

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We have, of course, a strong interest in encouraging Chinese cooperation on non-proliferation in general, including safeguards as a condition of any supply the PRC might undertake. We do not expect the Chinese to make any formal or public commitments in this regard, but we favor conveying our concerns to them. The most appropriate occasion would be during my trip in August.

Encouraging the further development of South African nuclear policies will also continue to be of great interest and importance to the US. The development desired is two-fold: acceptance of international safeguards (preferably via the NPT) on all of the country's nuclear facilities--including in particular its indigenous enrichment plants, and further alignment of the country's nuclear export policy with those of other suppliers--in both the Zangger and the London groups. Progress in these areas, however, may well hinge on the nature and degree of continued US nuclear cooperation with South Africa, and this in turn is linked to our over-all relationship with that country. Recommendations on this matter, in response to PD/NSC-5, are currently in preparation.

Attachment:

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ZANGGER COMMITTEE

POSITION OF SOUTH AFRICA

Note by the Secretary

1. I append the text of a letter I have received from the Resident Representative of South Africa to the IAEA:-

"As indicated in my statement to the Zangger Committee at its meeting on 23-24 September 1974, South African association with the Zangger Group is under consideration by the South African authorities.

In the meantime I would like to assure the Committee that South Africa will continue to insist on Agency or equivalent safeguards on all exports of nuclear material to non-nuclear weapon states.

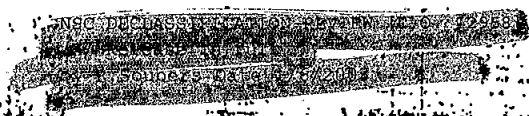
I would also like to reaffirm South Africa's interest in the Zangger Committee and her wish to continue attending meetings of the Committee as an observer.

I should be grateful if the above could be conveyed to the members of the Committee."

2. As requested in the letter, I am glad to convey this information to all members of the Committee.

24 February 1975

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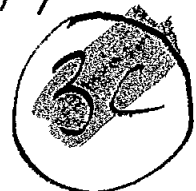
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DEPARTMENT OF STATE
ACTION MEMORANDUM



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S/S A

July 12, 1977

TO: The Secretary

THROUGH: S/AS - Ambassador Smith ^{S/S}
T/D - Joseph S. Nye ^{JSN}

FROM: PM - Leslie H. Gelb ^{LHG}

SUBJECT: Nuclear Safeguards - Pakistan, South Africa, China

ISSUE FOR DECISION

The memorandum at attachment 1 for the Assistant to the President for National Security Affairs has been prepared in response to his memorandum of June 30 (attachment 2).

ESSENTIAL FACTORS

In his memorandum, Dr. Brzezinski has asked that you keep him informed of progress in US efforts to obtain Chinese and South African cooperation in applying strict safeguards to any nuclear transfers they undertake. The request was made as a result of Presidential interest in an intelligence report that South African uranium exports to Pakistan via the FRG would depend upon assurances that adequate safeguards would apply. The proposed reply reviews the current fuel supply situation with regard to Pakistan, notes that Pakistani access to fuel fabrication services is of more concern than safeguards on the country's raw uranium imports, indicates that South African nuclear export policy development may depend on further US nuclear cooperation and thus is tied in with the whole US-South African relationship, and suggests that your August trip to China offers an opportunity to convey US non-proliferation concerns to the Chinese.

Recommendation

That you approve transmission of the memorandum at attachment 1 to the Assistant to the President for National Security Affairs.

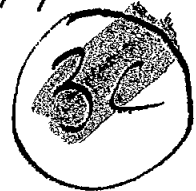
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DEPARTMENT OF STATE
ACTION MEMORANDUM



S/S *A*

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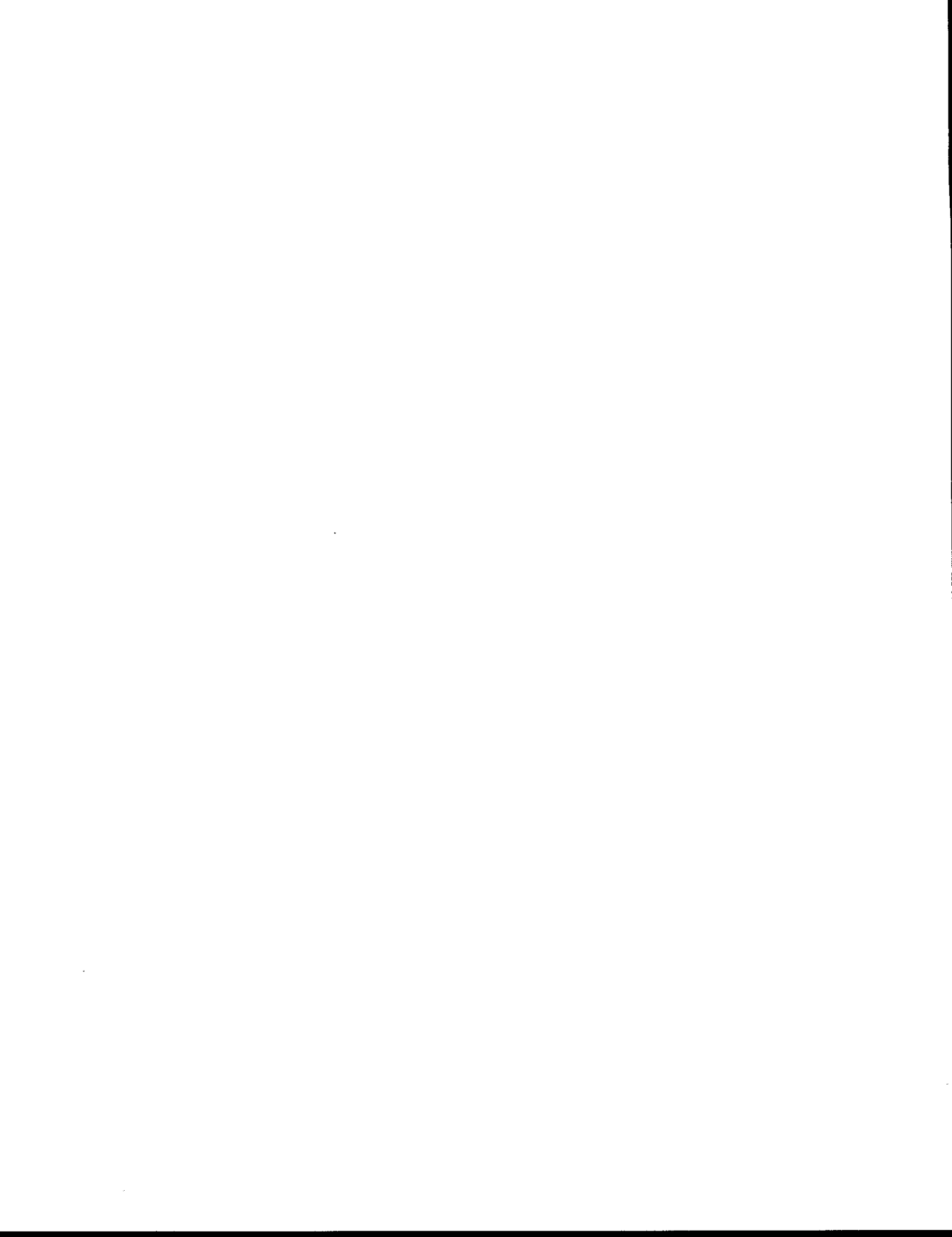
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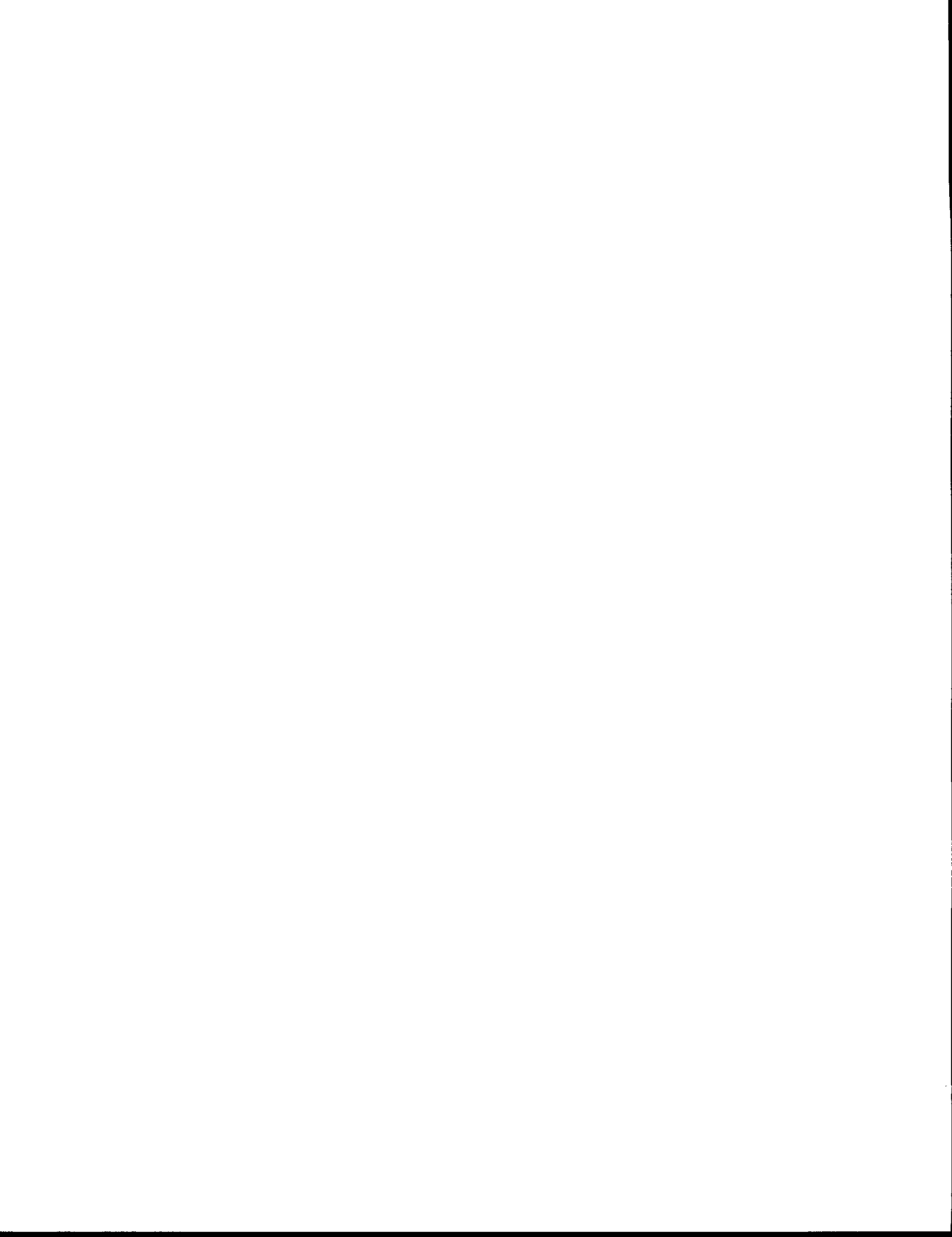
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7/9/79 EXT 24252
S/AS AMB SMITH

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NAME

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S/S

NAME

CLEARANCES

NEA/PAB : MRS COON

NAME

CLEARANCES

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VIENNA FOR IAEA

E.O. 11652: GDS (7/9/85) KELLEY, ROBERT, S/AS

TAGS: PK, PARM, MNUC, TECH

SUBJECT: PAKISTAN NUCLEAR ISSUE: BRIEFING OF IAEA
DIRECTOR GENERAL EKLUND

(S) ENTIRE TEXT

1. BELOW IS MEMCON OF AMBASSADOR GERARD SMITH'S DIS-
CUSSIONS OF PAKISTAN NUCLEAR ISSUE WITH IAEA DIRECTOR
GENERAL EKLUND ON JUNE 25 AND 27 ON EDGES OF IAEA BOARD
MEETING IN VIENNA:

BEGIN TEXT:

ON JUNE 25, AMBASSADOR SMITH, ACCOMPANIED BY AMBASSADOR
KIRK AND ROBERT GALLUCCI OF THE POLICY PLANNING STAFF,
MET WITH DIRECTOR GENERAL EKLUND TO BRIEF HIM ON PAKISTAN'S
SENSITIVE NUCLEAR ACTIVITIES. AMBASSADOR SMITH BEGAN BY
NOTING THE SERIOUSNESS WITH WHICH THE UNITED STATES VIEWED
THE DEVELOPMENTS IN PAKISTAN AND EMPHASIZED THE EXTREME
SENSITIVITY OF THE INFORMATION WE WERE PROVIDING. GALLUCCI
THEN GAVE SOME EVIDENCE FOR THE U.S. CONCLUSION THAT
PAKISTAN WAS PURSUING A NUCLEAR EXPLOSIVE PROGRAM, MENTION-
ING ACTIVITY IN REPROCESSING, GAS CENTRIFUGE ENRICHMENT AND
NUCLEAR EXPLOSIVE DESIGN.

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A
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EKLUND SAID HE WAS DEEPLY SHOCKED. HE OF COURSE HAD HEARD REPORTS OF PAKISTANI INTEREST IN NUCLEAR WEAPONS, BUT SAID THAT IT WAS ANOTHER MATTER ENTIRELY TO LEARN OF SUCH EXTENSIVE FACILITIES ALREADY BUILT AND UNDER CONSTRUCTION. HE EXPRESSED INTEREST IN KNOWING WHERE PAKISTAN WOULD GET ITS URANIUM AND HEXAFLORIDE CONVERSION CAPABILITY TO FEED THE ENRICHMENT FACILITY. HE ASKED SPECIFICALLY IF NIGER'S URANIUM WAS INVOLVED. GALLUCCI SAID THAT PAKISTAN HAD SOME INDIGENOUS URANIUM, BUT WE DID NOT KNOW IF IT WAS ADEQUATE, AND THAT THERE WAS INTEREST IN HEXAFLORIDE CONVERSION BUT THAT WE LACKED FURTHER INFORMATION. EKLUND THEN ASKED IF PAKISTAN HAD THE TECHNICAL CAPABILITY TO MANUFACTURE CENTRIFUGE MACHINES, AND GALLUCCI RESPONDED BY NOTING THE LARGE SCALE PAKISTANI SHOPPING EFFORT IN THE MORE DIFFICULT CENTRIFUGE COMPONENTS WHICH PROBABLY PUT THE OVERALL PROJECT WITHIN THEIR CAPABILITY. SMITH OBSERVED THAT IN RECENT MONTHS WE HAD BEEN IN CONTACT WITH OTHER SUPPLIERS AND HAD MET WITH SOME SUCCESS IN CLOSING OFF SALES OF CENTRIFUGE COMPONENTS. EKLUND RECALLED THE EXCHANGE OF LETTERS HE HAD HAD WITH THE PAKISTANIS ON THE SUBJECT OF PAKISTAN'S COMPLIANCE WITH ITS TRILATERAL SAFEGUARDS AGREEMENT WITH FRANCE AND THE AGENCY. HE GAVE AMBASSADOR SMITH A COPY OF THE LATEST (JUNE 18) PAKISTANI RESPONSE TO HIS QUERIES, WHICH ASSERTED THAT THERE WAS NO FACILITY IN PAKISTAN REQUIRING SAFEGUARDS UNDER THE AGREEMENT. HE THEN REPEATED HIS COMMENT ABOUT THE SERIOUSNESS OF THE SITUATION IN LIGHT OF THE EVIDENCE OF CURRENT PAKISTANI EFFORTS TO BUILD RE-PROCESSING FACILITIES.

IN MUSING OVER THE SERIOUSNESS OF THE SITUATION AND THE LIMITED TOLERANCE OF THE WORLD TO ACCEPT SUCH DEVELOPMENTS, EKLUND WONDERED WHETHER PUBLIC DISCLOSURE WOULD NOT BE APPROPRIATE AT SOME POINT. SMITH INDICATED THAT IT MIGHT BE EFFECTIVE IN THE FUTURE, BUT FOR NOW HE REMINDED EKLUND OF THE SENSITIVITY AND CARE WITH WHICH WE MUST CONTINUE TO DEAL WITH THE ISSUE. EKLUND SAID HE WOULD THINK MORE ABOUT WHAT COULD BE DONE AND WOULD BE IN TOUCH WITH AMBASSADOR SMITH THROUGH AMBASSADOR KIRK.

LATER EKLUND ASKED IF HE COULD DISCUSS THIS EVIDENCE WITH ANYONE ELSE. SMITH SAID NO.

DR. EKLUND ASKED TO SEE AMBASSADOR SMITH JUNE 27 TO DISCUSS THE PAKISTAN SITUATION AGAIN. HE STRESSED THE IMPORTANCE OF THIS QUESTION. HE DID NOT FEEL A NUCLEAR FREE ZONE IN SOUTH ASIA WOULD BE FEASIBLE, GIVEN THE