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## THE WHITE HOUSE

WASHINGTON

September 15, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: Brent Scowcroft *BS*  
Jim Cannon  
Jim Lynn *JL*

SUBJECT: NUCLEAR POLICY

The Nuclear Policy Review Group that you created on July 14 has completed its assignment and submitted a report (Appendix I) which has been reviewed by agencies (their detailed comments at Appendix II) and your senior advisers.

Problems Requiring Attention

Briefly, the following major problems require attention:

- . There is a growing threat of nuclear proliferation abroad because of the spread of the capability to recover plutonium from "spent" fuel elements from nuclear power and research reactors in a step called "reprocessing." The separated plutonium is intended to be recycled as reactor fuel. However, the plutonium can also be stolen or clandestinely diverted and used quite quickly to make explosives.
- . The system of controls to prevent such uses is not adequate for dealing with the growing threat. This system includes IAEA safeguards and inspections, physical security programs, and various bilateral and multilateral agreements.
- . Concern in the public and Congress about proliferation abroad is leading toward legislation designed to force our foreign customers to agree to forego reprocessing and the accumulation of plutonium stockpiles -- as a condition for receiving nuclear fuel and equipment from U.S. suppliers.
- . U.S. leverage for insisting upon rigorous controls is declining along with our role as the dominant supplier of nuclear fuel and equipment.

- . Efforts by industry to proceed with commercial scale reprocessing in the U.S. are stalled because of uncertainties concerning economics, safeguards and regulatory requirements. Also, domestic reprocessing is strongly opposed by some who believe that energy and economic benefits are outweighed by the problems resulting from significant quantities of separated and recycled plutonium. (It should be noted that reprocessing is useful but not crucial to the pursuit of the nuclear power option, at least for the next 10 to 20 years.)
- . Uncertainties about reprocessing and long-term nuclear waste management (a Federal responsibility) are being used by opponents of expansion of nuclear power in the U.S. (Six more states will have anti-nuclear initiatives on their November ballots.)

#### Recommended Response

There is general agreement among heads of agencies concerned and your senior advisers on a recommendation that you issue a major statement on nuclear policy which:

- . Reaffirms U.S. intent to increase the use of nuclear power.
- . Recognizes that other countries will do the same regardless of U.S. position.
- . Reflects U.S. intent to be a reliable and competitive international supplier of nuclear fuel and equipment.
- . Reflects great concern about the spread of reprocessing abroad because of the potential for theft by terrorists or diversion by nations of separated plutonium.
- . Announces policy changes to deal with this concern, backed up by a series of specific proposals to tighten controls, offer incentives to those who cooperate in restricting reprocessing, and impose sanctions on those who violate agreements.
- . Announces Administration position on reprocessing in the U.S. and a course of action to carry out that position.
- . Commits the Administration to assure the availability of a nuclear waste disposal facility when needed about in 1985.

However, with respect to reprocessing here and abroad, there is disagreement among your advisers on:

- . Whether and when reprocessing should be used.
- . The desirability and effectiveness of U.S. attempts to get other nations to forego reprocessing.

#### Issues Requiring Your Attention

If you agree that a Presidential response is warranted to deal with outstanding nuclear policy problems, your decision is needed on the critical issue of U.S. policy on reprocessing here and abroad. (Discussed below.)

In addition, your decision will be needed later on specific initiatives in support of the general policy decision that you make. Those specific initiatives will be developed in greater detail and presented for your approval while the statement is being developed.

#### Principal Issue - Policy on Acceptability of Reprocessing Here and Abroad and the Control of Separated Plutonium

All of your advisers agree that some change of current policies (summarized in Alt. #1, below) on reprocessing and the control of separated plutonium are needed. They disagree as to the nature of the change -- largely because of different views on:

- . The relative weight given to non-proliferation and other foreign policy considerations, and on energy and economic objectives.
- . The chances of changing significantly the course of worldwide events leading to reprocessing, a step which creates the capability for proliferation.
- . The probable effectiveness of U.S. attempts to use its diminishing supplier role to deter other nations from proceeding with reprocessing.
- . The impact, here and abroad, of a change in U.S. policy which now assumes that we will proceed with reprocessing and recycle of plutonium.

Four principal positions on domestic and foreign reprocessing and alternatives are identified and described below. The principal variables among the four alternatives are:

- . The toughness of our stand against the spread of reprocessing abroad.
- . Our attitude toward reprocessing in the U.S. and the government role in bringing about reprocessing.
- . The extent of the consistency between our domestic and foreign policy on reprocessing.
- . The importance attached to the breeder reactor -- which is dependent upon reprocessing and plutonium recycle (though a decision on breeder commercialization is not scheduled by ERDA until 1986).

- . Alt. #1. Continue to resist the spread of reprocessing abroad but with no significant change in policy or significant new initiatives. Continue current policy on domestic reprocessing, which assumes reprocessing, and recycle of plutonium, encourages the development of a private reprocessing industry, and provides limited government assistance on reprocessing R&D.

Your statement announcing this position would stress concern about the spread of international reprocessing, stress the need to work cooperatively with other nations, take credit for past U.S. actions and limited efforts now underway or planned.

In effect, we would be accepting the inevitability of the spread of reprocessing and not make a major effort to halt that spread.

o Principal arguments for this approach are that:

- Other nations who view us as overreacting to the risk of proliferation would be reassured of our steadiness.
- There would be little additional Federal involvement in reprocessing now.

o Principal arguments against this approach are that:

- It does not deal with the currently perceived threat of proliferation and would be unacceptable to the Congress and the public.
- Differences in NRC and Executive Branch attitude would be obvious since NRC almost certainly will deny some exports that our trading partners expect under existing agreements for cooperation.
- Uncertainties about domestic reprocessing would continue.

- . Alt. #2. Significantly strengthen efforts to limit the spread of reprocessing abroad (but accept its inevitability) and to prevent theft and diversion of separated plutonium -- hopefully in cooperation with other nations, but with unilateral moves when necessary. Continue current policy of encouraging development of a domestic reprocessing industry, with a commitment to assist with a Federal commercial scale demonstration.

Your statement announcing this policy would stress concern about the spread of international reprocessing, highlight the need for major new steps to avoid this spread and to strengthen safeguards, tighten our export restrictions, and offer incentives to customers and suppliers to cooperate. It will also include a greater Federal role in demonstrating commercial scale reprocessing in this country and justify domestic reprocessing plans on the grounds that capacity is needed to understand economics and safeguards and to provide reprocessing services for both U.S. and foreign needs.

In effect, you would be accepting this inevitability of reprocessing but would be moving vigorously to limit its spread in other countries. Many nations probably would go along with this position but (a) Brazil and Pakistan would proceed with plans for major reprocessing plants, and (b) Germany and France would continue a more liberal policy toward assisting others to build reprocessing facilities. Reactor manufacturers in the U.S. would be concerned about impact on foreign sales but they, and others, in the U.S. nuclear industry would welcome the commitment to reprocessing and the plan to resolve uncertainties.

o Principal arguments for this approach are:

- Recognizes that reprocessing will likely be pursued abroad in any event and that there will be strong pressures for reprocessing domestically.
- Offers the basis for a reasonable compromise with other suppliers: Canada favors tougher stand against reprocessing; the FRG and France a somewhat more liberal one.
- Would help resolve some uncertainties restraining the growth of nuclear energy in the U.S.
- Consistent with current domestic policy on reprocessing.
- Compatible with plans for developing breeder reactor (which requires plutonium as fuel).

- o Principal arguments against this approach are:
  - It does not go far enough to meet the expectations of some critics in Congress and those who believe that proliferation risks of reprocessing outweigh energy and economic advantages.
  - Leaves some inconsistency between our negative attitude towards reprocessing by others and our own intentions to proceed.
  - Further commits the Administration to reprocessing and recycle while NRC's decision on this issue is still pending.
  - Calls for significant increase in government role in reprocessing and also involves government costs for a domestic reprocessing demonstrations (upwards of \$1 billion through 1985) and buy back of foreign fuel (upwards of \$200 million through 1985 and \$3 billion through 2000).
  - In effect, it would commit the government to assist in starting up a \$270 million existing privately owned spent fuel separations facility at Barnwell, South Carolina, with the potential charge of "bailing out" a private venture owned by Allied Chemical, Gulf Oil, and Royal Dutch Shell.

- . Alt. #3. Significantly strengthen our efforts to control the spread of reprocessing abroad, as in Alt. #2, but also take strong stand that reprocessing should go ahead domestically and internationally only if safety, safeguards, and economic benefits can be demonstrated clearly. No longer assume that reprocessing and recycle would be acceptable, but proceed with planning and design activities necessary to bring reprocessing facilities on line when needed if a decision to proceed with reprocessing is made. Provide government assistance in a commercial scale demonstration of reprocessing to resolve uncertainties. Launch a significant program to explore and develop alternative ways of getting energy and economic benefits from spent fuel, if feasible.

Your statement would make clear that non-proliferation goals take precedence over energy and economics. The attitude would be sharply different from Alt. #2, and place burden of proof on those who want to proceed with reprocessing. It would also stress strongly your concern

about the spread of international reprocessing and announce steps to avoid this spread. The reprocessing demonstration would be justified primarily as an experiment to develop and demonstrate safeguards.

The potential of getting other nations -- customers and suppliers -- to take concerns about reprocessing more seriously would be greater than in Alt. #2. The budget impact would be about the same as Alt. #2, though the expenditures supporting the domestic reprocessing experiment might be somewhat less and the expenditures supporting research into technical alternatives to reprocessing somewhat more.

o Principal arguments for this alternative are:

- Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
- It recognizes clearly the uncertainties with respect to reprocessing, including the need not to commit to reprocessing before an NRC decision on plutonium recycling.
- Reduces the inconsistency between our plans for going ahead with reprocessing and our opposition to spread of reprocessing abroad, thus strengthening our position with supplier and customer nations.
- It would be more favorably received by U.S. critics of reprocessing than would Alt. #2.
- Provides utilities assurance that either reprocessing or spent fuel storage will be available when needed.
- It could be presented to industry as the best way of proceeding and minimizing delays, recognizing current hostility to reprocessing.

o Principal arguments against this alternative are:

- As a very substantial change or reversal in Government position on reprocessing, it may add additional uncertainty about nuclear power -- which could slow nuclear power growth in the U.S.
- Potential reprocessors may withhold further investment and involvement in reprocessing plants until after the Government makes a final decision on reprocessing.

- Adds uncertainty to the viability of the breeder, but a decision on breeder commercialization will not be made until 1986.
- Highlighting of alternative technologies (which have not yet been developed) can raise false expectations that reprocessing is not necessary and thus lend credence to opponents' arguments against proceeding even with a reprocessing demonstration.
- General public may view it as a signal that the government is less sure about safety of nuclear energy.

- . Alt. #4. Strongly oppose the use of reprocessing here and abroad. Commit the government to a major program to explore and evaluate the feasibility of alternative technologies for getting energy value from spent fuel without separating the plutonium. If unsuccessful, prepare to dispose of spent fuel without regard to the energy value or possibly reactivate reprocessing at some later date.

Your statement would make clear that we view reprocessing as a serious danger, that we are foreswearing reprocessing and urge others to do so as well. You could offer to share our results from developing new technologies with others and work with industry to assure that spent fuel storage is available, possibly on an international basis.

- o Principal arguments for this approach are:
  - Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
  - Would be quite popular with a few members of Congress, the press and the public.
- o Principal arguments against the approach are:
  - Would forego the use of known reprocessing technology in return for alternatives whose feasibility have not been demonstrated.
  - Would be unlikely to dissuade France, FRG, United Kingdom, and possible others from proceeding with current reprocessing plans.
  - U.S. private sector reprocessing interests would fold, utilities might slow down nuclear reactor orders.

- This would signal antipathy toward a plutonium economy and the breeder might have to be dropped as a long term energy option.
- Government costs for developing alternative technologies may be as great or greater than those for demonstrating reprocessing under Alt. #2 and #3.

RECOMMENDATIONS AND DECISION ON MAJOR POLICY DIRECTION ON REPROCESSING

\_\_\_\_\_ Alt. #1 - Continue current policy of resisting spread of reprocessing abroad; Continue current policy on domestic reprocessing.

\_\_\_\_\_ Alt. #2 - Significantly strengthen efforts to control reprocessing abroad; Continue assuming Commerce, Friedersdorf, and encouraging domestic reprocessing, including Marsh\* the provision of Federal demonstration assistance.

\_\_\_\_\_ Alt. #3 - Take stand that reprocessing should go ahead domestically and abroad only if safety, State, DOD, ERDA, FEA, safeguards and economic benefits can be demonstrated clearly. Strengthen efforts to control Scowcroft, reprocessing spread abroad. Assist in domestic Lynn, Cannon, commercial scale reprocessing demonstration. Greenspan

\_\_\_\_\_ Alt. #4 - Strongly oppose the use of reprocessing here and abroad. Mount major program to ACDA, CEQ, EPA\*\* develop alternative technologies.

Tab A provides comments made by agency officials upon stating their preference among alternatives. Their full comments on the Fri Report are at Appendix II.

\*Marsh prefers Alt.#2 but would settle for Alt.#3.

\*\*In response to an earlier paper which did not contain Alternative #3, Russ Train selected the alternative identified above as Alternative #4. He is out of town and would like to read this paper before deciding whether to remain with Alternative #4 or to switch to Alternative #3.

COMMENTS OF AGENCY HEADS UPON  
SELECTING THEIR PREFERRED ALTERNATIVE

Deputy Secretary of Defense Ellsworth

"We support Alternative #3 and we support it strongly."

Under Secretary of State Robinson

"The State Department supports Option 3. In contrast to Option 2, Option 3 would involve an experimental program using the AGNS facility at Barnwell, but designed to assess the viability and desirability of both reprocessing and alternative technologies. This option would not prejudice the outcome of the program in terms of either a commercial reprocessing commitment or further development of alternatives. Such a step by step approach would take full account of the many uncertainties inherent in reprocessing, and would permit maximum flexibility to capitalize on technological developments and to support the essential international dimensions of our nuclear policies. In budgetary terms, while overall expenditures for a given period could be comparable to those under Option 2, this experimental option would also permit maximum flexibility in allocating funds among the various program components and help avoid premature commitments to financing commercial-scale projects."

ERDA Administrator Seamans

"I am selecting Option 3 on the basis that a vigorous demonstration program of reprocessing, fuel fabrication, plutonium storage, and waste management will ensue. Only in this way will the program be consistent with our stated position on the liquid metal fast breeder and our plans for handling high level nuclear waste. I agree that we should go ahead with reprocessing only if safety, safeguards, and economic benefits can be demonstrated clearly by the immediate design, construction and test of all elements in the fuel cycle with Government support as appropriate. This approach will be accepted positively by the nuclear industry. However, if the option in fact contemplates years of studies and debate it will have a severely negative impact domestically and I believe internationally as well. We can rally support for our plans and policies only by establishing a positive, understandable program."

ACDA Director Ikle

"From an arms control point of view, Alternative 4 clearly is the preferred one. It would give the strongest signal at home and abroad that the U.S. will do everything it can to steer the development of nuclear energy away from technologies that cause the most serious risks of proliferation.

"However, Alternative 4 is perhaps drawn too starkly, while Alternative 3 is too close to Alternative 2:

- We need not 'foreswear' reprocessing; we only should postpone pushing reprocessing with major government subsidies. That is to say, we should cease favoring this dangerous technology over safer alternatives.

We should not move towards a budgetary outlay to support the current private reprocessing ventures, but more evenly balance the government effort between a vigorous program to push alternatives and a scaled-down (i.e., smaller than in Alternative 2) research effort to reduce the uncertainties of reprocessing (and to keep the option open should it be needed later on). Reprocessing can be postponed without a significant economic loss.

"In my view, the defect of Alternative 3 is that it still envisages government assistance in a commercial scale demonstration of reprocessing. This would be seen at home and abroad as a rather massive effort in favor of reprocessing, and hence sharply detract from the beneficial political impact of your overall policy decision. It could become the focus of criticism at home, and be distorted abroad as a U.S. effort to simply grab the reprocessing market. It would thus mar your overall program on non-proliferation."

FEA Administrator Zarb

"Option 3 represents an even-handed position which could help to defuse some of the current criticism and create a better environment to move forward. If this Option is selected, it should be made clear that it does not in any way indicate that the government is less sure of the safety of nuclear power.

"This position also places an added burden on government to move ahead promptly and properly demonstrate the technologies and make timely decisions so that private investment will be available when it is needed."

Secretary of Commerce Richardson

Recommends Option 2, with some modification. He recommends accepting reprocessing as inevitable -- because he thinks it is -- but at the same time developing, in cooperation with IAEA, a reprocessing industry which is multilateral. The Barnwell complex could be the first such plant. Secretary Richardson argues that this arrangement will provide the nuclear power industry worldwide with certainty as to the future development while maximizing assurances that the critical reprocessing phase will be under international control.

CEQ Chairman Peterson

"CEQ supports Option 4 but recommends that the effort to develop alternative nuclear fission technologies should be accompanied by a major international effort led by the United States to conserve energy and to develop solar energy as a major alternate source by early next century."

OSTP Director Guy Stever

"I favor Alternative #3 because it contains the R&D program which will keep open the options for the future in reprocessing and breeder reactor development, and at the same time recognizes realistically that we do not have the power in the world nuclear energy picture to force other nations into constraining the spread of reprocessing without setting an example ourselves."

THE WHITE HOUSE  
WASHINGTON

September 23, 1976 <sup>76</sup> SEP 23 PM 2 55

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

BRENT SCOWCROFT  
JIM CANNON  
JIM LYNN

FROM:

JIM CONNOR *JEC*

SUBJECT:

NUCLEAR POLICY

The President reviewed your memorandum of September 15 on the above subject and approved the following option:

Alt. #3 - Take stand that reprocessing should go ahead domestically and abroad only if safety, safeguards and economic Benefits can be demonstrated clearly. Strengthen efforts to control reprocessing spread abroad. Assist in domestic commercial scale reprocessing demonstration."

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE  
WASHINGTON  
September 24, 1976

MEMORANDUM FOR: THE PRESIDENT  
FROM: JIM CANNON *J. Cannon* JIM ZYNN *J. Zynn*  
BRENT SCOWCROFT *B. Scowcroft*  
SUBJECT: NON-PROLIFERATION AND NUCLEAR  
FUEL LEGISLATION

When you met with Senator Percy and others on September 17, you stated that you would urge Senator Baker to remove his hold from the Senate non-proliferation bill if (a) the NFAA was scheduled for Senate action under a time agreement, and (b) an acceptable non-proliferation bill was negotiated.

NON-PROLIFERATION

Bob Fri believes he has reached agreement with Percy on a reasonable bill. Detailed language must be worked out and Senator Percy must sell the compromise to his colleagues.

Senator Baker is maintaining his hold, but indicates he will be guided by your wishes. Senator Percy may attempt to bring up his compromise next week. Even if it passes the Senate, it is unlikely to pass the House.

Anderson and Price have introduced their non-proliferation bill (H.R. 15419) -- which ERDA and State believe is acceptable -- but there is no chance that it will be taken up by the House.

NUCLEAR FUEL ASSURANCE ACT

- . Senate Outlook. Today, the NFAA was put on the Senate calendar for next week but the opponents probably will try to table it again. Estimate of those opposed now ranges from three to six (Proxmire, Clark, Durkin, McGovern, Abourezk and Glenn). Senator Percy insists that it is not possible to move the NFAA. Industry and labor supporters of the bill are focusing their attention on 27 democratic Senators who are known to

support the bill -- with the objective of getting Senator Byrd to debate the bill even though there is opposition. Industry and labor supporters are contending that Glenn, Abourezk, and McGovern have or will remove their "holds."

- Percy Compromise. Senator Percy has proposed a compromise approach to uranium enrichment:

- 1) Dropping the NFAA as it passed the House;
- 2) Add to his non-proliferation bill, language to:
  - Authorize the Portsmouth plant;
  - Authorize you to submit a detailed plan for encouraging the private uranium enrichment industry, "including a discussion of specific terms" of proposed cooperative agreements with private firms. The plan would be referred to the JCAE and that Committee would have 60 days to give its views and recommendations to each House of Congress together with legislation to implement their recommendations. (Bob Fri believes this would permit proposing contracts and authorizing legislation at the same time as the plan.)

Fri has proposed, but Percy has not accepted, a further clause that requires an up or down vote on the JCAE recommendations within 30 legislative days. Fri believes Percy would push for this clause if you insisted it is necessary.

Except for the disputed clause, the compromise provides no new authority. Specifically, authority for Portsmouth will be provided in the ERDA Authorization Bill even without the NFAA and you can submit reports, plans, proposed contracts and draft legislation anytime.

#### ALTERNATIVES

There are three principal alternatives available for your consideration:

- Alt #1. Hold to the proposal you presented to Senator Percy and others on September 17, that you would urge Senator Baker to remove his hold if (a) the NFAA was scheduled for Senate floor action under a time agreement, and (b) non-proliferation legislation acceptable to you was negotiated with Senator Percy and others.

- Principal arguments for this approach are that:
  - (a) it is a logical position in that U.S. ability to get other nations to accept our non-proliferation goals depends upon our reliability as a supplier of uranium enrichment services; and (b) it is consistent with the position you presented to Senator Percy and others.
  
- Principal argument against this approach is that you will be open to the charge of obstructing non-proliferation legislation and you may not get the NFAA anyway.
  
- Alt. #2. Endorse the Percy compromise approach which adds some kind of uranium enrichment provisions to the non-proliferation bill.
  - Principal arguments for this approach are that:
    - (a) you would be postured in favor of non-proliferation legislation and willing to compromise or give in on uranium enrichment,
    - (b) it ties non-proliferation and at least some reference to private uranium enrichment together, and (c) it may be the only chance of getting any Senate legislation referring to uranium enrichment this session.
  
  - Principal arguments against this approach are that: (a) it would remove all possibility of getting a vote next week on NFAA, and (b) depending upon the language on uranium enrichment that is added to the non-proliferation bill, the result may be less acceptable than merely accepting defeat of the NFAA for this session and submitting a new proposal in January.
  
- Alt. #3. Accept the non-proliferation legislation without any provision for uranium enrichment, urge Senator Baker to remove his hold, and let the NFAA live or die this session separately from non-proliferation.
  - Principal arguments for this approach are that it (a) postures you in favor of non-proliferation legislation, (b) leaves options open on uranium enrichment for next session, and (c) puts the Senate, at least, on record as to appropriate nuclear export criteria -- a move that may head off NRC promulgation of less acceptable criteria.
  
  - Principal arguments against this approach are that it (a) is a reversal of the position you have taken with the Senators with respect to the NFAA, and (b) it foregoes whatever gains

might be achieved if Percy is able to seal the vote forcing clause on uranium enrichment that Bob Fri has proposed.

It may be possible to mitigate the negative effects of holding fast to Alt. #1 by (1) sending a strong letter on non-proliferation to the Senate, and/or (2) proceeding promptly with a major statement on non-proliferation. The critical importance to non-proliferation of expanded uranium enrichment capacity should be emphasized.

RECOMMENDATIONS

OMB\*, Alt. #1. Maintain hold on non-proliferation legislation unless NFAA is taken up.

ERDA, NSC, State\*\* Alt. #2. Accept Percy compromise.

Domestic Council Alt. #3. Sever relationship between NFAA and non-proliferation legislation

\* OMB favors Alt. #1 with the mitigating step outlined above. OMB notes that the Fri clause on uranium enrichment provides very little unless it permits ERDA to sign contracts if Congress fails to act.

\*\* If Alt. #2 cannot be accomplished, Alt. #3 would be the backup recommendation of NSC and State.

THE WHITE HOUSE  
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September 24, 1976

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- Principal argument against this approach is that you will be open to the charge of obstructing non-proliferation legislation and you may not get the NFAA anyway.
  
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\*\* If Alt. #2 cannot be accomplished, Alt. #3 would be the backup recommendation of NSC and State.

9/26/76

DRAFT STATEMENT

Draft #2 (DE/GS)  
(with Connor thoughts added)

242  
HST  
HOB  
JFK  
LSD  
RN

*This has been a non-partisan issue since 1945, when*

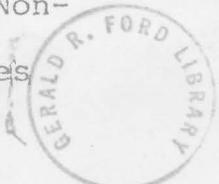
*In int to better understand about this very well, this is when nuclear matter starts!*

I sincerely regret that Mr. Carter has acted to make nuclear proliferation an issue in the Presidential campaign. ~~For the more than 30 years that~~ *Since 1945, when* we have known both the destructive power and the tremendous benefits of nuclear energy, no leader of either major political party has sought to make the control of nuclear proliferation a partisan issue. *I propose now that we continue this non-partisan approach to nuclear*

Since the beginning of the nuclear age, the U.S. has been the unquestioned leader in efforts worldwide to prevent the proliferation of nuclear weapons. During this time, we have exercised our leadership role with the participation and cooperation of both major political parties in four principal ways. First, with strong Congressional support, the U.S. has secured the adherence of more than 100 nations to the Non-proliferation Treaty, wherein non-nuclear weapons states foreswear the acquisition of such weapons.

Second, the U.S. has established and maintained its role as the world's principal supplier of nuclear fuels and equipment for peaceful purposes. Our superior technology and productive capacity have made it possible for us to maintain the lead even though several other nations have also become suppliers.

Third, we have used our role as a reliable and competitive supplier as the basis for urging other nations -- both suppliers and customers -- to join with us in adopting rigid safeguards to reduce the potential for theft or diversion of nuclear



materials for weapons purposes. Fourth, we have led in promoting multilateral actions to guard against proliferation, including the safeguard measures of the International Atomic Energy Agency (IAEA) and the recently negotiated nuclear supplier nation guidelines governing nuclear exports.

On September 17th, I met with several members of the House and Senate from both political parties to discuss non-proliferation and, specifically, to discuss two pieces of legislation now pending in the Congress which would, if passed this session, provide the basis for continuing our role as world leader in non proliferation.



One bill is the Nuclear Fuels Assurance Act (NFAA), which has passed the House and is awaiting Senate action. This bill would provide the basis for the U.S. to maintain its role as the leading supplier of uranium enrichment services without placing enormous new demands on the Federal Budget. needed for nuclear power plants. The other bill would establish statutory criteria to govern our nuclear exports and make clear to other nations that the U.S. is setting even higher standards than in the past for the controls it would insist upon as a condition of nuclear exports.

(Jim Connor's  
addition)

We agreed to work diligently to pass both pieces of legislation before the Congress adjourns this session.

As late as last Friday, the chances for final Congressional action on both bills had brightened. The Senate democratic

leadership placed the Nuclear Fuels Assurance Act on the calendar for consideration this week. Second, my representative who is working with members of Congress on this matter reported Friday that agreement has been reached on a non proliferation bill establishing tough export criteria.

I believe the Congress can complete action on both pieces of legislation this week. I urge the Congress to avoid the pitfall of making this important issue a partisan one and to proceed with both bills before adjournment.

Within the Executive Branch, we have underway a major review of all U.S. nuclear policies and options. That review has reaffirmed the need for both bills and identified additional actions that we must take.

I expect to meet soon with Congressional leaders of both parties to discuss the results of this review. Following those discussions, I will announce additional steps that I believe are necessary here and abroad to preserve the important benefits of nuclear energy for peaceful uses while we act to prevent the spread of nuclear weapons capability.

/ I am confident that these actions will provide the basis  
/  
/ for assuring the continued safety, environmental acceptability  
/  
/ and reliability of nuclear energy -- outside the realm of  
/  
/ partisan politics.

Thought, but not  
words suggested by  
Jim Connor



NUCLEAR POLICY MEETING  
Tuesday, September 28, 1976  
10:30 a.m.  
Cabinet Room



THE WHITE HOUSE  
WASHINGTON

September 15, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM:

Brent Scowcroft *BS*  
Jim Cannon *JAC*  
Jim Lynn *JL*

SUBJECT: NUCLEAR POLICY

The Nuclear Policy Review Group that you created on July 14 has completed its assignment and submitted a report (Appendix I) which has been reviewed by agencies (their detailed comments at Appendix II) and your senior advisers.

Problems Requiring Attention

Briefly, the following major problems require attention:

- . There is a growing threat of nuclear proliferation abroad because of the spread of the capability to recover plutonium from "spent" fuel elements from nuclear power and research reactors in a step called "reprocessing." The separated plutonium is intended to be recycled as reactor fuel. However, the plutonium can also be stolen or clandestinely diverted and used quite quickly to make explosives.
- . The system of controls to prevent such uses is not adequate for dealing with the growing threat. This system includes IAEA safeguards and inspections, physical security programs, and various bilateral and multilateral agreements.
- . Concern in the public and Congress about proliferation abroad is leading toward legislation designed to force our foreign customers to agree to forego reprocessing and the accumulation of plutonium stockpiles -- as a condition for receiving nuclear fuel and equipment from U.S. suppliers.
- . U.S. leverage for insisting upon rigorous controls is declining along with our role as the dominant supplier of nuclear fuel and equipment.

- . Efforts by industry to proceed with commercial scale reprocessing in the U.S. are stalled because of uncertainties concerning economics, safeguards and regulatory requirements. Also, domestic reprocessing is strongly opposed by some who believe that energy and economic benefits are outweighed by the problems resulting from significant quantities of separated and recycled plutonium. (It should be noted that reprocessing is useful but not crucial to the pursuit of the nuclear power option, at least for the next 10 to 20 years.)
- . Uncertainties about reprocessing and long-term nuclear waste management (a Federal responsibility) are being used by opponents of expansion of nuclear power in the U.S. (Six more states will have anti-nuclear initiatives on their November ballots.)

#### Recommended Response

There is general agreement among heads of agencies concerned and your senior advisers on a recommendation that you issue a major statement on nuclear policy which:

- . Reaffirms U.S. intent to increase the use of nuclear power.
- . Recognizes that other countries will do the same regardless of U.S. position.
- . Reflects U.S. intent to be a reliable and competitive international supplier of nuclear fuel and equipment.
- . Reflects great concern about the spread of reprocessing abroad because of the potential for theft by terrorists or diversion by nations of separated plutonium.
- . Announces policy changes to deal with this concern, backed up by a series of specific proposals to tighten controls, offer incentives to those who cooperate in restricting reprocessing, and impose sanctions on those who violate agreements.
- . Announces Administration position on reprocessing in the U.S. and a course of action to carry out that position.
- . Commits the Administration to assure the availability of a nuclear waste disposal facility when needed about in 1985.

However, with respect to reprocessing here and abroad, there is disagreement among your advisers on:

- . Whether and when reprocessing should be used.
- . The desirability and effectiveness of U.S. attempts to get other nations to forego reprocessing.

#### Issues Requiring Your Attention

If you agree that a Presidential response is warranted to deal with outstanding nuclear policy problems, your decision is needed on the critical issue of U.S. policy on reprocessing here and abroad. (Discussed below.)

In addition, your decision will be needed later on specific initiatives in support of the general policy decision that you make. Those specific initiatives will be developed in greater detail and presented for your approval while the statement is being developed.

#### Principal Issue - Policy on Acceptability of Reprocessing Here and Abroad and the Control of Separated Plutonium

All of your advisers agree that some change of current policies (summarized in Alt. #1, below) on reprocessing and the control of separated plutonium are needed. They disagree as to the nature of the change -- largely because of different views on:

- . The relative weight given to non-proliferation and other foreign policy considerations, and on energy and economic objectives.
- . The chances of changing significantly the course of worldwide events leading to reprocessing, a step which creates the capability for proliferation.
- . The probable effectiveness of U.S. attempts to use its diminishing supplier role to deter other nations from proceeding with reprocessing.
- . The impact, here and abroad, of a change in U.S. policy which now assumes that we will proceed with reprocessing and recycle of plutonium.

Four principal positions on domestic and foreign reprocessing and alternatives are identified and described below. The principal variables among the four alternatives are:

- . The toughness of our stand against the spread of reprocessing abroad.
- . Our attitude toward reprocessing in the U.S. and the government role in bringing about reprocessing.
- . The extent of the consistency between our domestic and foreign policy on reprocessing.
- . The importance attached to the breeder reactor -- which is dependent upon reprocessing and plutonium recycle (though a decision on breeder commercialization is not scheduled by ERDA until 1986).

- . Alt. #1. Continue to resist the spread of reprocessing abroad but with no significant change in policy or significant new initiatives. Continue current policy on domestic reprocessing, which assumes reprocessing, and recycle of plutonium, encourages the development of a private reprocessing industry, and provides limited government assistance on reprocessing R&D.

Your statement announcing this position would stress concern about the spread of international reprocessing, stress the need to work cooperatively with other nations, take credit for past U.S. actions and limited efforts now underway or planned.

In effect, we would be accepting the inevitability of the spread of reprocessing and not make a major effort to halt that spread.

o Principal arguments for this approach are that:

- Other nations who view us as overreacting to the risk of proliferation would be reassured of our steadiness.
- There would be little additional Federal involvement in reprocessing now.

o Principal arguments against this approach are that:

- It does not deal with the currently perceived threat of proliferation and would be unacceptable to the Congress and the public.
- Differences in NRC and Executive Branch attitude would be obvious since NRC almost certainly will deny some exports that our trading partners expect under existing agreements for cooperation.
- Uncertainties about domestic reprocessing would continue.

Alt. #2. Significantly strengthen efforts to limit the spread of reprocessing abroad (but accept its inevitability) and to prevent theft and diversion of separated plutonium -- hopefully in cooperation with other nations, but with unilateral moves when necessary. Continue current policy of encouraging development of a domestic reprocessing industry, with a commitment to assist with a Federal commercial scale demonstration.

Your statement announcing this policy would stress concern about the spread of international reprocessing, highlight the need for major new steps to avoid this spread and to strengthen safeguards, tighten our export restrictions, and offer incentives to customers and suppliers to cooperate. It will also include a greater Federal role in demonstrating commercial scale reprocessing in this country and justify domestic reprocessing plans on the grounds that capacity is needed to understand economics and safeguards and to provide reprocessing services for both U.S. and foreign needs.

In effect, you would be accepting this inevitability of reprocessing but would be moving vigorously to limit its spread in other countries. Many nations probably would go along with this position but (a) Brazil and Pakistan would proceed with plans for major reprocessing plants, and (b) Germany and France would continue a more liberal policy toward assisting others to build reprocessing facilities. Reactor manufacturers in the U.S. would be concerned about impact on foreign sales but they, and others, in the U.S. nuclear industry would welcome the commitment to reprocessing and the plan to resolve uncertainties.

o Principal arguments for this approach are:

- Recognizes that reprocessing will likely be pursued abroad in any event and that there will be strong pressures for reprocessing domestically.
- Offers the basis for a reasonable compromise with other suppliers: Canada favors tougher stand against reprocessing; the FRG and France a somewhat more liberal one.
- Would help resolve some uncertainties restraining the growth of nuclear energy in the U.S.
- Consistent with current domestic policy on reprocessing.
- Compatible with plans for developing breeder reactor (which requires plutonium as fuel).

o Principal arguments against this approach are:

- It does not go far enough to meet the expectations of some critics in Congress and those who believe that proliferation risks of reprocessing outweigh energy and economic advantages.
- Leaves some inconsistency between our negative attitude towards reprocessing by others and our own intentions to proceed.
- Further commits the Administration to reprocessing and recycle while NRC's decision on this issue is still pending.
- Calls for significant increase in government role in reprocessing and also involves government costs for a domestic reprocessing demonstrations (upwards of \$1 billion through 1985) and buy back of foreign fuel (upwards of \$200 million through 1985 and \$3 billion through 2000).
- In effect, it would commit the government to assist in starting up a \$270 million existing privately owned spent fuel separations facility at Barnwell, South Carolina, with the potential charge of "bailing out" a private venture owned by Allied Chemical, Gulf Oil, and Royal Dutch Shell.

- . Alt. #3. Significantly strengthen our efforts to control the spread of reprocessing abroad, as in Alt. #2, but also take strong stand that reprocessing should go ahead domestically and internationally only if safety, safeguards, and economic benefits can be demonstrated clearly. No longer assume that reprocessing and recycle would be acceptable, but proceed with planning and design activities necessary to bring reprocessing facilities on line when needed if a decision to proceed with reprocessing is made. Provide government assistance in a commercial scale demonstration of reprocessing to resolve uncertainties. Launch a significant program to explore and develop alternative ways of getting energy and economic benefits from spent fuel, if feasible.

Your statement would make clear that non-proliferation goals take precedence over energy and economics. The attitude would be sharply different from Alt. #2, and place burden of proof on those who want to proceed with reprocessing. It would also stress strongly your concern

Scrum - can't be used  
for - mri open  
Before you know  
when you stand  
around them - 1

---

Also - If you look at the  
to others.

about the spread of international reprocessing and announce steps to avoid this spread. The reprocessing demonstration would be justified primarily as an experiment to develop and demonstrate safeguards.

The potential of getting other nations -- customers and suppliers -- to take concerns about reprocessing more seriously would be greater than in Alt. #2. The budget impact would be about the same as Alt. #2, though the expenditures supporting the domestic reprocessing experiment might be somewhat less and the expenditures supporting research into technical alternatives to reprocessing somewhat more.

o Principal arguments for this alternative are:

- Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
- It recognizes clearly the uncertainties with respect to reprocessing, including the need not to commit to reprocessing before an NRC decision on plutonium recycling.
- Reduces the inconsistency between our plans for going ahead with reprocessing and our opposition to spread of reprocessing abroad, thus strengthening our position with supplier and customer nations.
- It would be more favorably received by U.S. critics of reprocessing than would Alt. #2.
- Provides utilities assurance that either reprocessing or spent fuel storage will be available when needed.
- It could be presented to industry as the best way of proceeding and minimizing delays, recognizing current hostility to reprocessing.

o Principal arguments against this alternative are:

- As a very substantial change or reversal in Government position on reprocessing, it may add additional uncertainty about nuclear power -- which could slow nuclear power growth in the U.S.
- Potential reprocessors may withhold further investment and involvement in reprocessing plants until after the Government makes a final decision on reprocessing.

Brian Clavits -

#3 way to go.  
World leadership role

Jobs - way to ensure  
leadership is

Technostars

Companies won't  
achieve safe guards

- P When, technostars, does an  
other who stand?

Securities  
Trust

- Ltd Technostars

gone or strong -  
outstanding -

German - }  
South }  
British }

- Adds uncertainty to the viability of the breeder, but a decision on breeder commercialization will not be made until 1986.
- Highlighting of alternative technologies (which have not yet been developed) can raise false expectations that reprocessing is not necessary and thus lend credence to opponents' arguments against proceeding even with a reprocessing demonstration.
- General public may view it as a signal that the government is less sure about safety of nuclear energy.

- . Alt. #4. Strongly oppose the use of reprocessing here and abroad. Commit the government to a major program to explore and evaluate the feasibility of alternative technologies for getting energy value from spent fuel without separating the plutonium. If unsuccessful, prepare to dispose of spent fuel without regard to the energy value or possibly reactivate reprocessing at some later date.

Your statement would make clear that we view reprocessing as a serious danger, that we are foreswearing reprocessing and urge others to do so as well. You could offer to share our results from developing new technologies with others and work with industry to assure that spent fuel storage is available, possibly on an international basis.

- o Principal arguments for this approach are:

- Could improve our ability to persuade sensitive countries such as Korea, Pakistan, Republic of China and Iran not to acquire reprocessing facilities by our removing the argument that we were seeking to deprive them of capabilities and benefits that we were exploiting ourselves.
- Would be quite popular with a few members of Congress, the press and the public.

- o Principal arguments against the approach are:

- Would forego the use of known reprocessing technology in return for alternatives whose feasibility have not been demonstrated.
- Would be unlikely to dissuade France, FRG, United Kingdom, and possible others from proceeding with current reprocessing plans.
- U.S. private sector reprocessing interests would fold, utilities might slow down nuclear reactor orders.

John Burton -

#4 - proficiencies  
outreach every -

credibility necessary  
other ordi

emphasis need for both  
conservation & other  
energy program

Vette Council - option 3

Examine of Nuclear energy  
act for diff countries  
over co research countries.  
No way to stop them

Jump out of world leadership.  
w/ all caution -

Dillonson - memo - Re Bureau  
before U.N.

- This would signal antipathy toward a plutonium economy and the breeder might have to be dropped as a long term energy option.
- Government costs for developing alternative technologies may be as great or greater than those for demonstrating reprocessing under Alt. #2 and #3.

RECOMMENDATIONS AND DECISION ON MAJOR POLICY DIRECTION ON REPROCESSING

\_\_\_\_\_ Alt. #1 - Continue current policy of resisting spread of reprocessing abroad; Continue current policy on domestic reprocessing.

\_\_\_\_\_ Alt. #2 - Significantly strengthen efforts to control reprocessing abroad; Continue assuming Commerce, Friedersdorf, Marsh\* and encouraging domestic reprocessing, including the provision of Federal demonstration assistance.

\_\_\_\_\_ Alt. #3 - Take stand that reprocessing should go ahead domestically and abroad only if safety, ERDA, FEA, Stever, Buchen, Scowcroft, Lynn, Cannon, Greenspan safeguards and economic benefits can be demonstrated clearly. Strengthen efforts to control reprocessing spread abroad. Assist in domestic commercial scale reprocessing demonstration.

\_\_\_\_\_ Alt. #4 - Strongly oppose the use of reprocessing here and abroad. Mount major program to ACDA, CEQ, EPA\*\* develop alternative technologies.

Tab A provides comments made by agency officials upon stating their preference among alternatives. Their full comments on the Fri Report are at Appendix II.

\*Marsh prefers Alt.#2 but would settle for Alt.#3.

\*\*In response to an earlier paper which did not contain Alternative #3, Russ Train selected the alternative identified above as Alternative #4. He is out of town and would like to read this paper before deciding whether to remain with Alternative #4 or to switch to Alternative #3.

would refer  
strongly until point possible  
Secrets of state way  
Countries involved

would not count immediately  
to Plutonium

Do not see any other

UK,

France

USA

W Germany

Sweden

Canada

Israel

Japan

COMMENTS OF AGENCY HEADS UPON  
SELECTING THEIR PREFERRED ALTERNATIVE

Deputy Secretary of Defense Ellsworth

"We support Alternative #3 and we support it strongly."

Under Secretary of State Robinson

"The State Department supports Option 3. In contrast to Option 2, Option 3 would involve an experimental program using the AGNS facility at Barnwell, but designed to assess the viability and desirability of both reprocessing and alternative technologies. This option would not prejudice the outcome of the program in terms of either a commercial reprocessing commitment or further development of alternatives. Such a step by step approach would take full account of the many uncertainties inherent in reprocessing, and would permit maximum flexibility to capitalize on technological developments and to support the essential international dimensions of our nuclear policies. In budgetary terms, while overall expenditures for a given period could be comparable to those under Option 2, this experimental option would also permit maximum flexibility in allocating funds among the various program components and help avoid premature commitments to financing commercial-scale projects."

ERDA Administrator Seamans

"I am selecting Option 3 on the basis that a vigorous demonstration program of reprocessing, fuel fabrication, plutonium storage, and waste management will ensue. Only in this way will the program be consistent with our stated position on the liquid metal fast breeder and our plans for handling high level nuclear waste. I agree that we should go ahead with reprocessing only if safety, safeguards, and economic benefits can be demonstrated clearly by the immediate design, construction and test of all elements in the fuel cycle with Government support as appropriate. This approach will be accepted positively by the nuclear industry. However, if the option in fact contemplates years of studies and debate it will have a severely negative impact domestically and I believe internationally as well. We can rally support for our plans and policies only by establishing a positive, understandable program."

Simple returns - that mean  
regression, storage, or both.  
Must have credibility  
no need here capacity to  
express + store with fear  
of misdirection. could  
learn ways report in seconds  
of processing.

---

Job - Taking custom pattern  
is good way to  
remove some of  
obstacles now in way -  
make - run - but  
you have to be in order  
to make it safe.

---

There - 3 options 3 is 2  
is going to a  
multimedia screen -  
same

ACDA Director Ikle

"From an arms control point of view, Alternative 4 clearly is the preferred one. It would give the strongest signal at home and abroad that the U.S. will do everything it can to steer the development of nuclear energy away from technologies that cause the most serious risks of proliferation.

"However, Alternative 4 is perhaps drawn too starkly, while Alternative 3 is too close to Alternative 2:

-- We need not 'foreswear' reprocessing; we only should postpone pushing reprocessing with major government subsidies. That is to say, we should cease favoring this dangerous technology over safer alternatives.

We should not move towards a budgetary outlay to support the current private reprocessing ventures, but more evenly balance the government effort between a vigorous program to push alternatives and a scaled-down (i.e., smaller than in Alternative 2) research effort to reduce the uncertainties of reprocessing (and to keep the option open should it be needed later on). Reprocessing can be postponed without a significant economic loss.

"In my view, the defect of Alternative 3 is that it still envisages government assistance in a commercial scale demonstration of reprocessing. This would be seen at home and abroad as a rather massive effort in favor of reprocessing, and hence sharply detract from the beneficial political impact of your overall policy decision. It could become the focus of criticism at home, and be distorted abroad as a U.S. effort to simply grab the reprocessing market. It would thus mar your overall program on non-proliferation."

FEA Administrator Zarb

"Option 3 represents an even-handed position which could help to defuse some of the current criticism and create a better environment to move forward. If this Option is selected, it should be made clear that it does not in any way indicate that the government is less sure of the safety of nuclear power.

For Green, plutonium can be obtained in time

Industry wants assurance about stores

Alhista: argument pure fraud. Need not go that strongly toward reprocessing at this time. Current method of reprocessing grew out of weapons program. look strongly for alternative

Green = semi committee, see through strong supporters of the NG working committee

To go - & no good waste disposal program. emphasize strongly. Leave focus good waste disposal

Flows left: Be very cautious. Don't see how world can't get energy w/o nuclear power.

check - multilateral approach look to get better system need to close fuel cycle loop back into

"This position also places an added burden on government to move ahead promptly and properly demonstrate the technologies and make timely decisions so that private investment will be available when it is needed."

Secretary of Commerce Richardson

Recommends Option 2, with some modification. He recommends accepting reprocessing as inevitable -- because he thinks it is -- but at the same time developing, in cooperation with IAEA, a reprocessing industry which is multilateral. The Barnwell complex could be the first such plant. Secretary Richardson argues that this arrangement will provide the nuclear power industry worldwide with certainty as to the future development while maximizing assurances that the critical reprocessing phase will be under international control.

CEQ Chairman Peterson

"CEQ supports Option 4 but recommends that the effort to develop alternative nuclear fission technologies should be accompanied by a major international effort led by the United States to conserve energy and to develop solar energy as a major alternate source by early next century."

OSTP Director Guy Stever

"I favor Alternative #3 because it contains the R&D program which will keep open the options for the future in reprocessing and breeder reactor development, and at the same time recognizes realistically that we do not have the power in the world nuclear energy picture to force other nations into constraining the spread of reprocessing without setting an example ourselves."

10:30 - Nuclear -

9/28/76

Sumner -

So ahead w/ 3

JAEA meeting Report.

# cos going ahead w/ processing

France. Pollution

If we do nothing, our ability to live is further eroded. Not completely safe of environment.

Nuclear industry on track  
French program - 1986 -  
onwards.

France.

By going ahead w/ deus.  
Peace & representation  
compatible.

AECA -

Don't seem in last 2 yrs  
than in last 20.

Chatterbox - got French to  
to turn on

Korea -

strong case - got but don't  
to prevent representation

[Sept. 1976]

THE WHITE HOUSE  
WASHINGTON

Decision

MEMORANDUM FOR:

FROM:

SUBJECT: DEALING WITH THE NUCLEAR REPROCESSING  
AND NON-PROLIFERATION ISSUES

You have not yet made public your recent decision on nuclear fuel reprocessing and the threat it presents to further proliferation of nuclear weapons capability abroad. Briefly, your decision was to:

- Take a stand that reprocessing should go ahead, domestically and abroad only if safety, safeguards and economic benefits can be demonstrated clearly.
- Strengthen efforts to control the spread of reprocessing abroad.
- Assist in a domestic commercial-scale reprocessing demonstration.

In a statement on May 13, 1976, Governor Carter expressed strong concern about proliferation due to the spread of reprocessing capability. He followed that up with a major statement last Saturday in San Diego. (The substance of his position with respect to nuclear energy, reprocessing and proliferation compared to your record is summarized at TAB A). By striking first, he will have lessened the impact of your announcement because the issues are complex, and it will be difficult for most people to understand the differences between the two approaches.

This matter is quite likely to be one of the topics of the foreign policy debate. It is in the area where Carter has spoken out most freely and where some may believe he has special expertise.

ISSUES

The issues for your consideration are:

- The posture you wish to take on nuclear policy and proliferation during the October 6 debate, assuming the issue comes up.
- When where and how you will make public your nuclear policy decisions.

ADDITIONAL BACKGROUND

- The nuclear policy issue is so complex that it is not practical to have a fully developed policy statement together with supporting initiatives (many of which require at least some consideration with other nations), ready for release prior to October 6.
- With the expected adjournment of the Congress, the traditional message approach is not a viable alternative.
- There are few, if any, good forums for dealing with this complex issue before October 6.

POLICY POSITION FOR OCTOBER 6

In any case, you will need to be prepared to state your position on nuclear proliferation matters on October 6. A suggested posture statement is attached at TAB B.

ALTERNATIVES

In addition to your position on October 6, you have the following principal alternatives available for making public your posture on nuclear proliferation:

- Alt. #1. Make no public announcement; continue to work on the development of a detailed position statement and backup materials for release at some later time.
  - . Principal arguments for this approach are:
    - it is the most practical from the point of time;
    - you do not need to announce your new policy before the debate because the accomplishments of your Administration over the past two years are completely defensible,
    - it allows for the requisite international consultations and preparation of a detailed nuclear statement later in October, or after the election,

- it avoids the appearance of rushing something out, and lessens the problem of seeming to be reacting to Carter's Saturday speech,
- it avoids the criticism that many surround the commitment to support the construction of a U.S. reprocessing plant.
- it offers you the opportunity to decry Carter's interjection of this non-partisan issue into the campaign.

. Principal arguments against this approach are:

- you would be more vulnerable to charges that nothing is being done to remedy a growing and potentially catastrophic problem,
- you would not be able to compare your new position to that of Carter's, focusing on the shallowness of his proposals and the practicality and effectiveness of your own,
- a statement is anticipated since it is known that the Fri review has been finished for some time.

-- Alt. #2. Expedite work on the detailed statement and supporting materials; leak word of your decision about two days before the debate; release the position statement and materials at a time to be decided later, perhaps after the election.

. Principal arguments for this approach are:

- it gives more reality to your assertion that you have a major new policy in preparation,
- it would stimulate press interest because of the means of disclosure,
- it would allow some but not all of your policy to be publicized -- e.g., the demo reprocessing plant need not be announced now,
- it allows more time to better prepare the detailed written statement for later release,
- it still offers you the opportunity to decry Carter's interjection of this non-partisan issue into the campaign.

. Principal arguments against this approach are:

- the same as under alternative #1 above,

- you would be questioned in the debate about your proposals as they appeared in the leaked article. Since the article would necessarily have been brief and incomplete, this line of questioning might lead to the impression that your response to non-proliferation is hit or miss, and not the comprehensive approach that is expected.

-- Alt. #3. Announce the substance of your policy decisions and position in a speech in an appropriate forum, sometime between now and next Monday, October 4. Follow up with a more detailed statement. An appropriate forum might include:

. Principal arguments for this approach are:

- I would use an effective form to promulgate an important, precedential policy on non-proliferation, if a suitable forum was available.
- it should put you in control of this issue,
- a public announcement is expected after your letter to Anderson and some foreshadowing in the press

. Principal arguments against this approach are:

- it is very difficult to find an appropriate forum between now and October 4.
- it may give the appearance of rushing to get your views out before the debate,
- this is not a subject of wide public appeal,
- coming on the heels of Carter's address, your new policy will lose some impact because of the appearance of "me-too",
- the proposal to support a demonstration reprocessing plant will be criticized by some who believe we must set an example by foregoing reprocessing ourselves, and by others who may see it as a bail-out of Allied Chemical and Shell, and
- the requisite advanced international consultations will be difficult to complete on this schedule.

-- Alt #4. Announce your policy decisions in a statement before October 6. The statement might be pegged to Congressional action on the pending non-proliferation bill, and hence improve the aura of Presidential/Congressional cooperation on a non-partisan issue. If Congress does not complete action, the statement could be the curtain closer and forecast of the need for immediate action in the next session.

. Principal arguments for this approach are:

- it is an appropriate form to announce your new policy and puts you on record with a plan to confront the problem of non-proliferation,
- a statement permits a more detailed presentation than a speech,
- it would be directed at and read by the most directly interested audience, as compared to a public address,
- it does not require finding a forum, as does a speech, and
- since a statement has been anticipated, it may be less vulnerable to charges of rushing or of copying Carter.

. Principal arguments against this approach are:

- putting together a good, detailed, fully persuasive statement in a few days would be difficult,
- the proposal to support a demonstration reprocessing plant will be criticized by some who believe we must set an example by foregoing reprocessing ourselves, and by others who may see it as a bail-out of Allied Chemical and Shell, and
- the requisite advanced international consultations will be difficult to complete on this schedule.

-- Alt. #5 Announce your intention to address the United Nations General Assembly on this matter.

. Principal arguments for this approach are:

- it is an appropriate forum to address a global problem.
- it is a forum not available to Carter.
- puts you most visibly on record.

. Principal arguments against this approach are:

- it probably cannot be scheduled on such short notice
- State feels the audience would be quite critical, since the main thrust of your policy is to deny states the right to reprocess in their own country
- if you were perceived as using the UN to further your campaign, considerable adverse reaction would result.

-- Alt #6. Arrange to have a question as to your nuclear policy asked by someone in a way that it permits you to respond in a reasonably detailed manner.

. Principal arguments for this approach are:

- it gets you on record.
- you can release some of your policy but withhold other parts, such as the announcement of the demo reprocessing plant, which may be controversial.

. Principal arguments against this approach are:

- the impact would be less than a speech, and the details would be less specific than in a statement
- it may seem contrived.
- as with the leaked story, by only getting out a partial story, the appearance of a comprehensive approach is eroded.

1. World-wide voluntary moratorium on national sale or purchase of enrichment or reprocessing plants and withholding authority for U.S. domestic commercial reprocessing

- Pending
  - o satisfactory completion of a multinational program designed to develop experimentally the technology, economics, regulations and safeguards
  - o development of mutually satisfactory ground rules for management and operation, including next generation of material accounting and physical security of equipment
- In which case, ensuring commercial reprocessing plants should be on a multinational basis.

2. No new U.S. commitments on nuclear technology or fuel unless recipients

- forego nuclear explosives
- refrain from reprocessing
- place nuclear facilities under IAEA safeguards

1. Domestically, Administration has prevented export of all reprocessing facilities through authority under Section 810 of the Atomic Energy Act of 1954, as amended.

Internationally, U.S. has

- bilaterally, attempted to stop all sales of reprocessing equipment and succeeded in stopping a sale to South Korea and indigenous development of a facility in the Republic of China (Taiwan); negotiations are proceeding on sales to Pakistan and Brazil
- multilaterally, develop through the London Suppliers Group a common set of guidelines requiring safeguards and security measures in connection with export of significant facilities, including reprocessing facilities.

The President now proposes

- not accepting reprocessing as inevitable
- undertaking realistic demonstration program to determine the safeguard, economic and technological performance of reprocessing
- undertaking extensive research on potential alternatives to plutonium recycle
- offering to share with other nations the information obtained from the demonstrations and to encourage their participation in these.

2. Administration's policy

<u>has been</u>	<u>will be</u>
forego nuclear explosives but only with regard to U.S. supplied materials and facilities	forego nuclear explosives with respect to all nuclear materials and facilities
obtaining a U.S. veto over reprocessing on U.S. supplied material or facilities	will be insisting on foregoing reprocessing, whether U.S. supplied material or facilities are involved
submit to IAEA safeguards on U.S. supplied materials and facilities	require IAEA safeguards on all civil nuclear materials and facilities

Renegotiate existing agreements to include reprocessing safeguards

renegotiate only if amendment otherwise required

to seek to negotiate changes to provide U.S. veto of reprocessing of U.S. supplied material or facilities.

3. Call for world-wide conference on energy to develop world-wide information on energy supplies and needs with the view toward a permanent World Energy Agency (along the lines of the World Food Conference).

3. Through U.S. initiative in 1974, the International Energy Agency, consisting of 18 industrial consumer nations, formed to consider common problems. In December 1975, U.S. participated in French initiated Conference on International Economic Cooperation (Producer/Consumer Conference) consisting of 27 countries. The Conference is in the process of developing world-wide information on energy resources and needs, common research strategies, capital sources and needs, etc. The Conference comes up for renewal in December and U.S. position will probably encourage formation of a permanent ongoing mechanism, with less emphasis on price discussions than the Europeans will likely agree to. U.S. has also proposed an International Energy Institute to provide technical assistance on energy matters to developing countries and that proposal will probably be finalized in December. Finally, U.S. proposed in May an International Resources Bank to guarantee against political risk on investments for development of energy resources and other minerals.

4. Support strengthening of IAEA safeguards and inspection authority.

4. In 1976, Administration requested \$5 million increase in IAEA voluntary contribution; in addition, U.S. has over past 2 years more than doubled other technical assistance to IAEA.

5. Place U.S. civil nuclear facilities under IAEA safeguards

5. The Administration has been negotiating placement of U.S. civil nuclear facilities under IAEA safeguards for some time. Formal submission of agreement was made to and accepted by the IAEA Board of Governors on September 17. The Administration will now proceed to implement.

6. Support enlargement of U.S. Government-owned enrichment facilities to insure that U.S. is a reliable supplier

6. Administration legislation passed by the House of Representatives, which would authorize both public and private expansion of enrichment facilities.

7. Explore international initiatives
  - multinational enrichment plants
  - multinational spent fuel storage areasas alternatives to national enrichment and reprocessing plants.

8. Correct disproportionate emphasis in energy R&D, placing more emphasis on renewable energy technologies, and relatively less emphasis on nuclear power

9. Convert breeder reactor research to a long-term, possibly multinational effort.

10. Negotiate with the Soviet Union

- comprehensive test ban treaty, with a five-year moratorium on testing of both weapons and "peaceful nuclear devices" while treaty is being negotiated
- through the SALT talks, strategic nuclear forces and technology reductions

7. There are already two multinational plants -- both in Europe -- and we have encouraged foreign investment in future privately-owned U.S. enrichment plants.

U.S. has encouraged IAEA consideration and possible implementation of multinational spent fuel and plutonium storage under IAEA auspices; other participants are receptive and President would now announce need for IAEA study to proceed with such a regime.

8. Of the Nation's total energy research and development budget, private industry provides about 90% of the amount spent on non-nuclear research (oil, gas, coal, etc.) but only \_\_\_% of the Nation's nuclear energy research. The Federal Government, fulfilling its historic role in the sensitive nuclear area, has in the past contributed relatively more to nuclear energy research than non-nuclear. President Ford has increased the non-nuclear energy R&D budget to \$671 million in FY 1977, over \$202 million in FY 1975 or an increase from 20% to 35% of the total energy R&D budget. Currently, we estimate that 60% of the total Nation's energy research efforts are in the non-nuclear field and 40% are in the nuclear field.

9. The breeder reactor is the only demonstrated, inexhaustible source of energy. (Large-scale foreign infusion plants are decades away.) To stretch out current levels of breeder reactor research -- as the phrase "long-term" implies -- can only delay answering crucial questions on environment, economics and safety.

10. The Administration has

- proposed on several occasions over the years a comprehensive test ban treaty; obstacles have been failure of the Soviets to agree to on-site verification procedure and the unwillingness of France and the Peoples Republic of China to become parties; since prospects of progress appear to be dim, continuing negotiations are not likely to be fruitful in the near future
- reached accords at Vladivostok which limits numbers of strategic weapons. Administration is currently negotiating remaining issues; once limits of numbers are in place, President intends to commence negotiations on reductions in numbers.

[Sept. 1976]

NON-PROLIFERATION MESSAGE

The promise of nuclear power is great indeed. Nuclear power is central to the energy independence of many countries. Its wise use can afford all people an unprecedented opportunity for economic well being, and protection from those who would use their energy resources for political purposes.

But we know that we cannot realize the promise of nuclear power unless we are prepared to deal forthrightly and effectively with its risks. The risks, like the promise, are great.

Nuclear fuel, once it has been burned to produce power, contains plutonium. By the relatively simple technique of chemical reprocessing, this plutonium can be separated and made available to generate additional power. But the same plutonium, when separated in its pure form, is the stuff of nuclear explosives. The world community simply cannot afford to let this dangerous material fall into irresponsible hands.

We must face both the promise and risk of nuclear power. We must strive to satisfy each nation's legitimate interest in nuclear power production. But we must also realize that we are all in danger unless we can insure that nations renounce the explosive uses of the atom, place adequate controls over the generation and storage of plutonium, and secure this dangerous material against the threat of theft and diversion.

During the past two years, no issue has been of greater concern to me, nor the subject of more intense effort on the part of my Administration. And we have made remarkable progress in reducing the threat of nuclear proliferation.

We have taken vigorous steps to slow the spread of plutonium reprocessing. Our stands in opposing reprocessing in Taiwan and Korea have been firm and successful. We have negotiated agreements for nuclear cooperation with Israel and Egypt that are models of restraint in nuclear cooperation. We have offered to buy back spent nuclear fuel from India to ensure against its unwise use, and I believe this offer will be accepted.

Early in my Administration I became concerned that some nuclear supplier countries were becoming tempted to offer less rigorous safeguards requirements to potential customers in order to increase their competitive advantage. I directed the Secretary of State to explore ways of limiting this dangerous form of competition. The first nuclear suppliers conference was convened quietly in London in April 1975. Since then there have been five more meetings plus a host of bilateral sessions. The results have been gratifying.

We have developed tighter new guidelines to govern nuclear exports -- the first undertaking of its kind. I have adopted these guidelines as U. S. policy for nuclear exports.

I have met repeatedly with Members of Congress to hammer out new legislation on nuclear proliferation. With the particular help of Senators Percy and Pastore, and Representatives Anderson and Price, we have agreed on realistic, constructive and imaginative proposals. (The bill I supported passed the Senate, but could not be acted upon in the House. ) I intend to insist on its early enactment next year.

I have proposed legislation that would allow the United States to regain its position as a reliable supplier of nuclear fuel without imposing enormous burdens on the taxpayers. The House passed, but the Senate did not act on this legislation and, in so doing, contributed to a weakening of our nonproliferation policies. I will continue to press for this proposal.

We have also shaped our domestic program with a careful eye to nuclear safety and nonproliferation. We have deferred for tens years a decision to place the breeder reactor in commercial operation, in part because we must prove its safety.

Similarly, I have increased by four fold my budget for our program to dispose of nuclear waste. We expect to demonstrate a full size waste depository by 1985. I have recently directed, however, a speed up of the program to demonstrate the components of waste disposal technology by the end of 1978. I have also directed that the first repository be

licensed by the Nuclear Regulatory Commission to ensure its safety and acceptability to the public.



*Submitted by [signature]*

Despite the steps already taken -- steps that give us the strongest nonproliferation stance this country has ever had -- I recently ordered a fullscale review of our entire policy in this area. I received the results of this review before Labor Day, and I have considered its recommendations carefully.

I particularly directed this review to examine the central issue of chemical reprocessing, and to evaluate the risks and benefits of its use.

I have concluded that our interests do not lie in the early development of plutonium reprocessing. Many have long believed that this technology is a natural and desirable part of nuclear power. Some day it may be, because it may extend our energy supply and reduce the cost of generating nuclear power. That day may come, but it is not here now.

We must banish from our thinking the belief that plutonium reprocessing is inevitable. Our policy must rather be this -- that our nonproliferation goals must always dominate our economic interests, and that the burden of proof falls on those who advocate plutonium reprocessing.

Accordingly, it is the policy of the United States that plutonium reprocessing should proceed only if its safety, security, and economic benefits can be clearly demonstrated. This is the policy that we will follow at home, and the policy we strongly urge on other nations.

By adopting this policy, we gain the time to make a sober examination of the wisdom of plutonium reprocessing. Fortunately, there is little urgency in developing plutonium reprocessing, and we can take the time we need with little injury to anyone.

But this cannot be an empty policy. ~~I believe it is incumbent on nations that supply nuclear materials to prove to the world that we mean what we say.~~

*more than a year*  
For ~~some months~~, the United States has privately urged a stop to the export of sensitive nuclear technology. ~~In view of my policy on reprocessing,~~ *it is now time for* I now call publicly on all supplier nations to cease the export of enrichment and reprocessing facilities and technology for a least three years. During this time, we can work out the details of a program to examine carefully the wisdom of plutonium use. During this time, our efforts should not be influenced by pressures to approve the export of these sensitive facilities.

If we can gain the time to act wisely, we must use the time well. The United States is prepared to do so. And, in this spirit, I am prepared to commit now to an unprecedented series of initiatives, as evidence of our commitment to a policy of nonproliferation and as an earnest for all other nations of the world to join with us.

Our first task must be to strengthen the system of international controls over nuclear exports.

Like other nuclear suppliers, the United States feels a special responsibility toward sharing the ~~advances~~ <sup>benefits of</sup> the peaceful nuclear ~~field~~ <sup>energy</sup> with nonnuclear states. We have long given highest priority to being a reliable supplier of nuclear fuel and equipment. We recognize that this is in the interest of all nations.

However, given the choice between commercial advantage and promoting our nonproliferation goals, we are readily prepared to sacrifice the former. There should, however, be no incompatibility if common nuclear export policies are developed worldwide, and if all suppliers show common restraint and responsibility.

I believe the supplier nations must adhere to even more rigorous controls in their export policies, and they should favor those nations that accept responsible nonproliferation policies. I also believe that consuming states are fully entitled to understand our ground rules for nuclear supply, certain in the knowledge that, if they meet our tests, equipment and materials will be provided on a timely basis.

Accordingly, I have directed that the U.S. Government henceforth adhere to the following criteria in judging whether to enter into new or expanded nuclear cooperation with a nonnuclear weapon state.

*worst A. . . over the last 16 months, ~~any~~ and ~~in~~ other suppliers have ~~been~~ ~~common~~ ~~in~~ ~~the~~ ~~now~~ ~~is~~ ~~in~~ ~~the~~ ~~now~~*

*the other way he  
- the other way he*

Above all, the U.S. will consider whether a nation is party to the Treaty on the Nonproliferation of Nuclear Weapons, or is in the process of adhering to that Treaty, or whether it is prepared to have its entire civil nuclear program subject to a safeguards arrangement with the International Atomic Energy Agency.

*Steel*  
I realize that there may be occasions when proliferation interests would be best served by cooperating with states not yet meeting these tests. However, before approving any such new cases, I would expect to make a personal determination that procedures to be followed would advance our nonproliferation interests. Before doing so, I would place heavy stress on the following factors, to which we in any case would ascribe considerable importance.

First, the U.S. will seek clear evidence that the cooperating nation is prepared to forego, or substantially delay, the establishment of further national reprocessing or enrichment activities, or to delay and shape these activities to satisfy the needs of others through the establishment of appropriate international arrangements. Furthermore, we will determine whether the nation is prepared in principle to participate in <sup>utmost</sup> a regime for protecting and storing excess civil plutonium pending actual use and need in civil programs.

I believe that these principles should apply to all agreements for cooperation in nuclear matters. I have therefore directed the Secretary



State to enter into negotiations to insure that the United States conforms to these principles in all its relationships with other countries. I have also directed the Secretary to open discussions with other nuclear suppliers to shape our common principles along these lines.

The U. S. will strive to implement these new arrangements before any exports of sensitive nuclear technology ~~are again~~ <sup>being undertaken</sup> considered by any nation. Such arrangements will protect the world from the threat of nuclear proliferation while we take up the crucial task of testing the wisdom of plutonium reprocessing.

If plutonium reprocessing is to prove acceptable, we must answer three questions:

First, we must know whether we can develop the system of international controls that will ensure against the diversion or theft of plutonium, if and when it is used as a fuel.

Above all, we need to turn our attention to the control of the plutonium itself. No nation or group can have easy access to it. To this end, the United States will, in the immediate future, undertake urgent discussions aimed at the establishment of a new international regime to place under international custody and control spent reactor fuels and civil plutonium ~~in excess of current international needs~~. We believe that such a regime could provide additional assurance to the world at large that the growing accumulation of spent fuel and plutonium can be stored safely pending reentry into the nuclear fuel cycle or other disposition.

We urge the International Atomic Energy Agency, which is empowered to establish such a repository, promptly to elaborate and implement this concept. We are prepared to work cooperatively with other nations in developing this idea, and we are willing to pledge additional resources, including U.S. facilities, to the International Atomic Energy Agency for this specific purpose.

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Also, once a broadly representative regime is in force, the United States is prepared to commit to place our own excess civil spent fuel and plutonium under IAEA auspices pending a need in our civilian nuclear power program.

A second element of the international control system is an effective procedure to safeguard plutonium against diversion, and to secure it against theft by terrorist groups, when it is outside an international repository. It is of central importance that our procedure for safeguards and security be developed to the fullest before we can make a responsible determination on the safety of reprocessing throughout the world.

For this reason, the inspection system of the International Atomic Energy Agency remains a key element in our entire nonproliferation strategy. I ascribe the highest importance to seeing that this system broadly applies to nuclear power programs throughout the world.

It is crucial for the world community to insure that the Agency has the requisite technical and human resources to keep pace with its responsibility. Accordingly, I have directed a major commitment of additional financial resources to the IAEA, and also a mobilization of our best scientific talent. Two of our principal national laboratories have been directed to provide support, on a continuing basis, to the IAEA Secretariat.

In the same vein, the terrible increase in violence and terrorism throughout the world has accentuated our awareness to the need to assure that sensitive nuclear materials and equipment are rigorously protected. Fortunately, there is broad awareness of this problem, and many nations are materially strengthening physical security by taking into account the guidelines already prepared by the IAEA. Compliance with adequate physical security measures is also becoming

a normal condition of supply, and this is an area where all suppliers and consumers share a common interest.

However, the United States strongly believe that steps are needed to upgrade physical security systems to meet the international norms, and to assure timely international collaboration in the recovery of lost or stolen materials. This is an area that we plan to pursue diligently both on a bilateral and multilateral level, including the exploration of an international convention and other techniques.

To build a system of international controls that I have just outlined is an enormous task, and one on which the U.S. is prepared to embark with all its resources. However, no system of controls is likely to be successful if a potential violater judges that his acquisition of a nuclear explosive will be received with indifference by other nations.

For its part, the United States will act to dispel any such notion. We would regard any ~~material~~ violation of a nuclear safeguards agreement, such as ~~general~~ diversion <sup>of nuclear materials,</sup> to be an extremely serious affront to the world community and to all peace-loving nations throughout the world.

Accordingly, if any state ~~materially~~ violated a safeguards agreement to which we are a party, we would, as a minimum, immediately cut off our nuclear fuel supply and cooperation. Even more adverse effects



would undoubtedly occur in our relationship with the state concerned.

Moreover, regardless of whether we ourselves are party to the safeguards agreement, we would judge the material violation of any safeguards agreement, particularly one with the IAEA, to be of such grievous concern to warrant immediate reexamination and broad consultation with all suppliers and consumers to discuss the nature of the punitive or remedial action that should be taken collectively.

There is a second major question to be resolved before we can judge the wisdom of plutonium reprocessing. We must determine if the nations of the world can adapt to a pattern in which not every nation - indeed, not many nations - have reprocessing facilities.

This is a difficult issue, for it requires nations to balance their national interest and their international obligations.

On the one hand, the international system of control that I have just described would be eroded if every nation that uses nuclear power also engages in plutonium reprocessing. However effective our international controls, they will not work if we stretch them over a multitude of national reprocessing facilities. It thus remains the policy of the United States to oppose the spread of national reprocessing and it remains our objective to encourage other nations to join us in this policy.

*or may require*  
 But there is another side to the nuclear coin. Nations that have nuclear power have a legitimate interest in residual value of spent fuel, and in its ultimate disposal as waste. We recognize our obligation to honor these interests. I believe, therefore, that if reprocessing is to prove acceptable, we must seek a world in which all nations have equal and assured access to both reprocessing and enrichment services, but in which few nations have such facilities within their borders.

I believe we can develop such a system. As a first step, the nations that export nuclear fuel should shoulder the responsibility for it. The United States is prepared to shoulder this responsibility.

Accordingly, I now offer an alternative to national reprocessing to nations that adopt responsible restraints on their nuclear power industry. The U.S. is prepared through 1985 to acquire their spent fuel, and to compensate them in cash or in fresh low-enriched nuclear fuel. The amount of compensation will be determined at the time the fuel is ready to be reprocessed, and will ensure against any economic disadvantage.

I am also prepared to offer to the same nations assistance in arranging for spent fuel storage in the U.S. or elsewhere, in anticipation of the IAEA storage regime.

Finally, I reiterate my pledge that any country accepting responsible restraints on its nuclear power program can rely on the United States as an assured supplier of nuclear fuel. To this end, I have directed the Secretary of State to offer to negotiate binding letters of intent for the supply of nuclear fuel, to be fulfilled by either new U.S. Government capacity or by private U.S. suppliers, at U.S. discretion.

*opens*  
*order*  
*Book?*

These ~~are only first steps, but they~~ will contribute to lessening the pressures for national reprocessing while the world decides on the wisdom of reprocessing. ~~We must take the next step, however,~~ to show whether we can develop a system in which all nations share equally in the benefits of an assured supply of nuclear fuel, even though the number and location of facilities is limited to meet ~~the~~ <sup>international</sup> nonproliferation goals.

*?*

It is of paramount importance that fuel supply services be managed for nonproliferation goals, and not for narrow commercial advantage.

~~I have directed~~ <sup>the</sup> appropriate agencies of the U.S. Government ~~study and propose~~ <sup>have been studying</sup> such a system for broad, multilateral discussion.

I have specifically directed consultations be undertaken with Canada, Japan, and the nations of Europe to develop ~~prototypical~~ <sup>a network for which a multilateral</sup> institutions for such a system.

*[Handwritten signature]*

1.  
Finally, the United States ~~is prepared~~ <sup>will continue</sup> to work with other nations to seek to develop nonnuclear sources of power. In particular, we are prepared to assist in the analysis of energy development strategies. We would place special emphasis on providing technological assistance in developing indigenous fossil fuel resources as an alternative to nuclear power.

Our third task in assessing the wisdom of plutonium reprocessing is a technological one. We need the technological foundation on which we can erect a structure of international controls and assured fuel supply.

In short, we need a facility in which we can demonstrate convincingly whether these policies will in fact work to control nonproliferation. We must demonstrate safeguards, assess the economic benefit of reprocessing, design an international storage regime, and develop our institutions in a real facility. The public deserves a real demonstration, not a paper study.

The U.S. is committed to provide such a facility and to cooperate with the International Atomic Energy Agency and with other nations in designing a program of demonstrations that will resolve the question of plutonium reprocessing. We are also committed to exploring safer alternatives to reprocessing technology. I will propose to Congress in my budget next January, the details of my program to <sup>achieve</sup> live up to these commitments.

These goals

I do not underestimate the scope and complexity of the program I have just put forward. It is technically difficult and expensive. More important, its success depends on an extraordinary coordination of the policies of all nations toward the common good. The U.S. is prepared to lead, but we cannot succeed alone.

No nation should underestimate the gravity of the problem. World order, perhaps even our survival, is at stake. This is not a time for narrow vision, half-hearted attempts, or national or partisan advantage. We must move boldly, and together, for our common interest.