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TO AMEMBASSY TAIPEI
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DECLASSIFIED UNDER AUTHORITY OF THE INTERAGENCY SECURITY CLASSIFICATION APPEALS PANEL, E.O. 13526, SECTION 5.3(b)(3)

ISCAP APPEAL NO. 2011-007, document no. 2
DECLASSIFICATION DATE: December 3, 2015

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NODIS

E.O. 11652: XGDS-3

WGS: MNUC, TW

SUBJECT: FOLLOW-UP TO NUCLEAR TEAM VISIT: DEMARCHE TO PRESIDENT CHIANG

REFS: A) TAIPEI 5013; B) TAIPEI 5144;
C) TAIPEI 5736

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1. USG AGENCIES HAVE REVIEWED THE U.S. NUCLEAR TEAM'S TENTATIVE FINDINGS (REF A), THE DISCUSSIONS THE TEAM HAD WITH MOFA VICE MINISTER CHIEN AND OTHERS, AND THE AMBASSADOR'S PRELIMINARY DISCUSSION WITH PREMIER SUN (REF B) AND WITH FONMIN SHEN (REF C). WE HAVE CONCLUDED THAT A FORMAL DEMARCHE SHOULD BE MADE TO THE ROC TO RESTATE EMPHATICALLY THE IMPORTANCE OF THE ROC AVOIDING ANY ACTION NOT IN COMPLIANCE WITH OUR NUCLEAR AGREEMENTS. WE WISH TO MAKE IT UNMISTAKEABLY CLEAR THAT WORK SUCH AS THAT RELATED TO LASER ISOTOPE SEPARATION HAS RAISED SEVERE DOUBTS WITHIN THE USG ABOUT OUR ABILITY TO CONTINUE NUCLEAR EXPORTS UNDER THE NUCLEAR NON-PROLIFERATION ACT (NNPA) AND THAT A REPETITION OF SIMILAR UNCERTAINTIES IN THIS OR ANY OTHER SENSITIVE AREA WOULD SERIOUSLY UNDERMINE CONTINUED EXPORTS.

2. TO ACCOMPLISH THIS THE AMBASSADOR SHOULD ARRANGE TO CALL UPON PRESIDENT CHIANG AT HIS EARLIEST CONVENIENCE. AFTER EXPLAINING THAT THE PURPOSE OF YOUR CALL IS TO RAISE, ON THE INSTRUCTIONS OF SECRETARY VANCE, A SERIOUS MATTER AFFECTING OUR PEACEFUL NUCLEAR COOPERATION, THE AMBASSADOR SHOULD READ AND HAND OVER TO PRESIDENT CHIANG THE FOLLOWING LETTER FROM SECRETARY VANCE.

3. BEGIN TEXT:

DEAR MR. PRESIDENT: I HAVE APPRECIATED YOUR GOVERNMENT'S STATEMENTS SUPPORTING NUCLEAR NON-PROLIFERATION. HOWEVER, I BELIEVE IT IS IMPORTANT FOR YOU TO KNOW THAT

SENSITIVE RESEARCH SUCH AS THAT RELATED TO LASER ISOTOPE SEPARATION IN THE ROC HAS RAISED THE MOST SERIOUS DOUBTS WITHIN THE U.S. GOVERNMENT AS TO WHETHER IT COULD CONTINUE NUCLEAR EXPORTS TO THE ROC, SPECIFICALLY WHETHER
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IT COULD SUPPORT THE EXPORT LICENSE REQUEST FOR TAIPOWER REACTORS 5 AND NOW PENDING BEFORE THE NUCLEAR REGULATORY COMMISSION. IN VIEW OF THE UNCERTAINTY THAT MAY HAVE EXISTED ABOUT THE ACCEPTABILITY OF THIS LASER WORK BEFORE THE USG NUCLEAR TEAM VISIT IN JULY, THE EXECUTIVE BRANCH HAS CONCLUDED THAT THERE HAS NOT BEEN ANY DELIBERATE ATTEMPT TO CIRCUMVENT OUR UNDERSTANDING IN THIS CASE.

I BELIEVE, HOWEVER, NO DOUBT SHOULD BE LEFT AS TO THE SERIOUSNESS OF THE SITUATION AS WE SEE IT. THE CONSEQUENCES OF YET ANOTHER INSTANCE, SUCH AS THAT ILLUSTRATED BY THE LASER ISOTOPE SEPARATION WORK, WOULD BE DRASTIC. FRANKLY, SHOULD ANOTHER INSTANCE OF RESEARCH IN SENSITIVE NUCLEAR FIELDS OF ENRICHMENT REPROCESSING OR HEAVY-WATER-PRODUCTION TECHNOLOGY, AGAIN RAISE DOUBTS AS TO WHETHER ROC SCIENTISTS ARE ACTING IN COMPLIANCE WITH OUR NUCLEAR AGREEMENTS, THEIR ACTIONS WOULD REQUIRE CONSIDERATION OF TERMINATION OF NUCLEAR EXPORTS.

I HOPE YOU WILL ACCEPT MY WORDS AS THOSE OF A FRIEND. I HAVE A DEEP INTEREST IN YOUR COUNTRY'S SECURITY AND PROSPERITY. IT IS MY EARNEST HOPE THAT WE WILL BE ABLE TO CONTINUE IN THE YEARS AHEAD OUR VERY CONSTRUCTIVE COOPERATION IN THE PEACEFUL USES OF ATOMIC ENERGY. SINCERLY, CYRUS VANCE. END TEXT.

4. THEREAFTER, THE AMBASSADOR SHOULD REFER TO THE RECENT VISIT OF THE U.S. NUCLEAR TEAM, NOTING THAT THE PRESIDENT HAS UNDOUBTEDLY RECEIVED A REPORT ON ITS TENTATIVE FINDINGS FROM MOFA. THE AMBASSADOR SHOULD THEN MAKE THE FOLLOWING POINTS WHICH CONVEY THE USG'S VIEWS RESULTING FROM THE TEAM VISIT AND WHICH ELABORATE ON THE SECRETARY'S LETTER. A COPY OF THESE TALKING POINTS SHOULD BE LEFT WITH THE PRESIDENT.

-- I HAVE BEEN INSTRUCTED BY THE SECRETARY TO DRAW
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YOUR ATTENTION PARTICULARLY TO TWO POINTS WITH RESPECT TO THE TEAM'S FINDINGS.

-- FIRST, WE CONSIDER THE UNCERTAINTIES ABOUT THE NATURE AND EXENT OF RESEARCH WORK RELATED TO LASER ISOTOPE SEPARATION (LU) IN THE ROC TO BE AN EXTREMELY SERIOUS MATTER BECAUSE WORK IN THIS AREA WOULD LEAD ALMOST UNAVOIDABLY TO A VIOLATION OF POINT THREE OF OUR SECRET AGREEMENT.

-- POINT THREE OF THIS SECRET AGREEMENT STATES THAT: "THE ROC WOULD TERMINATE ALL FUEL CYCLE ACTIVITIES AND REORIENT FACILITIES INVOLVING OR LEADING TO WEAPONS-USEABLE MATERIALS SUCH AS THE SEPARATION OR HANDLING OF PLUTONIUM AND URANIUM 233, AND THE DEVEOPMENT OF URANIUM ENRICHMENT AND HEAVY-WATER-PRODUCTION CAPABILITIES."

-- AMONG OTHER THINGS, THIS PROVISION REFERS TO THE ROC'S TERMINATING ALL ACTIVITIES LEADING TO THE DEVELOPMENT OF SUCH "CAPABILITIES" RATHER THAN JUST TO ACTUAL PRODUCTION ACTIVITIES PER SE. IT REFERS SPECIFICALLY BOTH TO ENRICHMENT CAPABILITIES AND TO HEAVY-WATER-PRODUCTION CAPABILITIES.

-- WHILE ACKNOWLEDGING THAT CERTAIN LIS RELATED WORK MAY FALL IN A GREY AREA, WE BELIEVE ANY LIS WORK CAN CONTRIBUTE TO A URANIUM ENRICHMENT CAPABILITY.

--. CONSEQUENTLY, WE HAVE NOW CONCLUDED THAT, TO AVOID ANY DOUBTS ABOUT COMPLIANCE WITH OUR AGREEMENTS, NO FURTHER LIS WORK SHOULD BE UNDERTAKEN.

-- WE BELIEVE THAT ALL/ALL NUCLEAR RELATED R&D IN THE ~~SECRET~~

ROC NEEDS TO BE CAREFULLY REVIEWED TO ENSURE THAT THERE ARE NO OTHER SUCH GREY AREA ACTIVITIES BEING CONDUCTED WHICH MIGHT CREATE MUSUNDERSTANDING ABOUT THE ROC'S STRICT AVOIDANCE OF ACTIVITIES PROSCRIBED BY OUR AGREEMENTS, PARTICULARLY ACTIVITIES INVOLVING OR LEADING TO REPROCESSING, ENRICHMENTOR HEAVY-WATER-PRODUCTION CAPABILITIES.

-- I HAVE BEEN INSTRUCTED TO REQUEST THAT, FOLLOWING WHATEVER INQUIRY INTO THIS SUBJECT YOUR GOVERNMENT MAY DEEM NECESSARY, YOU PROVIDE MY GOVERNMENT WITH ASSURANCES THAT NO LIS OR OTHER WORK ON ENRICHMENT, REPROCESSING OR HEAVY-WATER-PRODUCTION TECHNOLOGY WILL BE UNDERTAKEN AT INER, AT CIST OR AT ANY OTHER FACILITY IN THE ROC OR ABROAD.

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-- IT IS FOR YOUR GOVERNMENT TO ENSURE THAT ALL ROC SCIENTISTS AND PERSONNEL ARE AWARE OF OUR NUCLEAR AGREEMENTS AND THAT THEY ABIDE BY THEM.

-- IN ADDITION, WHILE THE RESEARCH ACTIVITIES AT INER APPEAR TO BE IN COMPLIANCE WITH OUR SECRET AGREEMENT, WE ARE DISTURBED AT THE LACK OF PROGRESS IN REORIENTING SOME INER FACILITIES. FOR INSTANCE, ALTHOUGH 15 MONTHS HAVE PASSED, THE LABORATORY DESIGNED TO PRODUCE PLUTONIUM METAL HAS NOT YET BEEN REPORIENTED.

-- WE BELIEVE THAT THE THRUST OF INER'S RESEARCH WORK SHOULD BE TO SUPPORT YOUR NUCLEAR POWER PROGRAM, AND THIS HAS NOT YET BEEN BROUGHT ABOUT SUBSTANTIALLY.

-- I HAVE BEEN INSTRUCTED TO RAISE THESE POINTS WITH YOU BECAUSE MY GOVERNMENT WISHES TO SEE OUR PEACEFUL NUCLEAR COOPERATION CONTINUE IN THE YEARS AHEAD.

-- MY GOVERNMENT RECOGNIZES THE SERIOUS CONSEQUENCES THAT A TERMINATION OF EXPORTS WOULD ENTAIL.

-- FRANKLY, ANY RECURRENCE OF UNCERTAINTIES SUCH AS THOSE CONCERNING LIS COULD WELL MAKE IT IMPOSSIBLE FOR US TO CONTINUE SUPPORTING NUCLEAR EXPORT LICENSE REQUESTS FOR YOUR POWER PROGRAM.

-- IT IS OUR EARNEST HOPE THAT NO FURTHER UNCERTAINTIES WILL ARISE FROM THE ACTIONS OF SCIENTISTS ANYWHERE IN THE REPUBLIC OF CHINA TO THREATEN OUR ABILITY TO CONTINUE OUR PEACEFUL NUCLEAR RELATIONS.

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5. SHOULD PRESIDENT MENTION HIS OFFER TO HAVE U.S. SCIENTISTS WORK IN ROC RESEARCH FACILITIES, YOU MAY COMMENT THAT THE USG IS MINDFUL OF HIS GENEROUS OFFER. YOU SHOULD NOTE THAT SEVERAL GROUPS OF U.S. SCIENTISTS HAVE VISITED THE ROC IN THE PAST 18 MONTHS AND THAT ANOTHER GROUP FROM ARGONNE NATIONAL LABORATORY WILL BE COMING IN SEPTEMBER TO DISCUSS THE CONVERSION OF THE RTT. THE USG IS ALERT TO OTHER OPPORTUNITIES THAT MAY ARISE TO TAKE ADVANTAGE OF THE PRESIDENT'S OFFER.

6. SHOULD PRESIDENT CHIANG ASK WHAT OTHER RESEARCH [redacted] MAY BE OF CONCERN TO US, YOU SHOULD REPLY AS FOLLOWS: OUR CONCERN IS THAT ANY RECURRENCE OF UNCERTAINTIES ABOUT ROC COMPLIANCE WITH OUR AGREEMENTS COULD WELL FORCE A TERMINATION OF U.S. NUCLEAR EXPORTS. TO AVOID THIS, WE BELIEVE THAT ALL NUCLEAR RESEARCH ACTIVITIES IN THE ROC, [redacted] SHOULD BE CAREFULLY REVIEWED TO ENSURE THAT THEY ARE IN COMPLIANCE WITH OUR AGREEMENTS, PARTICULARLY CONCERNING THE DEVELOPMENT OF CAPABILITIES IN THE SENSITIVE AREAS OF REPROCESSING, ENRICHMENT AND HEAVY-WATER-PRODUCTION. CHRISTOPHER

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