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us/iran

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SECT 01 OF 27291

ACTION

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Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir
 Release () Excise () Deny () Declassify
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FM AMEMBASSY TEHRAN

TO RUEHC/SECSTATE WASHDC 2612

INFO RUFHGV/USMISSION GENEVA 506

BT

C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 4313

GENEVA FOR ASSISTANT SECRETARY AHERTON

EO 11652: GDS

TAG8: ENRG, USIRJC

SUBJ: US-IRAN NUCLEAR COOPERATION AGREEMENT AND

US-IRAN ENERGY DISCUSSIONS.

1. SUMMARY: KEY ELEMENTS OF THE ADMINISTRATION'S
NUCLEAR ENERGY POLICY WERE DISCUSSED WITH IRAN'S ATOMIC
ENERGY CHIEF. IT WAS AGREED THAT THERE SHOULD BE EARLY
RESUMPTION OF DISCUSSIONS ON BILATERAL AGREEMENT FOR
COOPERATION, SUBJECT TO PROGRESS OF THE NUCLEAR ENERGY
BILL IN THE CONGRESS. IT WAS ALSO AGREED IN PRINCIPLE

PAGE 1

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STATE DEPT. DECLASSIFICATION REVIEW
 Remain Class'n Change to _____
 Declassify in part and excise as shown
EO 12958, 25X() () ()
 Declassify After _____ (not)(obtained)
 With concurrence _____
IPS by R.M. Gibson Date 6/25/08

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DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

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PAGE 2

C O N F I D E N T I A L

27291

THAT THERE SHOULD BE AN EARLY MEETING OF US AND IRANIAN OFFICIALS TO DISCUSS COMMON INTERESTS MORE BROADLY IN THE ENERGY FIELD, UNDER THE AUSPICES OF THE US-IRAN JOINT COMMISSION. END SUMMARY.

2. NEA DEPUTY ASSISTANT SECRETARY SOBER, ACCOMPANIED BY ECONOMIC/COMMERCIAL COUNSELOR, CALLED ON DR. AKBAR ETAMAD, PRESIDENT OF ATOMIC ENERGY ORGANIZATION OF IRAN, AFTERNOON MAY 15, TO REVIEW WITH HIM RECENT DEVELOPMENTS IN USG POLICY AND DISCUSS NEXT STEPS IN NEGOTIATIONS ON BILATERAL NUCLEAR COOPERATION. SOBER OPENED HIS REMARKS SAYING THAT HE HAD DISCUSSED THESE MATTERS WITH MR. JOSEPH NYE OF DEPARTMENT WHO HAD ASKED HIM TO CONVEY NYE'S REGRETS AT NOT HAVING BEEN ABLE TO ATTEND SHIRAZ NUCLEAR TECHNOLOGY CONFERENCE AND AT HAVING MISSED ETAMAD AT SALZBURG.

3. SOBER NOTED THE PRESIDENT'S PLEDGE THAT FOR NATIONS WHICH SHARE OUR NUCLEAR NON-PROLIFERATION CONCERNS HE WILL BE A RELIABLE SUPPLIER OF NUCLEAR EQUIPMENT AND FUELS. THE BILL SENT TO THE CONGRESS BY THE PRESIDENT IN LATE APRIL INCORPORATES MANY PROVISIONS OF OUR NON-PROLIFERATION POLICY. IT IS OUR HOPE, HE SAID, THAT THE CONGRESS WILL MOVE EXPEDITIOUSLY TO ENACT THIS LEGISLATION WHEREUPON HE WILL BE ABLE TO MOVE FORWARD PROMPTLY ON AN AGREEMENT FOR COOPERATION WITH IRAN.

4. SOBER NOTED THAT THE GOI'S RECENT STATEMENTS FOREGOING REPROCESSING FACILITIES WERE WELCOMED. IT SHOULD SUBSTANTIALLY FACILITATE OUR BILATERAL NEGOTIATIONS. ETAMAD REAFFIRMED THAT IRAN HAD INDEED DECIDED TO ABANDON THE IDEA OF HAVING REPROCESSING FACILITIES. HE WENT ON TO SAY THAT THIS DECISION WAS ASSOCIATED WITH THE EXPECTATION THAT THE SUPPLIER NATIONS WILL FULLY RECOGNIZE IRAN'S LEGITIMATE NEEDS FOR NUCLEAR FUEL AND TECHNOLOGY. HE SAID THAT HE HOPED THAT THE UNITED STATES AND QUOTE ITS ALLIES UNQUOTE WOULD RECOGNIZE THIS QUOTE POLITICAL ACT UNQUOTE BY IRAN AND GIVE IRAN DUE CREDIT FOR IT. SOBER REPLIED THAT HE CERTAINLY DID RECOGNIZE THIS VERY IMPORTANT DECISION BY IRAN WHICH WAS CLEARLY CONSISTENT WITH PRESIDENT CARTER'S NUCLEAR POLICY, NOTING THAT HE OUR

PAGE 2

C O N F I D E N T I A L

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DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

MESSAGE CENTER

PAGE 3

C O N F I D E N T I A L

27291

SELVES HAVE DEFERRED INDEFINITELY COMMERCIAL REPROCESSING IN THE U.S. SOBER WENT ON TO SAY THAT U.S. HAS TAKEN STEPS TO INCREASE ITS OWN ENRICHMENT CAPACITY AND IS DEVELOPING WAYS TO MAKE FUEL AVAILABLE THROUGH LONG-TERM CONTRACTS. WE WELCOMED IRAN'S INTEREST IN INTERNATIONAL FUEL CYCLE EVALUATION PROGRAM WHICH THE PRESIDENT HAS PROPOSED AND WANT IT TO BE A COLLABORATIVE ENDEAVOR. WE WILL BE APPROACHING ETEMAD SOON WITH CONCRETE PROPOSALS.

6. TURNING TO THE NPT, ETEMAD MADE TWO POINTS: (1) IN IRAN'S VIEW, THERE HAS BEEN OVER THE YEARS NO REAL DISTINCTION MADE BY THE UNITED STATES IN ITS HANDLING OF NPT AND NON-NPT COUNTRIES. THAT THE FORMER COUNTRIES HAVE NOT BENEFITED MORE FROM HAVING SIGNED NPT. SAID ETEMAD, WAS OF REAL CONCERN TO IRAN. (2) ETEMAD SAID THAT THERE ARE EVIDENTLY SOME IN THE U.S. WHO FEEL THAT SOME

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#4313

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MH 332

PAGE 3

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DEPARTMENT OF DEFENSE

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SECT 02 OF 27291

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C O N F I D E N T I A L SECTION 2 OF 2 TEHRAN 4313

ARTICLES OF THE NPT HAVE MORE VALIDITY THAN OTHERS. ANY DIFFERENTIATION AMONG THE VARIOUS ARTICLES OF THE NPT CAN ONLY WEAKEN BOTH THE NPT AND IAEA; IN FACT, SAID ETEMAD, BOTH NEED STRENGTHENING. ETEMAD THOUGHT THAT THE U.S. WAS NOT GIVING FULL WEIGHT TO ITS RESPONSIBILITIES UNDER ARTICLE 4 OF THE NPT. SOBER OBSERVED THAT THE U.S. RECOGNIZES THAT, AS A NUCLEAR WEAPONS STATE, WE HAVE A SPECIAL RESPONSIBILITY TO SHARE WITH OTHERS THE BENEFITS OF NUCLEAR ENERGY. INDEED, USG PROPOSAL FOR FUEL CYCLE EVALUATION PROGRAM IS DESIGNED TO ENHANCE THE PEACEFUL NUCLEAR COOPERATION ENVISAGED IN ARTICLE 4. HOWEVER, IN FULFILLING OUR RESPONSIBILITIES UNDER ARTICLE 4 WE MUST

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DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

MESSAGE CENTER

PAGE 2 C O N F I D E N T I A L
NOT IMPERIL OBJECTIVES OF ARTICLES 1 AND 2. ETEMAD
AGREED WITH LATTER POINT.

29726

7. ETEMAD THEN TURNED TO ONE OF HIS FAVORITE THEMES
"THE QUOTE LONDON CLUB UNQUOTE OF SUPPLIER NATIONS,
SPEAKING WITH AN APPARENT ABSENCE OF RANCOR, ETEMAD
WAS NEVERTHELESS CANDID IN SAYING THAT SOME QUOTE BAD
FEELING UNQUOTE HAD BEEN ENGENDERED WITHIN GOI AS A
RESULT OF DECISIONS BY THE SUPPLIER NATIONS QUOTE
TAKEN BEHIND OUR BACKS. UNQUOTE SOBER REMARKED THAT
THE DECISIONS IN QUESTION HAD TO BE VIEWED IN CONTEXT
OF OVERRIDING CONCERN TO LIMIT THE RISK OF NUCLEAR PROLIF-
ERATION.

8. FOLLOWING A BRIEF DISCUSSION OF IRAN'S NUCLEAR
POWER PLANT PROGRAM, ETEMAD ACKNOWLEDGED OUR VERY RE-
CENT UNDERSTANDING THAT WAY COULD BE OPEN FOR THE U.S.
TO SUPPLY CONSIDERABLE NUMBER OF NUCLEAR POWER PLANTS
BEYOND THE EIGHT PLANTS HITHERTO QUOTE EARMARKED UNQUOTE
FOR THE U.S.

9. SOBER THEN MENTIONED TO ETEMAD THE INTEREST OF
SECRETARY VANCE IN HAVING AN EARLY, BROAD DISCUSSION
BETWEEN OUR TWO COUNTRIES OF ENERGY ISSUES UNDER THE
AUSPICES OF THE U.S.-IRAN JOINT COMMISSION. SUCH A
DISCUSSION SHOULD ENCOMPASS NOT ONLY NUCLEAR ENERGY
BUT OTHER SOURCES SUCH AS NATURAL GAS AND SOLAR ENERGY
AS WELL. SOBER SAID THAT HE HAD MENTIONED THE SECRE-
TARY'S INTEREST IN THIS RESPECT TO MINISTER OF ECONOMIC
AFFAIRS AND FINANCE ANSARY (IRANIAN CO-CHAIRMAN OF
THE JOINT COMMISSION) WHO WAS VERY SYMPATHETIC TO THE
IDEA. SOBER ADDED THAT WE WOULD VERY MUCH LIKE TO
HAVE DR. ETEMAD'S VIEWS ON WAYS TO MAKE AN ENERGY
MEETING MOST USEFUL.

10. ETEMAD ENTIRELY AGREED WITH THE IDEA, SAYING
TENTATIVELY THAT HE THOUGH ONE TO TWO DAYS OUGHT TO
BE SUFFICIENT FOR SUCH A MEETING. HE ALSO AGREED THAT
NEGOTIATIONS ON THE BILATERAL AGREEMENT FOR COOPERATION
MIGHT BE RESUMED IN THE CONTEXT OF THE BROADER NUCLEAR
ENERGY MEETING. CONSULTING HIS CALENDAR, ETEMAD SAID
THAT HE WOULD BE AVAILABLE FOR BOTH THE ENERGY MEETING
AND BILATERAL NUCLEAR TALKS IN EITHER THE LAST WEEK OF

PAGE 2

C O N F I D E N T I A L

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DEPARTMENT OF DEFENSE

JOINT CHIEFS OF STAFF

MESSAGE CENTER

PAGE 3

C O N F I D E N T I A L

29726

JUNE OR THE LAST WEEK OF JULY OF THIS YEAR. WHILE IRAN NATURALLY WOULD PREFER TO AWAIT PASSAGE IN THE CONGRESS OF THE ADMINISTRATION'S ENERGY BILL HE THOUGH THAT THE TALKS ON THE BILATERAL COULD BE RESUMED PRELIMINARILY EVEN BEFORE FINAL ENACTMENT OF THE BILL.

11. ETEMAD CONCLUDED WITH TWO OBSERVATIONS ON THE NUCLEAR ENERGY BILATERAL. HE SAID THAT IRAN WOULD WANT TO EXAMINE OUR NEW LEGISLATION TO SEE IN WHAT FASHION U.S. COMMITMENTS UNDER THE BILATERAL WOULD BE MET IN VIEW OF THE AUTONOMOUS CHARACTER OF THE U.S. NUCLEAR REGULATORY COMMISSION. SECONDLY, HE SAID IRAN WOULD NEED TO SATISFY ITSELF ON THE MATTER OF NUCLEAR SUPPLY QUARANTEES. SPECIFICALLY, IRAN WOULD HAVE TO HAVE A COMPLETE UNDERSTANDING OF WHAT THE NEW U.S. LEGISLATION PROVIDES FOR WITH REGARD TO U.S. RIGHTS TO REDUCE OR TERMINATE FUEL SUPPLIER TO A FOREIGN NATION.

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ANNOTES

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PAGE 3

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