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 NSC FOR GOTTEMOELLER
 NRC FOR SHERR
 DNA/OPAC
 GENEVA FOR BIEDLINGMAIER

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E.O. 12356: N/A

TAGS: PARM, PREL, RS, US

SUBJECT: GOODBY MEETING WITH ATOMIC ENERGY MINISTER MIKHAILOV, MARCH 23, 1994

1. THIS IS SSD-94II-014. UNCLASSIFIED -- ENTIRE TEXT.

2. SUMMARY: AMBASSADOR GOODBY, MEMBERS OF THE U.S. SSDDELEGATION TURNER, SCHLESS, STAFFORD, BEARD, KEEF AND MAINES, AND EMBASSY S&T COUNSELOR, S&T OFFICR, AND ACIU REP MET WITH MINISTER MIKHAILOV AT THE MINISTRY OF ATOMIC ENERGY (MINATOM) ON 23 MARCH. MINATOM REPRESENTATIVES INCLUDED DEPUTY MINISTER YEGOROV, SPECIAL ASSISTANT BALAMUTOV AND MR. KHUNDYAKOV. DYUKAREV OF THE MINISTRY OF FOREIGN AFFAIRS (MFA) ARMS CONTROL DEPARTMENT WAS ALSO PRESENT. IN A WIDE-RANGING DISCUSSION OF NUNN-LUGAR ISSUES, AMBASSADOR GOODBY DESCRIBED THE NEW U.S. INITIATIVE ON MC&A FOR EXPANDING MATERIAL CONTROL EFFORTS FROM CIVILIAN TO MILITARY FACILITIES AND EMPLOYING A SERIES OF "QUICK FIXES" TO
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ENHANCE PHYSICAL PROTECTION AND MC&A FACILITIES THAT HANDLE PU AND HEU. MIKHAILOV REACTED WITH CAUTION TO U.S. EFFORTS TO EXTEND MC&A BEYOND PEACEFUL NUCLEAR APPLICATIONS, CLAIMING THIS EXPANSION WOULD REQUIRE A POLITICAL DECISION AND A NEW GOVERNMENT-TO-GOVERNMENT AGREEMENT. GOODBY OBTAINED A LETTER SIGNED BY MIKHAILOV OUTLINING RUSSIAN INTENTIONS FOR STORAGE FACILITY CONSTRUCTION. MIKHAILOV RAISED SEVERAL CONCERNS ABOUT DELAYS IN RECEIVING NUNN-LUGAR ASSISTANCE, PARTICULARLY IN REGARD TO THE STORAGE FACILITY, AND REPEATED HIS PROPOSAL FOR AN ADDITIONAL USD 75 MILLION IN ASSISTANCE FOR STORAGE FACILITY CONSTRUCTION AS WELL AS ASSISTANCE IN SUPPORTING AN MC&A TRAINING CENTER AT OBNINSK. AT THE CONCLUSION OF THE MEETING, MR. SCOTT SCHLESS, REPRESENTING DOD, AND DEPUTY MINISTER YEGOROV SIGNED AMENDMENTS TO EXISTING RAILCAR AND ACCIDENT RESPONSE EQUIPMENT AGREEMENTS. END SUMMARY.

STATUS OF EXISTING AGREEMENTS

3. MINISTER MIKHAILOV OPENED THE MEETING WITH A LITANY

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OF COMPLAINTS ABOUT NUNN-LUGAR FUNDING, CLAIMING THAT MOST OF THE MONEY COMMITTED FOR PROGRAMS IN RUSSIA WAS STILL IN THE U.S. AND WAS BEING SPENT ON TRAVEL AND PER DIEM EXPENSES. IN HIS VIEW, THE NEW U.S. ADMINISTRATION WAS MAKING A MISTAKE BY NOT KEEPING BETTER TRACK OF HOW FUNDS ARE BEING SPENT. MIKHAILOV REVIEWED THE STATUS OF EXISTING AGREEMENTS WITH

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MINATOM, TOTALING USD 215 MILLION. OF THIS AMOUNT, USD 140 MILLION IS RELATED TO THE LONG-TERM PLUTONIUM STORAGE FACILITY -- USD 15 MILLION FOR DESIGN, USD 50 MILLION FOR FISSILE MATERIAL CONTAINERS, AND USD 75 MILLION FOR EQUIPMENT REQUIRED FOR CONSTRUCTION AND OPERATION. MIKHAILOV STRESSED THAT, ALTHOUGH THE STORAGE FACILITY WAS ONE OF THE EARLIEST NUNN-LUGAR INITIATIVES, OVER TWO YEARS HAD PASSED AND CONSTRUCTION HAD NOT YET BEGUN. OF THE USD 50 MILLION FOR CONTAINERS, USD 10 MILLION HAD BEEN SPENT ON THE U.S. DESIGN EFFORT AND USD 40 MILLION WOULD GO FOR PRODUCTION, ALSO TO BE CARRIED OUT IN THE U.S. IN CONTRAST TO THIS LARGE SUM, MINATOM WAS ONLY ASKING FOR USD 1 MILLION TO ASSIST THE RUSSIAN DESIGN ORGANIZATION, BUT THIS HAD NOT BEEN DECIDED YET. MIKHAILOV ALSO CLAIMED THERE WAS A DISCREPANCY IN THE AMOUNT OF MONEY VERSUS NUMBER OF CONTAINERS BEING PROVIDED. WHILE THE U.S. HAD CLAIMED EACH CONTAINER WOULD COST 3-4 THOUSAND DOLLARS, THE COST WAS NOW ESTIMATED TO BE USD 1300 PER CONTAINER, BASED ON A TOTAL OF 37,000 CONTAINERS. MIKHAILOV BELIEVED EITHER THE MONEY OR THE NUMBER OF CONTAINERS NEEDED TO BE ADJUSTED, BASED ON THIS LOWER COST. ADDITIONALLY, THE INITIAL SHIPMENT OF CONTAINERS PROMISED FOR FEBRUARY

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1994 HAD NOT YET BEEN DELIVERED, INDICATING THE U.S.
WAS BREAKING ITS AGREEMENT.

ADDITIONAL REQUEST FOR STORAGE FACILITY ASSISTANCE

4. MIKHAILOV REPEATED HIS PITCH, MADE LAST WEEK IN
WASHINGTON, FOR AN ADDITIONAL USD 75 MILLION IN
ASSISTANCE FOR CONSTRUCTION OF THE STORAGE FACILITY,
RECOMMENDING THAT THE SIDES PREPARE A NEW AGREEMENT FOR
THIS AMOUNT AS SOON AS POSSIBLE. NOW THAT THE
CONDITIONS OF THE MARKEY AMMENDMENT HAD BEEN MET, THE
SIDES COULD MOVE AHEAD WITH THIS WITHOUT ANY OBSTACLES.
MINATOM WAS ALREADY PREPARING A DRAFT AGREEMENT BETWEEN
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DOD AND MINATOM FOR THIS ADDITIONAL USD 75 MILLION.
TRANSPARENCY FOR THE STORAGE FACILITY COULD BE INCLUDED,
EVEN TO THE EXTENT OF ADDING AN OPERATIONS CONTROL
SYSTEM FOR FISSILE MATERIALS THAT COULD BE CONTROLLED
BY SATELLITE TO BOTH RUSSIA AND THE U.S. MIKHAILOV
STRESSED THAT TRANSPARENCY ARRANGEMENTS WOULD RELATE
ONLY TO MATERIALS TO BE STORED IN THIS PARTICULAR
STORAGE FACILITY. ADDITIONAL TRANSPARENCY, RELATED TO
GLOBAL CONTROL OF WEAPONS MATERIALS -- PLUTONIUM AND
HEU -- WOULD REQUIRE A POLITICAL DECISION TO PROCEED.
TECHNICAL MEASURES FOR MONITORING WOULD NOT BE A
PROBLEM AND MC&A UPGRADES DEVELOPED UNDER THE PEACEFUL
NUCLEAR MATERIALS AGREEMENT COULD ALSO BE APPLIED TO
WEAPONS MATERIALS, AFTER THE POLITICAL DECISION IS
MADE. GOODBY REQUESTED THAT MIKHAILOV ELABORATE ON HIS
PROPOSAL FOR FUNDING THE STORAGE FACILITY THAT HE HAD
RAISED IN WASHINGTON. MIKHAILOV DID NOT RESPOND.

U.S. INITIATIVES FOR FUTURE COOPERATION

5. FOLLOWING MIKHAILOV'S LENGTHY MONOLOGUE, AMBASSADOR
GOODBY FOCUSED ON THE U.S. CONCERNS AND HOPES FOR

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FUTURE COOPERATION. IN GOODBY'S VIEW, THE DECISION TO EXTEND MC&A COOPERATION FROM CIVILIAN TO MILITARY APPLICATIONS HAD ALREADY BEEN ADDRESSED DURING THE GORE-CHERNOMYRDIN MEETINGS IN DECEMBER AND IN STATEMENTS BY THE TWO PRESIDENTS AT THE JANUARY SUMMIT. THIS TRANSITION COULD BE ACCOMPLISHED BY AN AMENDMENT TO THE EXISTING MC&A AGREEMENT. THE U.S. WAS PREPARED TO PUT AN ADDITIONAL USD 10 MILLION INTO ITS NEW "QUICK

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FIX" APPROACH, WHICH ONLY REQUIRED THE RUSSIAN SIDE TO IDENTIFY PRESSING SHORT-TERM NEEDS AT ITS FACILITIES THAT HANDLE DIRECT-USE MATERIALS (PLUTONIUM AND HEU). BASED UPON THE DECEMBER AND JANUARY POLITICAL STATEMENTS ON THE IMPORTANCE OF THIS ISSUE, THE U.S. SIDE HAD ASSUMED A CERTAIN URGENCY IN MOVING AHEAD RAPIDLY WITH SUCH IMPROVEMENTS, AND WAS SURPRISED WITH THE SOMEWHAT CASUAL RUSSIAN PROMISE OF AN ANSWER BY EARLY JUNE. GOODBY PROPOSED A QUICKER RESPONSE TO THIS INITIATIVE, BEGINNING WITH RECIPROCAL VISITS TO THE U.S. HANFORD FACILITY AND RUSSIAN MAYAK FACILITY WITHOUT DELAY. DURING THESE VISITS THE SIDES COULD EXAMINE U.S SURVEY TECHNIQUES USED TO DETERMINE MC&A IMPROVMENTS AT U.S. FACILITIES, WHICH WOULD THEN BE USED BY THE RUSSIANS TO EVALUATE NEEDS AT THEIR FACILITIES.

6. TURNING TO THE U.S. MODEL FACILITIES APPROACH, GOODBY SUGGESTED THAT, GIVEN THE IMPORTANCE OF ADDRESSING PLUTONIUM AND HEU, HE BELIEVED THAT IT WOULD BE MOST USEFUL TO INCLUDE THE HEU LINE AT ELEKTROSTAL. THE RUSSIAN RESPONSE THAT MILITARY APPLICATIONS AT THIS SITE WOULD MAKE INCLUSION OF HEU IMPOSSIBLE SEEMED TO CONTRADICT THE SUMMIT AND GORE-CHERNOMYRDIN AGREEMENTS.

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AS AN ALTERNATIVE TO ELEKTROSTAL, HOWEVER, GOODBY SUGGESTED THAT THE RUSSIAN SIDE CONSIDER THE STORAGE FACILITY FOR CIVILIAN PLUTONIUM AT MAYAK AS A POSSIBLE MODEL FACILITY LOCATION. THE U.S. SIDE ALSO PROPOSED INSTALLATION OF A MODEL MC&A SYSTEM AT THE EKATERINBURG BLENDING FACILITY, DUE TO THE IMPORTANCE OF THE HEU PURCHASE CONTRACT. THE U.S. WAS WILLING TO CONSIDER AN ADDITIONAL USD 10 MILLION FOR EKATERINBURG MC&A, AND HAD BEEN TOLD THIS WOULD BE ADDRESSED AT AN UPCOMING EXPERTS MEETING. ADDITIONALLY, THE U.S. WOULD CONSIDER THE RUSSIAN REQUEST FOR ASSISTANCE IN ESTABLISHING AN MC&A TRAINING FACILITY AT OBNINSK, WHICH HAD BEEN MADE IN MEETINGS THE PREVIOUS DAY.

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RUSSIAN NEED FOR POLITICAL APPROVAL

7. MIKHAILOV RESPONDED TO THE U.S. INITIATIVES WITH THE VIEWPOINT THAT SUMMIT AND POLITICAL STATEMENTS WERE SIMPLY STATEMENTS OF INTENTION AND THAT FUTURE COOPERATION IN THE SENSITIVE AREA OF WEAPONS MATERIALS WOULD REQUIRE A GOVERNMENT-TO-GOVERNMENT AGREEMENT WHERE ALL ISSUES ARE CLEARLY STATED AND ALL CRITERIA AND PROCEDURES ARE SPELLED OUT. THE SIGNING OF THE PROTOCOL ON HEU TRANSPARENCY IN WASHINGTON LAST WEEK HAD BEEN AN IMPORTANT FIRST STEP. THE AGREEMENT ON POSSIBLE EXCHANGE VISITS TO STORAGE FACILITIES AT PANTEX AND OMSK, TO EXAMINE PLUTONIUM STORED INSIDE CONTAINERS WAS ANOTHER IMPORTANT STEP. TO CARRY THIS OUT, WHICH MIKHAILOV BELIEVED WAS DEFINITELY POSSIBLE, A LETTER FROM THE STATE DEPARTMENT TO THE MINISTRY OF FOREIGN AFFAIRS WOULD BE REQUIRED. CONDUCT OF TECHNICAL MEASUREMENTS TO DETERMINE THAT FISSILE MATERIAL WAS IN THE CONTAINERS WAS A KEY MEASURE FOR TRANSPARENCY. MIKHAILOV BELIEVED THAT THE TWO INITIATIVES COULD BE COMBINED, AND THAT THE TOMSK-

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PANTEX VISITS COULD SERVE A DOUBLE PURPOSE AND ELIMINATE THE NEED FOR RECIPROCAL VISITS TO HANFORD AND MAYAK.

8. GOODBY EXPLAINED THAT THESE TWO INITIATIVES WERE FOR TWO DIFFERENT PURPOSES AND WERE ON TWO DIFFERENT TRACKS. MIKHAILOV INDICATED THAT TWO DIFFERENT APPROACHES MIGHT BE POSSIBLE, BUT THE HANFORD-MAYAK EXCHANGE VISITS COULD ALSO BE BEST HANDLED BY A LETTER

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FROM THE STATE DEPARTMENT TO THE MFA REQUESTING THE VISITS AND CLEARLY STATING THE PURPOSE. HE ALSO SAID THAT MINATOM ALREADY KNEW WHAT HAD TO BE DONE AT MAYAK, SO WHY COULDN'T THE U.S. JUST PROVIDE EQUIPMENT. YEGOROV ADDED THAT MINATOM COULD PROVIDE A LIST OF NEEDED MC&A EQUIPMENT FOR MAYAK.

9. IN A FINAL ATTEMPT TO MAKE PROGRESS ON MC&A ISSUES, GOODBY SUGGESTED THAT IT WOULD BE POSSIBLE TO PROCEED WITH THE MODEL FACILITY APPROACH AT ELEKTROSTAL AND MAYAK WITH NO AMENDMENTS TO THE EXISTING MC&A AGREEMENT. EXPERTS COULD, AS A NEXT STEP, ASSESS WHAT MC&A MEASURES WOULD BE USEFUL AT EKATERINBURG, AND THE AMOUNT OF ASSISTANCE FOR MC&A COULD BE INCREASED IN THE AGREEMENT FROM USD 10 TO 20 MILLION. MIKHAILOV RESPONDED THAT IT WAS NOT SUCH A SIMPLE MATTER; CREATING A MODEL FACILITY AT MAYAK INVOLVED A TRANSITION FROM PEACEFUL MATERIALS TO WEAPONS-GRADE MATERIALS, AND ADDITIONAL CHANGES TO THE AGREEMENT WOULD BE NEEDED. MIKHAILOV WENT ON WITH FURTHER STATEMENTS ABOUT THE NEED TO BE VERY CAREFUL ABOUT WHAT AGREEMENTS WERE SIGNED, WITH THE NEED TO FULFILL BUREACRATIC REQUIREMENTS AND BE SURE ALL MINISTRIES AND GOVERNMENT ORGANIZATIONS APPROVED. (COMMENT: U.S. DEL

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NOTED A CAUTIOUS APPROACH ON MIKHAILOV'S PART IN REGARD
TO MOVING INTO NEW AREAS OF COOPERATION, AS WELL AS A
DEFINITE NEED FOR HIGHER POLITICAL APPROVAL OF MINATOM
ACTIONS INVOLVING WEAPONS MATERIAL. END COMMENT.) IN
A FINAL EXCHANGE ON MC&A ISSUES, MIKHAILOV RECOMMENDED
THAT GOODBY GIVE SERIOUS CONSIDERATION TO THE RUSSIAN
PROPOSAL FOR ASSISTING WITH ESTABLISHING AN MC&A
TRAINING CENTER AT OBNINSK.

OTHER ISSUES: U.S. FUNDING FOR TRILATERAL AGREEMENT

10. AT THE CONCLUSION OF THE MEETING, MIKHAILOV ASKED
GOODBY ABOUT THE STATUS OF THE USD 60 MILLION, PROMISED
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BY PRESIDENT CLINTON TO MINATOM FOR IMPLEMENTATION OF
THE TRILATERAL AGREEMENT. ACCORDING TO MIKHAILOV,
UKRAINE HAD STOPPED SHIPMENT OF WARHEADS BACK TO RUSSIA
SINCE MINATOM HAD NOT YET SUPPLIED REACTOR FUEL TO
UKRAINE. WITHOUT THE U.S. FUNDS, MINATOM COULD NOT
AFFORD TO PAY FOR SHIPMENT OF REACTOR FUEL FROM RUSSIA
TO UKRAINE. TRAINS HAD BEEN PREPARED AND WERE WAITING
TO TRANSPORT THE REACTOR FUEL, BUT COULD NOT MOVE
WITHOUT MINATOM PAYING FOR IT. UNLESS THE USD 60
MILLION WAS PROVIDED AS PROMISED, UKRAINE COULD ACCUSE
BOTH THE U.S. AND RUSSIA OF BEING IN VIOLATION OF THE
TRILATERAL AGREEMENT. MIKHAILOV FURTHER ASSERTED THAT
THE U.S. ENRICHMENT CORPORATION WAS RESPONSIBLE, BY
DELAYING PAYMENT, FOR HOLDING UP THE ENTIRE PROCESS.
GOODBY ACKNOWLEDGED THAT THIS WAS A SERIOUS SITUATION
AND PROMISED TO ATTEMPT TO OBTAIN INFORMATION ON THE
STATUS OF THIS FUNDING FROM WASHINGTON.

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11. A SIGNING CEREMONY WAS CONDUCTED IN DEPMIN YEGOROV'S OFFICE IMMEDIATELY FOLLOWING THE MIKHAILOV MEETING. AMENDMENTS TO BOTH THE RAILCAR AND EMERGENCY RESPONSE EQUIPMENT AGREEMENTS WERE SIGNED, FOR THE RUSSIAN SIDE BY YEGOROV, AND FOR THE U.S. SIDE BY OSD REP SCOTT SCHLESS. AFTER THE SIGNING, YEGOROV HANDED GOODBY A LETTER FROM MIKHAILOV CONCERNING THE FISSILE
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MATERIAL STORAGE FACILITY. THE ENGLISH VERSION HAD AN ORIGINAL SIGNATURE AND IS REPRINTED AT PARA 18. THIS LETTER WAS INITIALLY DRAFTED BY THE US SIDE TO DOCUMENT RUSSIAN INTENTIONS WITH RESPECT TO TIMING AND SITE LOCATION (REPORTED SEPTEL BUT WAS SUBSEQUENTLY AMENDED BY MIKHAILOV).

12. AFTER PASSING THE LETTER, YEGOROV NOTED THAT THE RUSSIAN SIDE WAS WAITING FOR A LETTER FROM THE U.S. SIDE DESCRIBING THE U.S. POSITION WITH RESPECT TO SAFEGUARDING INFORMATION EXCHANGED AS A RESULT OF STORAGE FACILITY AND MC&A ACTIVITIES. GOODBY REPLIED THAT THE U.S. DEL WOULD MEET WITH KOZ'KO ON THURSDAY AND TRY TO ACCOMMODATE THE RUSSIAN SIDE'S REQUIREMENTS IN THE FINAL DRAFT OF THE LETTER. YEGOROV ALSO ASKED IF THE U.S. SIDE WAS SATISFIED WITH THE LATEST VERSION OF THE JOINT STATEMENT ON MC&A. GOODBY REPLIED THAT THE PREVIOUS DAY'S VERSION OF THE JOINT STATEMENT HAD NOT BEEN REVISED TO REFLECT THE RESULTS OF MC&A DISCUSSIONS THAT HAD BEEN HELD ON WEDNESDAY, AND IN ANY CASE, HE DID NOT SEE ANY USE IN STATING THAT BOTH SIDES HAD AGREED TO DISAGREE.

13. YEGOROV DEFENDED THE NEED FOR AN MC&A STATEMENT,

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 AMEMBASSY KIEV
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 CIA FOR CHIEF/ACIS
 OSIA FOR DIRECTOR, DEP DIR-IA-IRO
 NSC FOR GOTTEMOELLER

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GENEVA FOR BIEDLINGMAIER

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MIKHAILOV, MARCH 23, 1994

CLAIMING THAT IT WOULD GIVE BOTH SIDES A STARTING POINT FOR THE NEXT DISCUSSION. FURTHERMORE, SAID YEGOROV, IN HIS OPINION, THERE WERE SOME MINOR SUCCESSES THAT NEEDED TO BE DOCUMENTED. FOR EXAMPLE, HE THOUGHT THE TWO SIDES WERE VERY CLOSE TO COMING TO CLOSURE ON THE HANFORD/MAYAK EXCHANGE VISITS (THE FIRST STEP IN THE "QUICK SURVEY PROPOSAL). HOWEVER, HE WANTED TO REEMPHASIZE MIKHAILOV'S REMARKS THAT MINATOM DOES NOT CONTROL ALL OF THE FACILITIES AT MAYAK. AGREEMENT TO DO A SITE SURVEY WILL REQUIRE RUSSIAN INTERAGENCY CLEARANCE. TO GAIN THIS CLEARANCE, THE U.S. STATE DEPARTMENT MUST SUBMIT A LETTER TO THE RUSSIAN MFA REQUESTING ACCESS AS PART OF A RECIPROCAL SITE SURVEY.

14. IN CONTRAST, SAID YEGOROV, ESTABLISHING A MODEL
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MC&A REGIME AT MAYAK WOULD REQUIRE A MUCH MORE FORMAL APPROACH. HE ENVISIONS A TWO-PART APPROACH ADDRESSING CIVILIAN AND MILITARY APPLICATIONS SEPARATELY. GOODBY FOLLOWED UP ON YEGOROV'S COMMENT BY ASKING WHO WOULD SIGN THE MC&A AGREEMENT FOR MAYAK. YEGOROV ANSWERED THAT POLITICAL PROBLEMS COULD ONLY BE AVOIDED IF THE MINISTERS RECEIVED TOP-DOWN GUIDANCE ON THE SUBJECT. GOODBY'S SUGGESTION THAT VP GORE AND CHERNOMYRDIN ADDRESS THE ISSUE AT THEIR NEXT MEETING WAS MET WITH SKEPTICISM. WHEN YEGOROV DOUBTED THAT EITHER SIDE COULD BE READY FOR SUCH AN EVENT, GOODBY OFFERED THAT THE CURRENT MC&A AGREEMENT WAS A GOOD STARTING POINT AND HE DIDN'T UNDERSTAND WHY MINATOM COULD NOT PUSH THIS THROUGH THE RUSSIAN INTERAGENCY IN TIME FOR THE NEXT GORE-CHERNOMYRDIN MEETING.

15. YEGOROV DISAGREED WITH GOODBY'S EVALUATION OF MINATOM'S ABILITY TO SELL ANY AGREEMENT INVOLVING OTHER AGENCIES (READ MOD). ACCORDING TO YEGOROV, THE CURRENT MC&A AGREEMENT WAS SPECIFICALLY DESIGNED FOR COMMERCIAL

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LEU APPLICATIONS AND WOULD NOT BE FAVORABLY RECEIVED IN THE RUSSIAN INTERAGENCY. ANY AMENDMENT MUST BE CLEAR AND START WITH DEFINITIONS. ADDITIONALLY, IT MUST DISTINGUISH BETWEEN MC&A REQUIREMENTS FOR DISMANTLEMENT AREAS, STORAGE AREAS AND PROCESSING LINES. NEGOTIATING AN AGREEMENT LIKE THIS WILL NOT BE EASY, SAID YEGOROV.

16. GOODBY ACKNOWLEDGED THE COMPLEXITY OF AN MC&A PROJECT COVERING THE ENTIRE MAYAK COMPOUND AND STATED THAT, AS FAR AS THE MODEL MC&A FACILITIES CONCEPT WAS CONCERNED, HE WAS ONLY SUGGESTING THE PU STORAGE

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FACILITY AT MAYAK BE SUBSTITUTED FOR THE HEU LINE AT THE ELEKTROSTAL FACILITY IN THE MC&A AGREEMENT. THE REMAINDER OF THE COMPLEX WOULD BE SUBJECT TO A SITE SURVEY UNDER THE PROPOSED "QUICK FIX" PROGRAM, BUT WOULD NOT BE INCLUDED AS A MODEL FACILITY. YEGOROV REMAINED UNMOVED BY THIS EXPLANATION AND CONTINUED TO INSIST THAT THE MC&A MODEL FACILITY PROJECT COULD NOT BE DONE AT A "SENSITIVE" FACILITY LIKE MAYAK. FURTHERMORE, THE RUSSIAN SIDE NEEDED EXPERIENCE WITH NEW MC&A CONCEPTS AT A COMMERCIAL LEU FACILITY BEFORE THEY WERE READY TO APPLY THESE CONCEPTS TO ANY HEU/PU FACILITY.

17. IN CLOSING, YEGOROV MADE ANOTHER PITCH FOR DIRECT FUNDING OF THE DESIGN WORK ON THE FISSILE MATERIAL STORAGE FACILITY, THREATENING THAT IT WOULD COME TO A HALT IF ASSISTANCE WAS NOT PROVIDED. GOODBY ASKED HOW MINATOM COULD AFFORD TO FINANCE THE CONSTRUCTION OF SUCH A FACILITY IF FUNDS ARE SO SHORT THAT THE DESIGN WORK CANNOT BE COMPLETED. YEGOROV STATED THAT CONSTRUCTION FUNDS WERE "PROGRAMMED" IN THE MINATOM BUDGET. BUT WHEN PUSHED, HE ADMITTED THAT BUDGET SHORTFALLS WILL PROBABLY BE A PROBLEM. ADDITIONALLY, HE URGED THE RUSSIAN SIDE TO KEEP THE NEXT GORE-

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AMEMBASSY KIEV
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USMISSION USNATO
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CIA FOR CHIEF/ACIS
OSIA FOR DIRECTOR, DEP DIR-IA-IRO

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CHERNOMYRDIN MEETING IN MIND AS THEY PREPARE FOR THE
NEXT SSD MEETING IN MAY.

MIKHAILOV'S LETTER

18. BEGIN TEXT OF THE RUSSIAN-TRANSLATED LETTER FROM
MIKHAILOV TO GOODBY CONCERNING THE FISSILE MATERIAL
STORAGE FACILITY (UNDATED):

TO HIS EXCELLENCY AMBASSADOR JAMES GOODBY
THE STATE DEPARTMENT
THE UNITED STATES OF AMERICA

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DEAR AMBASSADOR GOODBY:

THE GIVEN LETTER ANSWERS YOUR QUESTIONS ON THE PLANNED
CONSTRUCTION OF STORAGE FACILITIES FOR FISSILE
MATERIALS, RESULTING IN THE PROCESS OF NUCLEAR WARHEADS
DISMANTLEMENT.

CONSTRUCTION OF TWO LONG-TERM STORAGES IS PLANNED: ONE
- AT "MAYAK" NEAR CHELYABINSK AND THE OTHER - NEAR
TOMSK, FOR THE TOTAL NUMBER OF 100000 CONTAINERS, 50000
CONTAINERS AT EACH SITE. DURING DISCUSSIONS BETWEEN
REPRESENTATIVES OF THE UNITED STATES AND RUSSIA, THAT
TOOK PLACE ON MARCH 24, 1994, MINATOM ALREADY HANDED TO
THE U.S. PARTY A COPY OF THE LETTER, WHERE "MAYAK" NEAR
CHELYABINSK WAS DEFINED AS THE STORAGE SITE FOR WHICH
MINATOM SEEKS THE ASSISTANCE OF THE UNITED STATES. THE
ORIGINAL COPY OF THE LETTER HAS BEEN ALREADY HANDED TO
THE U.S. EMBASSY IN MOSCOW.

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BY JUNE OF 1994 MINATOM WILL HAVE THE NECESSARY DOCUMENTS, PROVIDING FOR AUTHORIZATION TO START PREPARATORY WORKS AT THE "MAYAK" SITE.

CONSTRUCTION OF THE STORAGE FACILITY AT "MAYAK" WILL BE EXECUTED IN TWO STAGES, EACH STAGE BEING DESIGNED FOR 25000 CONTAINERS. I REALIZE THE CONCERN OF THE UNITED STATES OVER POSSIBLE CONSTRUCTION COSTS GROWTH FOLLOWING SUCH AN APPROACH TAKEN FOR BOTH SITES. HOWEVER, THIS HAS BEEN A FORCED DECISION.

BY JULY 1, 1994 THE DESIGN TOGETHER WITH THE
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FEASIBILITY STUDY FOR THE ABOVE MENTIONED SITE WILL BE COMPLETED AND CONSTRUCTION OF THE FIRST STAGE WILL BEGIN. CONSTRUCTION OF THE SECOND STAGE WILL BEGIN IN TWO YEARS TIME ON CONDITION THAT THE CONSTRUCTION WORKS FOR THE FIRST STAGE WILL BY THEN BE OVER. IT IS PLANNED THAT BY DECEMBER 31, 1997 CONSTRUCTION OF THE FIRST STAGE OF THE STORAGE FACILITY WILL BE COMPLETED AND THE STORAGE WILL BE PUT INTO OPERATION. COMPLETION OF THE CONSTRUCTION AND START OF OPERATION OF THE SECOND STAGE IS PLANNED FOR DECEMBER 31, 1999.

THE RADIOACTIVE CONTAMINATION LEVEL AT THE "MAYAK" SITE VARIES FROM 15 TO 18 MKR/H. MINATOM WILL PROVIDE THE CURRENT DATA ON THE ENVIRONMENT, AS WELL AS GEOTECHNICAL (GEOPHYSICAL) DATA AT THE TECHNICAL EXPERTS MEETING IN APRIL.

CONSTRUCTION OF THE STORAGE FACILITY AT TOMSK IS ALSO PLANNED TO GO IN TWO STAGES, EACH STAGE DESIGNED FOR 25000 CONTAINERS. THE DESIGN AND THE FEASIBILITY STUDY WILL BE COMPLETED IN 1995, THE CONSTRUCTION WILL BE CARRIED OUT IN THE PERIOD FROM 1996 TO 2000.

RESOLUTION OF ALL THE ABOVE STATED PROBLEMS, INCLUDING

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THE EXECUTION OF THE TIME-SCHEDULE, DEPENDS ON
PROVISION OF RESERVES BY THE RUSSIAN GOVERNMENT TO
MINATOM. THEREFORE, RESOLUTION OF THE ISSUE ON THE
ALLOCATION OF FUNDS BY THE U.S. GOVERNMENT IN THE
AMOUNT OF UP TO 75 MILLION U.S. DOLLARS FOR DESIGN AND
CONSTRUCTION WORKS, INCLUDING 1.2 MILLION U.S. DOLLARS
IN 1994 ON DESIGN WORKS FOR BOTH STORAGE SITES, IS OF
GREAT IMPORTANCE.

WITH GREAT RESPECT,

V. MIKHAILOV
END TEXT.
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