

MEMORANDUM

ACTION - 1621

Tab I Folder 4.19 1d.  
453

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

April 16, 1976

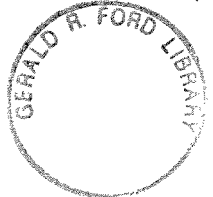
MEMORANDUM FOR: BRENT SCOWCROFT  
FROM: DAVID ELLIOTT *DE*  
ROBERT OAKLEY *RO*  
SUBJECT: Nuclear Negotiation with Iran

Attached is a package describing the state of play of our nuclear negotiation with Iran, the options for our talks with Dr. Etemad beginning on April 20, and agency views regarding our negotiating positions. As you can see, DOD is still hardlining against any further give. The other agencies differ in certain regards, but they group around the proposed position.

RECOMMENDATION:

That you initial the memorandum to the President at Tab I.

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~~CONFIDENTIAL/GDS~~

HR 5/12/05



## DEPARTMENT OF STATE

Washington, D.C. 20520

April 16, 1976

~~SECRET/EXDIS~~MEMORANDUM FOR MR. BRENT SCOWCROFT  
THE WHITE HOUSESubject: Next Steps in Our Nuclear Negotiations  
With Iran

This refers to the memorandum of March 18, 1976 in which you solicited the views of the Department of State on the recommendations which Dr. Seamans has prepared concerning next steps that we should take in our nuclear negotiations with Iran, taking into account the results of the meeting that Dr. Seamans and Under Secretary Maw had with the Shah.

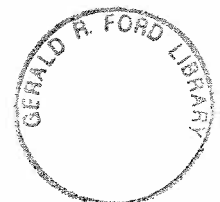
The Department believes that the visit of Dr. Seamans and Mr. Maw to Tehran was quite useful in creating an improved tone for the resumption of detailed negotiations with Iran and we would urge that we receive Presidential guidance as to how best to proceed prior to the arrival of Dr. Etemad in the United States on April 20, 1976.

Dr. Seamans has presented a balanced picture of Iranian perceptions concerning this important question. In the ultimate analysis, and subject to the recommendations below, we would be prepared to concur in the position he has recommended, should that prove essential in the view of the negotiators to resolve our differences. In this regard, you will recall the recommendation favored by Dr. Seamans conforms closely to one of the two additional options that we suggested to you in our memorandum of January 13, 1976. However, prior to articulating an approach that might entail ultimate acceptance, in principle, of Iranian national reprocessing (if the multinational concept fails), we believe we should explore with Dr. Etemad Iran's reactions to the alternative

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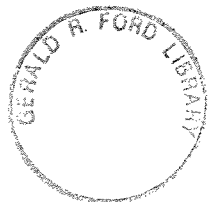
plutonium buy-back approach that we also suggested to you on January 13. You will recall that under that approach, which could give us greater flexibility for the future, we would have an option to purchase the plutonium produced in our reactors or from our fuel in the event the multinational approach or other alternatives proved impracticable. Moreover, if we failed to exercise our option, Iran would be free to reprocess nationally subject to our being continually satisfied that effective safeguards were being applied.

While we realize that Iran may not find this approach to be acceptable given its long-term ambitions in the breeder reactor field, we believe it merits a full exploration with Dr. Etemad but in terms that fully take into account Iran's known sensitivities concerning its NPT status. If it appeared clear that the GOI was not likely to view this approach as an acceptable basis for resolution, the U.S. negotiators would be authorized to explore the alternate favored by Dr. Seamans.

In this latter regard, the following are this Department's recommendations as to how the U.S. approach should be presented to the GOI. (These recommendations are fully consistent, we believe, with the approach favored by Dr. Seamans.)

-- We would seek a strong political commitment from Iran to pursue the multinational/binational plant concept, while according us the continuing opportunity to participate in the project. In addition to citing the economic rationale for such a facility, we would underscore its potential role in serving mutual U.S.-GOI non-proliferation interests by possibly offering Pakistan the prospect of a multinational alternative to its projected national reprocessing plant. (If appropriate, we could seek to obtain this political commitment through a letter from the President to the Shah responding to the Shah's recent letter.)

-- We would also seek a commitment from Iran to consult closely with us on its prospective reprocessing plans before making any firm decisions

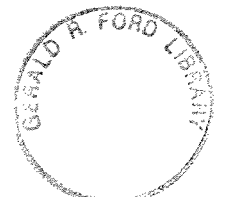


to proceed with a project regardless of its multinational character. The U.S.-Iranian Joint Commission could be the forum for such consultations. In the course of these discussions, we would offer to help Iran assess, in detail, the economic viability of proceeding with any reprocessing venture and the modalities of possible multinational configurations. The obvious objective would be to devise a procedure not only for deterring a national plant in favor of a multinational plant, but also for ensuring that the GOI does not commit itself prematurely to any reprocessing project, since regardless of its institutional character, we probably would prefer to see such a venture constructed later than sooner.

-- As proposed by Seamans, we would be prepared to assure Iran that if it is unsuccessful in its effort to establish a multinational plant, we would be prepared to give our consent to an Iranian plant subject to (a) the continuing requirement that we be satisfied that the IAEA safeguards applied to the facilities are effective (b) an opportunity to supplement these IAEA safeguards with the assignment of U.S. personnel, if necessary.

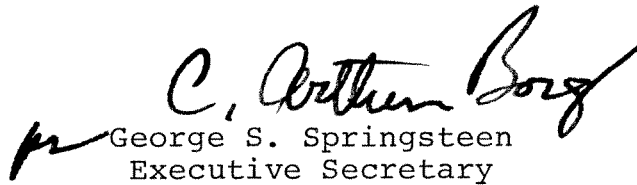
-- We would make it clear that our first preference would be to offer these assurances in an accompanying note, while leaving our bare legal rights of approval of reprocessing, storage and fabrication of the derived plutonium intact in the body of the agreement.

-- However, in return for a clear high-level commitment from the Shah to pursue the binational/multinational concept, possibly in the context of further correspondence with the President, we would be prepared to abandon our preference for an unconditional U.S. "right of consent" and to incorporate, instead, these assurances into the body of the agreement -- which would make it manifestly clear that in the ultimate analysis (i.e., inability to achieve a multinational facility and U.S. refusal to exercise its option to participate in a binational venture) reprocessing could occur in Iran subject to rigorous safeguards.

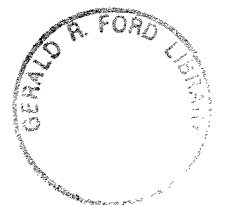


-- Finally, our plan would be to offer this proposal to Dr. Etemad on an ad referendum basis, noting that if Iran finds it acceptable, we would be prepared to consult with the Congress on this proposed approach.

Our staff is available to assist you in your further deliberations on this matter.

  
George S. Springsteen  
Executive Secretary

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UNITED STATES ARMS CONTROL AND DISARMAMENT AGENCY  
WASHINGTON

OFFICE OF  
THE DIRECTOR

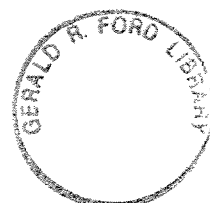
March 29, 1976

MEMORANDUM FOR GENERAL BRENT SCOWCROFT  
THE WHITE HOUSE

Subject: Recommendations to the President Regarding  
Nuclear Cooperation with Iran

I believe that our further discussions with Iran must take account of the general thrust of our nonproliferation efforts elsewhere on reprocessing issues: the US is urging that economically premature reprocessing plants be avoided, and that multinational alternatives be considered when and if reprocessing is to be done. In particular, the US should not be seen as promoting and accelerating the establishment of national reprocessing plants in countries with small nuclear power programs. In this context, the following helpful elements of the position of Iran may not have received adequate emphasis in the recommendations made to the President:

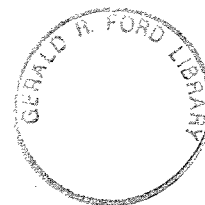
Iran is not now pressing for acquisition of reprocessing plants; the whole reprocessing discussion arises from questions of reprocessing rights to be exercised approximately ten years from now. Indeed, Iran's nuclear power program appropriately emphasizes reactor construction, fuel fabrication, and enriched uranium supply. Finally, the Shah indicated to Dr. Seamans that he would review the matter carefully with the US before embarking on construction of a reprocessing plant.



I therefore believe that the US position should consist of: (1) underlining these points of common ground in further discussion with Iran; and (2) presenting a position based on these points and affording the US an option to purchase produced plutonium in the event that reprocessing is economically justified and efforts to achieve a multinational plant do not succeed. Such a position, designed to minimize undercutting of our nonproliferation efforts and maximize our chances of attaining Congressional approval, while leaving Iran with a reasonable set of options to handle its spent fuel, would provide that:

- Iran would reiterate, in a high-level communication to the US: that before embarking on the construction of reprocessing plants in Iran, they would review the matter carefully with the US; and that when and if technical and economic factors indicate Iran will require reprocessing, they would use their best efforts to achieve this through the establishment of a multinational facility (which could include a joint US-Iran binational reprocessing facility).
- The provision relating to reprocessing in the Agreement for Cooperation would be based on the above statements, providing: US approval for reprocessing in a multinational plant; failing that, an option for US buy-back; and US approval for reprocessing in an effectively safeguarded Iranian plant if the US did not exercise the buy-back option. A draft of such an agreement is attached.
- The agreement would include the continuing requirement that we be satisfied the safeguards applied to these activities by the IAEA are effective, with at least the implied right to assign staff to the facility in the event of a negative finding.
- Iran would accord the United States a continuing opportunity to participate in any facility reprocessing fuel covered by the Agreement.

We should continue to discuss with other major suppliers, particularly the FRG and France, appropriate supply agreement provisions related to reprocessing, and try to attain consensus that the above provisions should be standard in such agreements, and should not be undercut in their own negotiations with Iran. After such bilateral contacts, this general subject should be one item on the agenda of expanded multinational supplier discussions



As a separate but closely related item, I recommend that these on-going discussions with Iran include a continuing dialogue over the need for Iran to exert a regional leadership role in helping to avoid a situation in which other countries of the region move ahead with economically premature reprocessing facilities. Such a leadership role might include, for example, setting up a joint regional planning group which would address: the economic and technical factors related to reprocessing decisions; when reprocessing decisions should be made; possibilities of joint work on interim or long-term spent fuel storage; and possible regional operation of any pilot plants build in the near term.

  
Fred C. Ikle

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