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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: July 2, 1976
 Time: 4:30 p.m.
 Place: The Secretary's
 Office

SUBJECT: The Secretary's Meeting with
 FRG Ambassador Von Staden on the FRG/
 Iran Agreement for Nuclear Cooperation

PARTICIPANTS: Federal Republic of Germany

Berndt Von Staden, Ambassador

United States

The Secretary
 Helmut Sonnenfeldt, Counselor
 Louis V. Nosenzo, PM/NPO, (notetaker)

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The Secretary called in Ambassador Von Staden to discuss the FRG/Iranian Agreement for Nuclear Cooperation. As background, we had confirmed earlier this week that this agreement had been initialed on June 18 and would be signed on July 3 in Tehran. Earlier in the day, the Ambassador had given the Department copies of the text of the agreement, related confidential letters to be exchanged between the FRG and Iran, and an aide memoire explaining the agreement but not explicitly responding to the US aide memoire of May on this subject. Just prior to this meeting, the Ambassador had given Mr. Sonnenfeldt a copy of guidance from Bonn concerning public statements by the Embassy with regard to the agreement.

The Secretary: Welcome Mr. Ambassador. We don't need to spend much time on this. I want to discuss your nuclear agreement with Iran. I want to make the US position very clear so that there is no misunderstanding in Bonn. You know what is going to happen when this matter becomes public.

PM/NPO:LVNosenzo/ds

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Mr. Sonnenfeldt: The Ambassador just gave us a copy of what they intend to say publicly. Paragraph 6 deals with how sensitive transfers would be handled.

The Secretary scanned the document for a few moments and then continued.

The Secretary: We have stated our views in our aide memoire to the FRG; in there, we had strongly urged that the FRG not transfer reprocessing to Iran. You know our position in this matter. I don't want anyone in the FRG to say he didn't know.

Von Staden: I understand your concern, Mr. Secretary. My government has tried to ensure that any transfer of reprocessing would be conditioned on Iran meeting a certain number of stringent requirements which we have done successfully. I was surprised that our negotiators were able to go so far in view of the Shah's strongly nationalistic views. As a result, the reprocessing transfer issue should be no problem before the 1990's.

The Secretary: Not for you, perhaps, but what do we do? Does this mean a commitment or not.

Von Staden: We could not deny that it is a commitment. There is clearly a difference in view between our two governments as to whether one should take on any obligation at all. As far as conditions of the agreement for such transfers, however, we believe we are breaking new important ground and that these conditions would serve as a useful precedent.

The Secretary: It will still look like Brazil. What do you think will happen publicly?

Mr. Sonnenfeldt: More than likely, after the 4th of July, the New York Times and other papers will pick it up. Congress will then pick it up because of strong Congressional interest in this area.

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The Secretary: Would it be true to say that the FRG is not obligated to go through with reprocessing transfers in the future.

Von Staden: No. We would have to say that, as a matter of principle:

1) we are prepared to cooperate as long as certain conditions are met, such as several reactor stations in service in Iran. The two FRG reactors, however, would not make it economic;

2) if in the future such transfers come up for consideration, they will require special arrangements and international agreements as agreed in the confidential exchange of letters.

The Secretary: What about conditions for third country reprocessing?

Von Staden: Here we successfully negotiated two provisions:

--reprocessing in COCOM-embargoed countries is excluded; and

--with regard to other third countries, Iran has to consult with the FRG.

The Secretary: Iran needs your consent for third country reprocessing?

Von Staden: Not exactly. If Iran wants to reprocess in a third country, the FRG has the right to object and offer a substitute country.

This would apply prior to reprocessing in Iran.

The Secretary: Are you saying that you can say no to reprocessing in Iran?

Von Staden: No.

The Secretary: This agreement is not greeted with enthusiasm by the US. We are not looking for controversy with the FRG but we cannot avoid saying that we did not approve of this agreement.

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- Mr. Sonnenfeldt: We may be able to note that the FRG has made efforts to provide for strong safeguards and other controls.
- Von Staden: The conditions are stringent. Iran is obliged to negotiate and meet certain stringent conditions as called for in the confidential letters. These are not in the agreement, but the words "fuel cycle" only appear once in the actual agreement.
- The Secretary: You should be under no illusions as to what will happen when the agreement is announced. The last thing we want is trouble between our two countries.
- Mr. Sonnenfeldt: We will have to say that we have made clear our objections to the agreement. Within these objections, we can note its good aspects.
- The Secretary: I recommend that there not be guidance in Bonn that we agree with this arrangement. Otherwise, you will force us to say publicly the nature of our objections. In any event, we will have to make our position on this matter clear.
- Von Staden: I understand your concerns and will convey them to Bonn. The press will probably make it seem as if tomorrow the FRG is going to sell Iran a reprocessing plant. The fact is, however, that there is lots of time for suppliers and recipients to come to international arrangements and to do those things necessary to make the system better.
- The Secretary: I notice that the agreement was initialed on June 18 but we were not told of this at Gymnich on May 23 or in Paris or Puerto Rico.
- Von Staden: There never seems to be enough time to do all the State business that needs to be done.
- The Secretary, Sonnenfeldt and Von Staden then discussed some arrangements for the upcoming visit of the German Chancellor.

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