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OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
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Origin

ACTION: Amembassy TAIPEI
Amembassy BONN

Info:

INFO: Amembassy TOKYO
Amembassy VIENNA

STATE 161887

Ref: Taipei's A-566; Bonn's 10709

1. GRC's contract with Siemens specifies safeguard-control agreement between GRC and IAEA as one condition of sale, thus ruling out use of reactor for weapons research. In view of unequivocal US statements of confidence in IAEA safeguards system, and US assurance to FRG that IAEA safeguards would not hinder German sales of nuclear equipment for peaceful purposes, Department does not consider that we should attempt to forestall sale through approach to either Siemens or FRG. Approach on grounds of possible use for weapons research would cast doubt on US confidence in IAEA safeguards; approach on grounds that reactor uneconomic would give rise to German suspicion that US attempting displace Siemens reactor sale.
2. In order to keep FRG informed on background of sale, Department intends to furnish FRG through other channels

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6

USG

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Clearances:
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SCI - Mr. Trevithick
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AEC - Dr. Friedman (in substance)

*(in draft)

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2 of telegram to Amembassies TAIPEI; BONN

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USG information on GRC purchase of Siemens reactor.

3. Embassy Taipei may wish tell Cheng (and other GRC officials as appropriate) that before agreeing sell heavy water for peaceful uses reactor, US will, of course, require complete information on reactor and on GRC's program for its use. Furthermore, such sale would be made only pursuant to IAEA safeguards arrangements. Embassy should also remind these officials of USG confidence in efficacy of IAEA safeguards.
4. Since GRC likely communicate US comments to Germans, Embassy Taipei should be careful to assure that anything said does not imply US effort to frustrate German sale.

GP-3

END

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