



DEPARTMENT OF STATE

Washington, D.C. 20520

BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

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August 22, 1980

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MEMORANDUM

TO: DOE/IA - Mr. Bengelsdorf  
 DOE/IA - Mr. Gabbert  
 ACDA/NP - Mr. Williamson  
 ACDA/NP - Mr. Huff  
 OES/NEP - Mr. Guhin  
 L/N - Mr. Bettauer  
 PM/NPP - Mr. Warren  
 EA/RA/TC - Mr. Ferguson  
 S/AS - Mr. Locke

FROM: OES/NEC - Gerard F. Helfrich *GFH*

SUBJECT: Nuclear Export to Taiwan - Taiwan Non-Paper

Forwarded for your information is a copy of the final non-paper on the subject of the FRG nuclear export to Taiwan. This non-paper will be presented to the German Embassy on Friday, August 22.

Attachment:

Taiwan Non-Paper.

STATE DEPT. DECLASSIFICATION REVIEW

Retain Class'n  Change to \_\_\_\_\_

Declassify in part and excise as shown

EO 12958, 25X( ) ( ) ( ) \_\_\_\_\_

Declassify  After \_\_\_\_\_

With concurrence \_\_\_\_\_ (not)(obtained)

IPS by *Dealy* Date \_\_\_\_\_

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cc: OES/N - Mr. Nosenzo

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TAIWAN NON-PAPER

Since Taiwan is no longer a member of the IAEA and does not have diplomatic relations with most countries, Taiwan will most likely not be able to establish new safeguards agreements with the IAEA applicable to the transfer of nuclear materials, facilities, and equipment to Taiwan. The United States in 1974 entered into an agreement for cooperation with Taiwan covering the transfer of nuclear materials, facilities, and equipment to Taiwan to assist in its light water power reactor and peaceful nuclear research programs. This agreement continues in force despite the change in diplomatic relations. The United States and Taiwan also entered into a trilateral safeguards transfer agreement (INFCIRC/158) with the IAEA which establishes an inventory of all nuclear materials, facilities and equipment in Taiwan subject to the bilateral agreement for cooperation. The trilateral provides for application of IAEA safeguards on items listed in the inventory. This trilateral agreement also remains in force.

The United States would be prepared to consider bringing FRG supplied materials, facilities, and equipment intended for Taiwan's light water power reactor program within the scope of the US/Taiwan bilateral agreement, thereby adding them to the inventory of the US/Taiwan/IAEA trilateral, provided that the FRG finds the following proposal acceptable.

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Deeming any particular FRG item to be under the bilateral agreement and the specific addition to the inventory under the trilateral agreement would require agreement by the U.S. Government as well as by the authorities on Taiwan.

Cooperation between the U.S. and Taiwan is subject to important non-proliferation assurances and controls including (a) assurance that facilities, equipment and materials subject to the agreement will only be used for non-explosive peaceful purposes, (b) assurance that adequate physical security measures will be maintained with regard to such supplies, (c) assurance that such supplies will not be re-processed or altered (if nuclear material) or retransferred without U.S. approval, and (d) assurance that safeguards will be applied to such supplies. These assurances would apply to any FRG supplied items placed under the bilateral agreement, and the United States would have control rights with respect to those items. The United States would be fully prepared to consult closely with the FRG concerning the exercise of these control rights as they pertain to FRG supplied items.

In addition, the U.S.-Taiwan Agreement for Cooperation provides for the right of the U.S. to apply bilateral safeguards, except during the time and to the extent that the U.S. agrees that the need to exercise such a right is satisfied by the application of IAEA safeguards pursuant to the trilateral agreement. This "fallback" safeguards provision could entail substantial political as well as

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financial obligations on the part of the U.S. and the U.S. is not prepared to assume this burden with respect to FRG supply in accordance with this arrangement. Therefore, we would need to be satisfied that the FRG had a legally binding agreement with the authorities on Taiwan providing for the application of such fallback safeguards with respect to FRG supplied materials, facilities, and equipment (including material produced through the use thereof) and that are not to be incorporated into, or used in, U.S. supplied facilities for which the U.S. already has fallback safeguards rights, in the event that the application of fallback safeguards is warranted. Should it become necessary to apply such fallback safeguards the U.S. and the FRG would consult to assure their coordinated application.

The U.S. also wishes to point out that the arrangements governing nuclear cooperation between the U.S. and Taiwan provide that any spent fuel on Taiwan will be disposed of under mutually acceptable conditions. Before the U.S. consents to place FRG-origin material, equipment or facilities within the scope of the U.S.-Taiwan bilateral agreement, the U.S. would need assurance from the FRG that it would be prepared to assume a similar responsibility for any spent fuel generated through the use of FRG supplied items, and that it would be prepared to consult closely with the U.S. in the development of mutually acceptable conditions for the disposition of that spent fuel.

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As the FRG is aware, under U.S. law there are actions such as the detonation of a nuclear explosive device, or the material violation of an IAEA safeguards agreement which, if undertaken by a recipient of U.S. materials, facilities, or equipment, may require termination of nuclear exports to that recipient. Should the U.S. act under its law to terminate nuclear exports to Taiwan, the U.S. would no longer be in a position to place additional FRG materials, equipment or facilities within the scope of the U.S.-Taiwan bilateral agreement for cooperation or list them on the inventory of the US/Taiwan/IAEA trilateral, and the U.S. would appreciate confirmation from the FRG that, in this eventuality the FRG would consult with the U.S. prior to initiating nuclear cooperation with Taiwan thereafter under other arrangements.

In connection with the above actions, the United States has the right, under the U.S. bilateral arrangements with Taiwan, to require the return of certain materials, equipment and devices. The U.S. would need assurances that the FRG would be responsible for receiving return shipments of FRG-origin material, equipment and facilities, or material produced through the use of such material or FRG equipment, should it ever become necessary for the U.S. to exercise this right. In addition, the U.S. and the FRG would need to assume responsibility for their proportional shares of the costs involved in the return of such material, facilities and equipment.

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Drafted by: OES/NEC:GFHelfrich; VEAdler:mw  
August 21, 1980. x21689

Approved by: OES/N:LVNosenzo *LV*

Clearances:

DOE/IA:HBengelsdorf HB  
ACDA/NP:RWilliamson RW  
ACDA/NP:CVan Doren (Subs) CD  
OES/NEP:MGuhin MG  
PM/NPP:LWarren LW  
EA/RA/TC:DFerguson DF  
L/N:RBettauer RB