

DECLASSIFIED
Authority AWD989510
By GA NARA Date 07/5/06



DEPARTMENT OF STATE
ACTION MEMORANDUM

7617673 D

s/s CS

August 18, 1976

Copies to:

SECRET

NODIS

NODIS

*note HAK approval
"with previous" on
final page.*

*8/16/76
1226*

- D
- C
- S/P
- NEA
- PM
- OES
- RF

TO: The Secretary

FROM: D - Charles W. Robinson *CR*

Nuclear Negotiations With Iran

In my August 13 memorandum to you on this subject, I transmitted the study prepared by Irving, Vest and Lord, based on the instructions which you cabled me following your discussions in Iran. As noted in the staff study, there were two points in the approach outlined in your cable which differ somewhat from the more detailed approach developed at the staff level in Iran, prior to your discussions with the Shah and with Ansary and Etemad. It is important to obtain your guidance on how to reconcile these differences so that we can proceed with developing a detailed proposal for interagency coordination and eventual presentation to Iran. I have discussed this problem with Myron Kratzer, who participated in both the staff level negotiations in Iran and in your discussions with Ansary and Etemad, and we both believe the approach I am outlining below is a satisfactory way of handling these differences.

The two differences in question are:

-- The definition of the binational plant option which Iran might select to meet its reprocessing needs, subject to our veto. In the staff level negotiations in Iran, which, of course, preceded your discussions, the binational plant option was defined as a plant in which the supplier was an active participant with the U.S. In your discussions, the binational plant was characterized as a plant

DECLASSIFIED
Authority AMP 989510
By 67 NARA Date 10/5/06

SECRET

-2-

in which the U.S. would participate, and you made it clear that such participation by the U.S. was unlikely under present and foreseeable conditions.

-- The ultimate right of Iran to reprocess in national facilities if the U.S. is unable to agree to any of the three basic options (binational, third country reprocessing or fuel exchange with the U.S.). In the staff level negotiations, this fall-back right was explicitly stated. In your discussions, which focused on three initial options, you indicated that national reprocessing would be an unacceptable solution.

In your discussions with Ansary and Etemad, they did not comment on or take exception to the differences cited above. They may have assumed that these were simply differences in detail, attributable to the fact that you were dealing with the issues in more general terms than they were dealt with in the highly detailed staff discussions which preceded your meeting with them. However, in both cases, your formulations are more advantageous to U.S. interests than are the formulations developed in the staff discussions.

Moreover, in your discussions, you indicated a disposition to go along with the fundamental Iranian concept that the U.S. should bear the "commercial risk"; i.e. the excess costs of the reprocessing regime which we impose on Iran, a disposition which was not indicated in the staff level negotiations. Thus, the more favorable formulations on the above two points which you put forward can be viewed as the quid pro quo for our willingness to go along with the Iranian position on who bears the commercial risk. These factors suggest that when we resume negotiations, our positions, at least initially, on the two differences cited above, should be based on the more favorable formulations which you described.

I propose, therefore, that we approach these two problems in the following way:

SECRET

SECRET

-3-

The Binational Plant Option

The definition of a binational plant is one in which the supplier (for example, the FRG or France) is actively involved and in which the U.S. would also have an opportunity to participate. This has been a feature of our negotiations with Iran for some time and it will probably be difficult to dislodge the Iranians from the position that reprocessing in such a facility (assuming, of course, that we are satisfied with its detailed structure and arrangements) should be acceptable. Additionally, we could expect opposition from the FRG if we attempted to rule out Iranian reprocessing in a FRG-Iran binational facility. Nevertheless, we have always recognized that U.S. agreement to Iranian reprocessing in such a binational facility faced difficult problems of Congressional acceptability and your negotiations in Tehran have given us the opportunity to move off of this potentially difficult position. Thus, our initial position, when negotiations are resumed, assuming we have obtained approval for U.S. assumption of the commercial risk, would retain the definition of the binational option as one in which the U.S. is the partner. As negotiations proceed, we could consider reintroducing the binational plant in which another supplier is involved as a second level option available to Iran only if we reject all of the initial three options.

The Bottom Line-Processing in National Facilities

It has been a basic tenet of Iran's position from the outset that it must not be deprived of all opportunities to reprocess its fuel and you indicated agreement with this principle in your cable to me. Thus, if we reserve the right to withhold our approval from any or all of the three initial options, there is a logical problem in meeting Iran's principle, unless we agree that, as a last resort, Iran may reprocess in national facilities under effective safeguards. Therefore, unless we commit ourselves to the principle that we will not withhold our approval from all of Iran's initial reprocessing alternatives, it will

SECRET

DECLASSIFIED

Authority AND989510By GA NARA Date 10/5/06SECRETNonsense - We'll insist on
reprocessing in US.

-4-

be difficult to avoid agreeing to reprocessing in national facilities as the bottom line. Nevertheless, we believe that U.S. acceptance of the principle of assuming the commercial risk of excess reprocessing costs provides us with a basis for suggesting that it is now superfluous to make explicit provisions for last-resort reprocessing in national facilities. The avoidance of such a provision would clearly be desirable in terms of the domestic acceptability of our agreement. However, if the Iranians insist on the earlier formulation, which would not rule out their pursuing national reprocessing under effective safeguards as a last resort, I do not believe we can resist it and I believe that our ability to prevent this last resort through our three alternative rights will be sufficient to gain domestic and Congressional acceptance.

HAK

Recommendation:

I recommend that you approve, as a basis for the development of an agreed negotiating position, the approaches outlined above to reconciling the differences between your discussions and the earlier staff level negotiations in Tehran.

AUG 26 1976

Approve _____

Disapprove _____

With my proviso.

Drafted: OES/NET:MBKratzer:lmt
8/18/76 Ext. 24360

HAK

Concurrences: C - Helmut Sonnenfeldt ^{an} LF
PM - George Vest m/c
S/P - Winston Lord m
NEA - Alfred Atherton

SECRET