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## THE WHITE HOUSE

WASHINGTON  
November 8, 1975DECISION

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM CANNON

SUBJECT: URANIUM ENRICHMENT

This memorandum is to

- . Report on the status of your June 26 uranium enrichment proposal.
- . Present for your consideration Senator Baker's suggestion that you meet with JCAE Chairman Pastore and Baker as soon as possible to work out a compromise before hearings are held.

Recent Activities and Status

- . GAO Report. GAO submitted its report on October 31.
  - . As expected, the report recommends that (a) the next increment of enrichment capacity be a Government-owned add-on to an existing plant, (b) a Government corporation be created to take over the three existing plants and the new add-on plant, and (c) private industry participation be sought for future increments, using centrifuge technology.
  - . Seamans, Zarb, Lynn and Connor believe that a strong rebuttal to the GAO report can be presented, thus reducing its negative impact.
- . Hearings. Chairman Pastore has not yet approved a schedule but JCAE staff director Murphy indicates that the Chairman is under pressure from other members and industry -- as well as the Administration -- to announce hearings. JCAE staff are recommending that hearings begin on November 18 with Elmer Staats; followed by Seamans, Fri and Zarb on November 19; and by other Administration witnesses, industry and others after the recess.

- . Congressional Outlook. It is too early to predict JCAE and final Congressional action on the proposal, but Seamans, Fri and others believe gradual progress is being made.
  - . On the negative side, Pastore and JCAE staff director Murphy continue to sound opposed. Senator Baker (as discussed below) has withheld support and keeps pushing a Government-owned add-on. His Oak Ridge constituency favors continued Government ownership of the enrichment enterprise. Lack of support from the two JCAE leaders will make passage difficult. The fact that there is only one firm (UEA) that wants to build the next plant continues to be an obstacle.
  - . On the positive side, Congressman Anderson is giving strong support. His efforts plus the positive effects of activities described below appear to be improving the proposal's chances. Much will depend on (a) the final impact of the GAO report, (b) the success of efforts to gain broad nuclear industry support for the proposal -- because the industry's attitudes are important to the JCAE.
- . Actions to Gain Congressional Acceptance
  - . Meetings with Members. Seamans and Fri have met individually with most members of the JCAE and selected others. ERDA's latest assessment of member's attitudes is at TAB A. These meetings -- and numerous briefings for members' staff, industry and the press -- are helping to overcome initial misunderstandings of the proposal.
  - . UEA lobbying. UEA has retained an aggressive firm (Ragan and Mason) to gain support of members, particularly on the democratic side. We are advised informally that commitments of support have been received from Jackson, Humphrey, Mansfield, Albert, O'Neill, and Tunney.
  - . Industry Position. Until a week ago, the nuclear industry attitude on the proposal was something between neutral and negative. Primary interest was focused on a firm commitment to more capacity rather than on private vs. government ownership. On October 31, an effort was begun to gain industry support, using a new argument that appears to have strong appeal. Briefly, the argument is:

- Commercial nuclear power is faced with critical problems at the "back end" of the nuclear fuel cycle, i.e., reprocessing fuel, transporting, handling plutonium and waste products, and ultimate storage of nuclear wastes. Except for ultimate storage, this part of the fuel cycle had been left almost entirely to industry, which has been unsuccessful thus far. Industry now believes substantial Government financial involvement may be necessary. Opponents to nuclear power are concentrating on "back end" problems.
- Budget pressures will prevent significant Federal assistance at the back end of the cycle -- if the Government must build a \$2+ billion add-on enrichment plant.
- If industry wants help at the "back end" of the cycle, it must pull itself together and help the Federal Government get out of the front end of the cycle -- i.e., uranium enrichment -- which industry can handle if Congress approves your proposal.
- The nuclear industry should also recognize the growing criticism of heavy ERDA spending for nuclear energy -- in relation to other energy sources. A large commitment for an add-on plant would exacerbate this comparison.
- . Status of UEA. UEA is now a live entity consisting of a partnership of Bechtel, Goodyear and the Williams Companies. Additional partners are expected. UEA is experiencing difficulty in signing up foreign customers -- in part because of uncertainty over Congressional action and the dispute with Iran over the terms of an agreement for cooperation.
- . ERDA-UEA Negotiations. Negotiations of a cooperative agreement between ERDA and UEA are about 95% complete. Thus, a definitive contract can be made available soon for JCAE review.

#### Senator Baker's Recommendation

As you directed, I have discussed the matter with Senator Baker and asked for his guidance. His personal assessment

is that there is little chance of JCAE approval of the proposal as presented, that a compromise is necessary, and that it should be worked out before hearings begin. His recommendation is that you:

- . Call Senator Pastore and invite him (and Baker and JCAE Staff Director Murphy) to meet with you.
- . Indicate that your highest priority is to expand enrichment capacity in the U.S. and that you are willing to compromise on the proposal if he (Pastore) is also willing to do so.
- . Accept a compromise which includes Government ownership of the next increment of capacity (add-on plant at Portsmouth), with subsequent plants built by industry.

Since we have sought Senator Baker's guidance, I believe we have some obligation to follow his recommendation for a meeting with Pastore, himself and Murphy. Whether you care to reach a compromise prior to hearings is a separate question.

My current assessment is that Seamans, Zarb, Lynn and Connor:

- . Favor proceeding with hearings -- with the Administration laying out the best possible case for your proposal to have industry build the next increments of capacity.
- . Oppose attempting to reach a compromise before hearings.
- . Believe that, if a compromise is necessary, a more favorable one can be developed after hearings.

DECISION

\_\_\_\_\_ I will call Pastore and discuss the matter.

\_\_\_\_\_ Make arrangements for a meeting with Pastore, Baker and Murphy. Give me a paper on (a) pros and cons of a compromise now, and (b) possible alternative compromises.

\_\_\_\_\_ See me.

A

## ERDA'S ASSESSMENT OF MEMBERS' POSITIONS

Senator Jackson - Generally favorable since it fits into his basic philosophy on the government role in the commercialization of the synthetic fuels industry. His concern was whether private industry could raise the required capital without additional financial guarantees. He was very receptive, as one might expect, to the impact this industry would have on the employment problem, specifically in the plumbing and building trades. He is concerned that the so-called "environmentalists" would seize this opportunity to challenge nuclear growth.

Senator Symington - Generally favorable to the plan but has very great concerns for the growing trend of Government guarantees for private industry, the potential for proliferation of nuclear enrichment technology to foreign countries, and the problems associated with safeguarding nuclear material. The Senator recognizes that the uranium enrichment "genie" is out of the bottle and therefore, if the U.S. is to play a role in the formation of regulations and international agreements to safeguard materials and technology, it has to be a participant in the world market arena.

Senator Montoya - Somewhat surprisingly, Senator Montoya approves of the concept of a competitive nuclear fuel enrichment industry. While tending toward the preservation of the government's role in gaseous diffusion plants, he had no objection to the commercialization of the centrifuge technology. He managed to work into the conversation his belief that the enrichment plans ought to be close to the source of uranium ore -- like New Mexico? He agrees that all interests will be best served by prompt hearings. He is not yet aware of which subcommittee Sen. Pastore will task with this subject. (Sen. Montoya chairs the Legislative Subcommittee).

Senator Baker - According to his speech before the American Nuclear Society, he favors the commercialization of the centrifuge technology after the government builds and operates a centrifuge demonstration plant (at Oak Ridge). In the interim, he stated that the Government ought to add on to the existing plant (diffusion) at Portsmouth rather than the UEA proposal. There may have been more of a "home consumption" element to his speech than a firm commitment to his suggestion. He left himself some maneuvering room. Nonetheless, his apparent opposition to the President's proposal leaves the JCAE Minority in a difficult position. (He has since told ERDA

that he believes his public position leaves open all options for his final position on the administration proposal.

Senator Case - His reaction was one of benevolent neutrality. He may support the proposal once he has sorted out in his own mind what the proper level of government participation should be -- in this and all other areas of the private sector industries. He is reassured by the lack of direct financial involvement on the part of the government unless there is default or a clear need for the add-on at Portsmouth. He also expressed concern over the need for clear definition, by ERDA and NRC, of the roles each will play to ensure the safeguarding of the technology.

Senator Buckley - Fully supports the proposal "because of my basic philosophy which would include the sale by the Government of "TVA."

Rep. Price - Will withhold judgement until after he has seen the GAO Report. It is likely that Mel will oppose the proposal since he has fully supported the retention of "this technology built by and for the taxpayer" within the Federal Government.

Rep. Poncalio - "You will have no problem with me on this one". He is concerned, however, by the inability of the IAEA to exercise real control over nuclear materials and technology overseas. He also expressed concern that the Government might be moving too far and too fast in the whole area of guarantees. This statement was made the day after the EIA announcement and so can be taken with a grain of salt.

Rep. McCormack - Mike is increasingly concerned by the anti-big business and anti-energy positions being expressed by the Congress and the Nader-ites respectively. He sees this issue as another opportunity to fight the anti-nuclear growth issue. However, since he is so busy elsewhere, he cannot play a significant role on this one. He strongly suggests that the President commence a series of "fireside energy chats" addressing the most difficult subjects first and, weekly if possible, using these chats to educate the public on energy issues and their complex interrelationships. He sees this as also a means through which to focus and control the debates. With regard to this specific program, Mike indicated that it made more sense to him to make the switch to commercialize uranium enrichment at the same time we switch to the centrifuge process.

Rep. Moss - As a co-sponsor of the request for a GAO audit, John did not want to comment on the proposal without seeing the GAO study. He expressed concern over the trend toward big petroleum companies moving into the other energy areas, such as uranium enrichment. Chet Holifield is John Moss's mentor on the JCAE and may be guiding his present views.

Rep. Horton - Frank has done his homework on this issue but is not committed one way or the other. He expressed concern over the partnership arrangements in UEA, both as to the extent of foreign involvement and the personalities involved in the domestic corporations. He suggests a fixed timetable for the initiation of the "hedge plan" he made public as soon as possible. He is also concerned over the extent to which the JCAE would be able to exercise control over all contractual agreements which impose burdens or obligations on the Government. He is categorized as neutral/leaning against on this issue. He inserted remarks in the October 9 Congressional Record indicating support for Baker's proposal for a Government add-on. This statement is attributed to Ed Bauser, former JCAE staff director, who now works as a consultant to Horton and who is a strong advocate of Government ownership.

Rep. Anderson - John is one of the most knowledgeable members on this subject. He will lead the charge on the minority (House) side on this issue. He suggests we continue to brief the members with high-level but low-profile efforts until the GAO study is out. Then he suggests we bring out the technical experts to refute the expected unfavorable report. He is working to reverse Horton's position stated in the Congressional Record.

Senator Bellmon - Although not a JCAE member, the Senator is very current on this proposal through his visits to the centrifuge experiment at Oak Ridge and a series of briefings by UEA and the centrifuge companies. He fully supports the program and has spoken to Senator Pearson to urge that he lead the minority side (Senate) on this issue in the face of a possible Baker fallout. He reports that Senator Pearson is willing to do so. ERDA-Pearson discussions have been scheduled.

Humphrey - Despite earlier negative comments, the only concern he expressed was over reimbursement to the Government for technology developed at public expense. He seemed at least partially satisfied on this by the fact that the Administration plan calls for royalty payments to the Government.

MEETING ON URANIUM ENRICHMENT  
MONDAY, November 10, 1975  
Roosevelt Room  
3:30 p.m.



*file*  
*Schleede handling*

THE WHITE HOUSE  
WASHINGTON

DECISION

November 13, 1975



MEMORANDUM FOR: JIM CANNON  
FROM: JIM CAVANAUGH  
SUBJECT: Uranium Enrichment

*← file*

I got back to Terry O'Donnell on whether or not the President talked to Senator Pastore about a possible meeting. Terry reported that the President said nothing about a meeting.

I checked the recommended telephone call memo and found that there is no mention of a possible meeting (Tab A).

I called Glenn Schleede, who reports that it's his impression you deleted discussion of the meeting from the last draft of our November 10 memo to the President.

Shall we go back with a separate request to the President to meet with Senator Pastore?

Yes  
 No

Glenn Schleede is working on a list of possible witnesses for the December 2 hearing. If the China trip goes as planned, I would expect Secretary Kissinger to be with the President in China on December 2.

THE WHITE HOUSE

WASHINGTON

RECOMMENDED  
TELEPHONE CALL

November 10, 1975

MEMORANDUM FOR THE PRESIDENT

FROM : JIM CANNON *JC*  
SUBJECT : Uranium Enrichment



Before you meet with Senator Pastore on uranium enrichment, you asked me to talk with Senator Baker.

Senator Baker recommends that you telephone Senator Pastore and ask Pastore and Baker to come to the White House to discuss uranium enrichment. *11*

Baker says that both he and Pastore want the next increment of uranium enrichment to be a government add-on.

However, your senior staff members who have most closely followed uranium enrichment developments believe we have a reasonable chance to get legislation which would enable private industry to build the next increment and future plants.

LATEST DEVELOPMENT

1. The GAO Report was made public on October 31. As we expected, the report recommends that:
  - a. The next increase of enrichment capacity be a government add-on at the Portsmouth, Ohio plant.
  - b. A Federal corporation be created to take over the three existing diffusion plants (at Portsmouth, Oak Ridge, and Paducah) and the new add-on.
  - c. Private industry be brought into subsequent plants, using centrifuge technology.
2. Hearings. Pastore's staff has recommended that:
  - a. Hearings be scheduled to begin ~~November 18,~~ <sup>Dec 2</sup> with Elmer Staats criticizing the Administration proposal.

b. ERDA and FEA witnesses be scheduled for November 19.

Dec. 3

c. Other witnesses be heard following the Thanksgiving recess.

RECOMMENDATION

Max Friedersdorf, Jim Connor and I recommend that Pastore be asked --

1. To proceed with hearings as soon as possible, and
2. To give major Administration witnesses the opportunity to present the affirmative case for the Administrative proposal on the first day of hearings.



THE WHITE HOUSE

WASHINGTON

December 3, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF  
JAMES M. CANNON

SUBJECT: Senate Hearings on Uranium Enrichment

As a direct result of your recent phone call to Senator John Pastore (D-Rhode Island), Chairman of the Joint Committee on Atomic Energy, he has scheduled immediate hearings on our uranium enrichment proposal. (Schedule attached). Senator Pastore reports that you committed that the very highest level administration witnesses, including Secretary Kissinger, would be made available to testify prior to the Christmas recess.

The Committee scheduled nine days of hearings during December. The State Department and the National Security Council advise that the Secretary will not be able to testify during the one of the six days (December 9) on which the Secretary will be in town. The State Department proposes that Undersecretary Ingersoll stand in for Kissinger. Senator Pastore objects strenuously and looks upon such an arrangement as a blatant breach of his agreement with you.

The Chairman sent word last night that hearings will be suspended and no further action will be taken on the legislation until Secretary Kissinger is available.

We strongly urge that you discuss the problem with Secretary Kissinger and instruct us at your earliest convenience.

SCHEDULED WITNESSES  
URANIUM ENRICHMENT HEARINGS  
Joint Committee on Atomic Energy  
December 2-9, 1975

December 2, 1975

Robert C. Seamans, Jr.  
Robert Fri  
William Anders

Administrator, ERDA  
ERDA  
Chairman, Nuclear  
Regulatory Commission

December 3, 1975

Frank Zarb  
Russell Train  
Thomas Kauper

FEA  
EPA  
Justice (Antitrust  
Division)

December 4, 1975

Steve Gardner  
Paul MacAvoy  
John Dunlop

Treasury  
For Alan Greenspan  
Labor

December 9, 1975

Henry Kissinger  
James Lynn  
Alan Greenspan  
  
Elmer Staats

State  
OMB  
Council of Economic  
Advisers  
Comptroller General

THE WHITE HOUSE

WASHINGTON

December 10, 1975

MEMORANDUM FOR: JIM CANNON  
FROM:  GLENN SCHLEEDE  
SUBJECT: URANIUM ENRICHMENT

This is to report on several actions taken to follow up on our conversation earlier this evening:

. Meeting with the President

I told Jim Connor that you felt it would be best and most expeditious if you, Jim Lynn and Jim Connor went to see the President together on the latest Congressional Review Procedure.

. Attitude of Potential Private Ventures.

I was able to reach only two of the four potentials -- UEA and Centar (Electro-Nucleonics & ARCO). Both reactions were along the same lines:

- They had expected close public scrutiny.
- They did not have any great fears of the process I outlined (60 day review; up or down vote).
- They did not expect the review process to be of particular concern to their partners -- as far as public disclosure and burden of defense was concerned -- or to potential lenders.
- Both expressed concern about being put in the position of negotiating with the Congress. They seemed satisfied when I indicated that, in order for the process to work,
  - . ERDA would have to keep the JCAE currently advised on the status of negotiations so that potential troublespots could be identified and corrected early, preferably before contracts were submitted.
  - . Once contracts were submitted, there would have to be (a) quick response if new problems developed, or (b) perhaps, withdrawal of the contract by ERDA until the problems were resolved and then resubmission for a new 60 day review period.

. Attitudes of John Anderson and Howard Baker

I reached John Anderson through his man on nuclear matters (Dave Swanson) to discuss two questions:

- Anderson's attitude toward the proposed review procedure.
- Anderson's guidance on the best way to approach Senator Baker, recognizing his opposition to privatization of the next increment (and favoritism for an add-on plant).

On the first problem, his reaction was clear: He could see that we might have some problems with the proposal from an encroachment point of view but though we should balance this off with recognition that the Congress was going to insist on a significant role. He then indicated that he believed it was a workable compromise and that it would have no problems on the floor.

With respect to Senator Baker, the answer was less clear and it was not possible to sort Anderson's view from Swanson's. Briefly, it was that Baker simply was not likely to come down on this issue in any way that did not benefit Oak Ridge -- the center of ERDA's enrichment program; that his strategy would be to force building an add-on plant and then --once centrifuge plants were "ready",-- argue that they simply were too risky and that a Government demonstration plant must first be built (in Oak Ridge).

He said that he could call Baker but he didn't think it would do any good.

He then suggested that the best approach might be for:

- . Jim Lynn to call and explain--using the leverage of the Budget as backup.
- . He should be informed as to what we planned to do and not consulted.

He also recommended that the person calling make clear that we understood why he was taking his position (i.e., Oak Ridge interest).

John Anderson is well aware that Howard Baker has been saying nicer things about the proposal during the past few days but he (Anderson) still regarded Baker as committed to avoiding private industrial involvement.

cc: Pat O'Donnell

THE WHITE HOUSE

WASHINGTON

December 11, 1975

MEMORANDUM FOR: JAMES CANNON

THRU: MAX FRIEDERSDORF *M. J.*

FROM: PATRICK O'DONNELL *POD*

SUBJECT: Secretary Kissinger/Uranium Enrichment Hearings

I spoke with Senator Pastore this morning in order to ascertain his position on whether or not a uranium compromise might be reached without Secretary Kissinger having to testify before the Joint Committee on Atomic Energy. Pastore indicated that he is quite upset that Kissinger did not testify during the last round of hearings and advised that it would be extremely difficult for the Committee to report the bill without first having the Secretary of State's testimony and active endorsement.

In view of the fact that over 60% of funding will be derived from foreign sources, he feels that the Secretary's presence before the Committee is mandatory. The Senator is presently polling the Committee on this matter and is certain that a majority of the members share his view.

In short, I do not see any compromise being offered before Congress adjourns without Kissinger's testimony.

Incidentally, Pastore mentioned a Merle Lynch proposal which has just been received by the Committee. The Senator is sending this proposal to Seamon at ERDA for review and advised active White House involvement.

cc: Glen Schleede



*File*

SIGNATURE

THE WHITE HOUSE  
WASHINGTON

January 18, 1976

MEMORANDUM FOR: JIM CANNON  
FROM: *[Signature]* GLENN SCHLEEDE  
SUBJECT: MEMOS TO THE PRESIDENT  
AND SECRETARY KISSINGER  
ON URANIUM ENRICHMENT

You asked for a proposed memorandum to the President on the status of his uranium enrichment proposal, dealing specifically with Secretary Kissinger's appearance before the JCAE.

You also asked for a memorandum to the Secretary which would enclose your memorandum to the President and ask whether our understanding about the tentative date for his testimony was correct.

Both memos are attached.

Recommendation

That you sign the attached memorandum to Secretary Kissinger.

THE WHITE HOUSE

WASHINGTON

January 18, 1976

MEMORANDUM FOR: SECRETARY KISSINGER

FROM: JIM CANNON

SUBJECT: TESTIMONY BEFORE THE JOINT  
COMMITTEE ON ATOMIC ENERGY  
ON URANIUM ENRICHMENT

The President has asked me for another status report on his uranium enrichment proposal.

I planned to send him the attached memorandum but wanted to check with you first to be sure that our understanding is correct with respect to your testimony on February 3rd.

Would you please let me know by phone whether it is correct.



THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT  
FROM: JIM CANNON  
SUBJECT: STATUS REPORT - URANIUM  
ENRICHMENT

Senator Pastore, Chairman of the Joint Committee on Atomic Energy (JCAE), has advised us that he will take no further action on your uranium enrichment proposal until Secretary Kissinger testifies before his Committee.

We believe the JCAE will report out an acceptable bill shortly after the Secretary testifies. Staff of ERDA and the JCAE have agreed on words to incorporate the requirement for a 60-day review period for contracts with private uranium enrichment firms. No other serious problems with the bill have been raised.

The Joint Committee and the Congressional Relations Staff at State Department have tentatively agreed on February 3rd for Secretary Kissinger's testimony. We understand that date is now awaiting the Secretary's approval.

# Kissinger Bids Congress Enact Nuclear Fuel Bill

By DAVID BINDER

Special to The New York Times

WASHINGTON, Feb. 6, Sec.

ates, a concern established by has been an impassioned ap-  
the Bechtel Corporation and peal on June 26 by the Presi-  
Goodyear Tire and Rubber Com- dent for embarking on "an ex-  
ministration's nuclear fuels as-  
surance bill were voiced not  
only on the industry-vs.-Gov-

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STATEMENT TO BE MADE BY  
THE SECRETARY OF STATE  
BEFORE THE JOINT COMMITTEE ON ATOMIC ENERGY  
IN SUPPORT OF  
NUCLEAR FUEL ASSURANCE ACT OF 1975

*final draft*  
*1-30-76*

February 6, 1976

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to testify on behalf of the Department of State in support of the Nuclear Fuel Assurance Act of 1975.

Since its creation in 1946, the Joint Committee on Atomic Energy has played a unique and highly constructive role not only in the establishment of nuclear power as a major, viable energy source, but also in enabling the United States to provide leadership in international nuclear cooperation under effective guarantees and safeguards. The legislation you are considering now can be another milestone in the development of our peaceful nuclear program.

The Department of State attaches the highest importance to the earliest possible passage of this measure which will enable the United States to reassert its traditional leadership in international nuclear cooperation.

From our foreign policy standpoint, nuclear cooperation obtains a number of important benefits to the United States, the most significant of which are



- strong support to our efforts to stem further proliferation of nuclear weapons and other military uses of the atom;
- relieving the pressures on both ourselves and our partners abroad for increasing dependence on imported oil;
- contributing to the economy of the United States and strengthening our balance-of-trade position.

In this nuclear cooperation, the ability of the United States to supply uranium enrichment services for power reactor programs abroad -- as well as for itself -- on a dependable long-term basis is, I believe, the key ingredient. The proposed Nuclear Fuel Assurance Act will fill an indispensable role in pursuit of our foreign policy objectives by maintaining the U.S. in its long-standing position as the world's foremost supplier of such enrichment services.

Our policy of sharing the peaceful benefits of nuclear energy with others has been the key factor in the development of an unprecedented network of international agreements, arrangements and institutions which have, to an encouraging degree, enabled us to avoid the unrestrained proliferation of nuclear weapons. Because of our position of leadership, other key international suppliers of nuclear equipment and material have been influenced to follow the United States example and require peaceful



use guarantees and safeguards on their exports. Since the technology available from these suppliers is the most highly advanced, nations embarking on nuclear power programs have generally been willing to accept such safeguards and controls as an adjunct to obtaining this technology, rather than developing indigenous programs which would not be subject to safeguards.

It is not an overstatement that effective application of this policy, including our bilateral cooperative arrangements, the creation of the International Atomic Energy Agency, the development and acceptance of international safeguards, and the widespread adoption of the Non-Proliferation Treaty have all been made possible by our capability and willingness to furnish uranium enriching services along with other elements essential to peaceful nuclear development.

In foreign policy terms, however, the benefits of U.S. nuclear cooperation, in which our enrichment supply capability has been the key ingredient, go beyond even the crucial issue of advancing our non-proliferation objectives. I have already noted the importance of nuclear power to fulfilling our own energy needs, as well as those of our partners. We are fortunate that nuclear power has become a reality as an alternative



energy source at this time, when not merely our economic well-being but our very independence of judgment and action are threatened by an excessive and growing dependence on imported energy sources whose availability and price are not within our control. In the near-term, there are limited options available to avoid further dependence on imported oil, and nuclear power will have to play a vital role if we are to avoid having U.S. policies subject to intolerable outside pressures.

I want to stress that these additional benefits are secured not at the expense of, but in parallel with, the primary objective of advancing our non-proliferation policy. We do not trade off our non-proliferation goals to advance other political or economic objectives, and there is no inconsistency between the two.

Just as nuclear energy is important to us, so it is to our partners abroad, whose well being is closely tied to our own, and who often draw for their essential energy needs on the same limited resources as do we. Out of the energy crisis has emerged an enhanced understanding of the benefits -- in fact, the absolute necessity -- of interdependence if we are to avoid the stultifying effects of dictated prices and insecurity of energy supplies on our economic health and our political well-being. One of the outcomes of this understanding has been the formation of the International Energy Agency (IEA). By 1985, the



members of this group are expected to be obtaining about 400,000 megawatts of their vital power needs from nuclear power sources. In seeking alternatives to ever expanding dependence on imported oil, expanded use of nuclear power is a major element of the IEA's strategy. But this plan will be viable only if adequate supplies of nuclear fuel can be made available. Thus, the United States is serving its own interests by creating a framework which will enable it to return to the international enrichment services market, offering such services abroad under comparable terms and conditions to those available to domestic customers.

Today, unfortunately, our ability to influence world-wide nuclear development in directions favorable to our own interests is being gravely limited by our inability to assure the supply of enrichment services for additional nuclear projects abroad.

We should not underestimate the purely political implications of this fact. The image of the most advanced industrial power in the world, which was responsible for the very development of nuclear energy, no longer able to meet its own or other nations' future enrichment needs is hardly calculated to generate confidence in our economic strength, our political resolve, or our decision-making processes.

Beyond this, our current inability to provide enrichment services has prevented us from consolidating our early leadership in this market, which can contribute



significantly to our economic health and strengthen our balance of trade position, while serving to advance our non-proliferation objectives. U.S. foreign exchange revenues to date from the sale of enriched uranium and enrichment services have reached \$1.1 billion, and overseas contracts now in force are expected to generate revenues in the order of \$17.6 billion over their lifetime, at present price levels.

The economic benefits of our uranium enrichment supply arrangements are not confined to these contractual revenues alone, since our ability to provide nuclear fuel is vital to the sale of U.S. reactors and related goods and services abroad. To date, such sales are estimated to have brought us revenues of over \$2 billion. Over the next two and a half decades, these sales could -- if we are able to take advantage of the opportunities presented -- total \$140 billion. In the process, thousands of jobs to support these overseas sales will be created and maintained. The implications of this for our economic well-being in an increasingly competitive world are enormous. But these expectations are threatened unless U.S. reactor vendors are in a position to assure a long-term supply of enrichment services for the plants which they are seeking to sell.

The characteristics of the enrichment service industry do not allow mistakes to be easily reversed, or

lost opportunities to be easily recovered. The enormous investment in nuclear reactors themselves, as well as the enrichment facilities, dictate the use of long-term contracts which create both an assured supply for reactor operators and an assured market for the enrichment plant operator. Thus, opportunities not initially secured are lost forever.

Until a few years ago, the United States was essentially the world's only supplier of enriched uranium for nuclear power reactor fuel. Today, the USSR is actively in the market, a British-Dutch-German group and another group headed by the French are constructing commercial-scale enrichment facilities, and major programs which could lead to such facilities are underway in as many as three or more other nations.

There is no question that these developments, while responsive in part to nationalistic motivations and a desire by enrichment users to diversify their sources of supply, have been spurred by uncertainty over the adequacy and availability of supply from the United States. Their scale and rate of growth will therefore respond in the future to uranium enrichment developments in the United States. Failure to bring new U.S. enrichment plants into being on a timely basis would do significant damage to our non-proliferation objectives by giving further impetus to alternative sources of enrichment supply and

forcing customers to turn away from the United States.

I have concentrated so far on the need to expand our enrichment capacity at a rate which will ensure that future capacity keeps up with domestic and foreign demand. This is the fundamental objective of the proposed Nuclear Fuel Assurance Act, and is of overriding importance both to our domestic and international goals. I should like to turn now to several additional features of the proposed program which are of direct international significance.

The proposed Nuclear Fuel Assurance Act is far more than a plan for the next increments of uranium enrichment capacity in the United States, important as that aspect is. Like other landmark U.S. legislation in the nuclear field, the Nuclear Fuel Assurance Act involves a policy decision which is essential to the future growth and development of the nuclear industry. That decision is that uranium enrichment, like every other activity of the civil nuclear industry -- with exception of radioactive waste management -- and in keeping with the fundamental nature of our economy, should henceforth be undertaken in the United States by private industry. While this decision may appear to involve fundamentally domestic considerations, it has important implications for our international nuclear cooperation as well.

Under our private enterprise system, capacity expansion in response to increased demands normally is provided with few transitional problems given adequate economic incentives. This capability to respond to growing needs without resort to our complex Governmental procedures can serve our foreign policy -- including non-proliferation objectives -- as well as our domestic interests.

Knowledgeable private and governmental authorities responsible for nuclear power developments abroad are well aware that in the United States the continuity needed to assure that the requirements of an expanding market are met is best provided by industry, rather than by Government. I am convinced, therefore, that the earliest possible establishment of a private enrichment industry will greatly enhance the credibility of the U.S. as a reliable source of enrichment. Based on the current state of our technical and economic knowledge and the schedule on which new enrichment demands must be filled, this will require commercialization of both the gaseous diffusion and centrifuge processes. The Nuclear Fuel Assurance Act will serve this purpose.

Another key feature of the proposed legislation are the governmental guarantees and assurances to ensure the early and successful launching of a viable private enrichment industry. This factor should rapidly rebuild

confidence on the part of both foreign and domestic users of enrichment services in the reliability of the United States as a nuclear fuel supplier. From this standpoint, the most important aspects of the proposed legislation are those enabling the Government to supply and warrant its technology and to assume the assets and liabilities of the private venture should it be threatened with failure. These features, coupled with the President's pledge that orders placed with a private entity will be filled as the services are needed, are necessary to instill that confidence.

~~A third important feature is that foreign invest-~~  
ment is not precluded for either the gaseous diffusion or centrifuge enrichment facilities whose construction the Act will bring about. Aside from the importance of such investment in facilitating the successful execution of any of the uranium enrichment projects under consideration, we consider it important to encourage foreign investment in private U.S. uranium enrichment facilities within the limits, of course, defined by the Atomic Energy Act. We plan to reasonably limit foreign investment and access to enrichment services both on an individual nation and overall participation basis. To discourage or exclude foreign participation would be inconsistent with our traditional support for freedom

of investment opportunities and with the necessity for interdependence in meeting the challenges of the energy crisis. There can be no more effective assurance both of the reliability of our supply undertakings and their international acceptability than the existence of a healthy level of foreign investment in U.S. uranium enrichment facilities.

In connection with at least one of the contemplated projects -- the U.E.A. gaseous diffusion plant -- foreign investment is expected to be an essential ingredient in enabling the project to go forward. Several countries have indicated an interest in participation in this undertaking. Their final decision will depend on a number of complex issues, including expected requirements for enrichment services, available financial resources and the attractiveness of alternative means of meeting these needs. This Committee can exert a positive influence on these deliberations by expressing at the earliest possible date support for the program as a whole, including the element of foreign investment in the projected enterprises.

I should like to emphasize that the question of foreign investment in any U.S. enrichment facilities under the Nuclear Fuel Assurance Act is a separate issue from the transfer of sensitive enrichment technology. The Act authorizes no such transfer, and foreign participation will

take place without any Governmental commitment whatsoever for the transfer of enrichment technology. Access to U.S. enrichment technology by our partners abroad may, under certain carefully controlled circumstances, serve U.S. foreign policy interests, but any proposals toward this end would be dealt with as a separate issue which would be subject to Congressional review.

Similarly, the establishment of a private enrichment industry in the United States will have no adverse effect on existing U.S. policies and programs designed to avoid proliferation. Appropriate Agreements for Cooperation would continue to be required for transfers of the uranium enriching services abroad and all of the normal guarantees and safeguards controls would be applied to such transfers. Given the benefit to U.S. non-proliferation objectives discussed previously, our national security will be enhanced, rather than endangered, by the earliest possible passage and implementation of the Nuclear Fuel Assurance Act.

In proposing this legislation, President Ford described the nation as at a crossroads. The Congress and this Committee have shown strong leadership in the past in support of the development of a strong, competitive private nuclear industry capable of asserting America's nuclear leadership throughout the world. The challenge

today -- in the face of an energy crisis that will remain with us for the indefinite future -- is greater than ever. I urge the Committee to continue its leadership by giving prompt approval to the Nuclear Fuel Assurance Act.

Thank you for this opportunity to appear before you today. I and members of the Department's staff will be pleased to respond to any questions you may have.



Draft 2/7/76

*Kissinger*

No change in Administration position on the Nuclear Fuel Assurance Act submitted to the Congress by the President on June 26, 1975.

- . A story by David Binder appearing on page 8 of the February 7, 1976, New York Times is incorrect. Specifically:
  - The second paragraph of the story asserts that "He [the Secretary of State] said that the Ford Administration no longer insisted on transferring expansion efforts to private industry, as President Ford had requested of Congress last summer."
  - Nothing that the Secretary said can properly be interpreted as suggesting a change in the President's position on his June 26th proposal.
- . The President continues to support strongly the Nuclear Fuel Assurances Act which he submitted to Congress on June 26, 1975. The Administration is looking forward to early favorable action by the Congress on that proposal.
- . The bill submitted by the President would:
  - . authorize the Energy R&D Administration (ERDA) to enter into cooperative agreements with firms wishing to finance, build, own and operate plants that are needed to enrich uranium to make fuel for commercial nuclear power plants. Such agreements could provide for government cooperation and temporary assurances needed to begin the transition to a private competitive industry and end the current Government monopoly.
  - . provide for Congressional review of any proposed cooperative agreement before it was signed.
  - . authorize continued design and construction planning work for a government owned enrichment facility, in the event private firms were unable to proceed.
- . Hearings on bill were held on December 2, 3, 4 and 9 during which the need for the bill was explained by ERDA Administrator Seamans, FEA Administrator Zarb, OMB Director Lynn and other Administration witnesses. Secretary Kissinger was the latest Administration witness testifying in support of the bill.
- . A copy of Secretary Kissinger's statement, presented to the Joint Committee on Atomic Energy, is attached

THE WHITE HOUSE

WASHINGTON

March 1, 1976

MEMORANDUM FOR: JIM CANNON  
FROM: *John R. Schlee* JOHN R. SCHLEEDE  
SUBJECT: URANIUM ENRICHMENT -- STATUS  
REPORT AND NEXT STEPS

This memorandum and its attachments:

- . Report on the status of numerous activities underway with respect to the legislation and appropriations, ERDA negotiations with private firms, and the Government-owned back-up plant.
- . Identify several issues and problems that must be dealt with soon within the Administration, possibly this week.
- . Suggest next steps.

TAB A is a status report on the activities underway and the pending issues and problems. Briefly it covers:

A. Legislation and appropriations:

1. Status of the Nuclear Fuel Assurance Act (NFAA).
2. JCAE members' positions (ERDA Summary at Tab B).
3. Conveying an understanding of the three-step Congressional approval process.
4. An Appropriations Bill to implement the NFAA.
5. Resolving the question of whether the contingent liability in the President's plan is "Budget Authority."

B. ERDA negotiations with private firms.

- C. Actions on a Government-owned back-up plant:
1. Should supplemental appropriations be requested for FY 1976 and the transition quarter?
  2. Should ERDA solicit proposals for additional A-E work and for a construction contractor?

RECOMMENDATIONS FOR NEXT STEPS

I recommend that:

- . OMB proceed with the letters to the Chairmen of the Senate and House Budget Committees which seek resolution of the question of whether or not the contingent liability contemplated in the appropriations bill is budget authority (discussed in detail in point A-5, Tab A). Apparently, these letters will be ready by Tuesday, March 2.
- . OMB finish preparations for an authorization bill and a supplemental budget request for FY 1976 and the transition quarter together with a Presidential cover letter, but that this not be transmitted until:
  - a. ERDA commits to discussions with UEA leading to an agreement that UEA would take over any equipment and materials that would be useful on a stand-alone plant if UEA proceeds. An agreement should be completed before any of the procurement monies are obligated.
  - b. We have a decision meeting with Connor, Lynn, Cannon and Friedersdorf on the matter.
  - c. We await the outcome of the Baker-Seamans meeting before recommending specific Presidential actions.
  - d. Depending on the results of the Baker meeting, that we recommend the President meet with all or some of the following:
    - . Senator Pastore
    - . Senator Baker
    - . Senator Pearson, if Baker does not decide to work for the bill.

A background paper containing details of points the President could make in preparation for such a meeting is attached at Tab C. This could be reduced to talking points.

Attachments



STRATEGIES AND ACTIONS UNDERWAYA. Legislation and Appropriations - The President's NFAA1. Status of the Nuclear Fuel Assurance Act (NFAA)

- . Administration witnesses have completed testimony and all questions posed by the JCAE have been answered. The Committee has been notified that revisions in the bill to strengthen Congressional review are acceptable to the Administration. The action needed now is to get the Committee to report out the bill. This is discussed more below.

2. JCAE Members' Positions

The memo from Holly Cantus of ERDA at TAB B assesses the attitude of the 18 members of the JCAE. It is clear from this that Senator Pastore (and/or Staff Director George Murphy) are the key.

- . If Pastore were to act favorably there is little doubt that the bill will be reported out.
- . Senator Baker could be helpful but he has not been thus far. He is meeting with Bob Seamans on Wednesday, March 3 and may be prepared to reconsider his position -- in response to a direct request from Congressman John Anderson. To date, Senator Baker has said that:
  - he would support the bill if the Administration commits itself irrevocably to build one more increment of capacity.
  - without this commitment, he would not work in support of the bill but will vote against it.

3. Conveying an Understanding of the Three-Step Approval Process

- . We must make clear to the Congress that the private industry aspects of the Presidential proposal involves:
  - The Nuclear Fuel Assurance Act which enables ERDA to proceed with (but not sign) cooperative agreements and authorizes design work on a government plan as a contingency measure.
  - An appropriations bill to cover the contingent liability of \$8 billion of the government for one diffusion plant and three centrifuge plants.
  - Submission of individual cooperative agreements for 60-day periods of Congressional review and approval.
- . A good understanding of the three-step process is necessary so that it will be clear that passage of the NFAA does not mean that Congress is approving a contract with UEA or any other private venture. We have a long way to go in making this clear.
- . The next step on this will be the OMB letter to Budget Committees discussed in No. 5 below.

4. Appropriations bill to implement the NFAA

We have not sent up the necessary appropriations bill to implement the NFAA because:

- . We don't have the NFAA in hand.
- . There is some question (discussed in No. 5 below) as to whether the contingent liability involved in the appropriations act must be considered "budget authority" and thus covered by a concurrent resolution under the Budget Reform Act.
- . Most importantly, an appropriations bill could give an outspoken opponent of private industry, Congressman Joe Evins of Tennessee, a platform to attack the President's proposal. However, OMB is prepared to transmit the appropriation bill on very short notice.

5. Does the Contingency Liability have to be covered by a Budget Resolution?

- . If the Congress decides that the contingent liability covered by the Appropriations Bill referred to above is budget authority, it will have to be covered in the concurrent budget resolutions required under the Budget Reform Act. OMB is taking the position that the contingent liability outlined in the planned appropriations bill is not budget authority and therefore need not be covered in the budget resolutions. If the Congress decides otherwise, we could be prevented from proceeding even when the NFAA is passed because the \$8 billion contemplated is not covered by FY 1976 resolution. On the other hand, it is possible that the \$8 billion could be covered in the transition quarter or FY 1977 resolutions if that becomes necessary.
- . This matter must be resolved soon and OMB has in near final form a letter to the Chairmen of the Budget Committees which gives the OMB position and seeks resolution of the question.

6. Industry Activities to Inform Members about Uranium Enrichment.

The American Nuclear Energy Council (ANEC) headed by Craig Hosmer has organized a rather quiet but thorough effort to inform the key energy staff people of each member of the House and Senate about the importance of increasing the Nation's uranium enrichment capacity. As of February 27, more than half of the members (i.e., a member of the staff) had been covered. The people conducting the briefings are urging approval of the NFAA but are not taking a strong position that private industry must build the next increment -- because of the opposition in some places on the Hill to UEA.

B. ERDA Negotiations with Private Firms

1. ERDA Contract Negotiations with UEA.

- . Negotiations are continuing with essentially all issues resolved except ERDA's desire to increase the risk borne by equity partners. ERDA's proposal is the subject of negotiations which will be resumed in the next few days. Seamans apparently believes UEA has accepted

all the ERDA proposals but ERDA staff believe that significant problems remain. Negotiations now planned at the staff level will reveal whether there are problems.

2. ERDA Negotiations with Private Centrifuge Groups

- . ERDA will be presenting to us this week a status report on this and will outline their proposed negotiating position. Negotiations should begin shortly. Two of the three centrifuge ventures are having difficulty staying together because of the long delays on the NFAA (Centar and Garrett Corporation).

C. Actions on a Government-Owned Plant as a Back-up Measure.

1. Should Supplemental Appropriations be requested for FY 1976 and the Transition Quarter for Work on a Government-Owned Plant as a Back-up Measure?

- . We indicated in the President's 1977 Budget that \$6 million would be needed in FY 1976 and \$35 million in the transition quarter to keep the preparations for a back-up, Government-owned, plant on schedule. These estimates were developed by ERDA and submitted to OMB. OMB is now nearly finished with its review and we could send up the necessary authorization and appropriation request soon. If supplementals are sent, we should act quickly because the House appropriations committee is closing the door on further FY 1976 supplementals.
- . Both these steps must be managed carefully because:
  - Every move we have made thus far on a Government-owned plant has been interpreted here and abroad as another signal that the President is getting closer to the point of giving up on the goal of a private, competitive industry.
  - When ERDA signs contracts for resources for the back-up plan (e.g., engineering and design talent, equipment, etc.) private ventures may have more difficulty in proceeding.

- The JCAE Chairman and/or Staff Director seem to be delaying action on NFAA in the hope of forcing the Administration to get more and more committed to a Government-owned plant. The JCAE staff is now using the absence of a supplemental as the basis for a charge that the Administration isn't maintaining the President's commitment to maintain a viable back-up plan.

OMB, with the reluctant help of ERDA, is developing an authorization bill, a FY 1976 and transition quarter supplemental and a Presidential letter to transmit them. The objective would be to seek the money without weakening our chances of getting the NFAA. We need to decide this week:

- Whether to send up the requests or to play "hard ball" and join in the JCAE waiting game.

- How to present request so that it will do the least damage to the chances of the NFAA, if we decide they must be transmitted. Briefly, the options are:

#1. Not send up anything -- a move that runs the risk of a charge that we are not maintaining a viable back up plan.

#2. Reprogram money within ERDA to continue design work -- but not proceed with advanced procurement of equipment.

#3. Send up the request with a Presidential cover letter which makes very clear the relative budget impacts of the private industry approach vs. the Government-owned plant approach -- with the hope that the magnitude of the Federal funding would jar the JCAE and the Congress into favorable action on NFAA.

#4. Sending up an authorization bill for the full escalated costs if the Federal Government were to build the next increment of enrichment capacity. The amount probably would be in the neighborhood of \$10-15 billion. One risk in this approach is that the JCAE might pass the bill.



2. Should ERDA proceed with solicitation for proposals for more A-E work and for a construction contractor for an add-on plant?

We and OMB have gone along with ERDA solicitations for proposals for power supply and for the first of seven architect-engineering packages. When these were announced they were interpreted as signals that the Administration was giving up on private enrichment.

We now have pending proposed solicitations for:

- . More A-E work.
- . A construction contractor for the add-on plant.

We should decide these soon along with other elements of the overall strategy.





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DETAILS OF THE POINTS THE PRESIDENT COULD MAKE DURING  
DISCUSSIONS WITH SENATOR PASTORE AND/OR SENATOR BAKER

1. The Administration's uranium enrichment proposal contemplates three stages of Congressional approval.
  - . The Nuclear Fuel Assurance Act (NFAA) submitted on June 26, 1975, which:
    - enables ERDA to proceed with negotiations with private firms interested in building plants -- but not to sign contracts.
    - authorizes appropriations to cover the contingent liability involved in cooperative agreements.
    - authorizes design and construction planning to proceed for a Government-owned plant -- as a backup measure.
  - . An appropriation bill which sets the upper limit on contingent liability covering the unlikely event that the Government had to assume a firm's domestic assets and liabilities. (No expenditures for this purpose are expected.) This language would be sent up as soon as the NFAA is passed.
  - . The individual cooperative agreements.
2. All Administration witnesses requested by the Committee have testified and all followup questions have been answered in detail. (The President could present the Chairman with another copy of our 2-inch notebook containing all the material presented to the Committee.)
3. The Administration has accepted the JCAE's proposal for revisions in the bill to provide more Congressional review of contracts, specifically 60-day review with a concurrent resolution of approval or disapproval.
4. I am aware that you and other members of the JCAE have reservations about the proposal from UEA, but I want to point out that:
  - a. Approval of the NFAA does not commit' the JCAE or the Congress to approve a contract with UEA.

- b. ERDA and others in the Administration have some concerns about the UEA proposal and until these are resolved no contract with UEA would be presented for approval. A principal objective of the negotiations is to increase the risk borne by equity partners (Bechtel, Goodyear, and Williams Company) so as to provide an incentive for holding down plant and product costs.
  - c. There will be ample opportunity to reject a contract with UEA if that proves to be the right course of action.
5. Prompt action is needed so that:
- . The U.S. can again become a reliable supplier of uranium enrichment services, compete with foreign suppliers, and exert safeguard controls.
  - . A lack of uranium enrichment capacity is not a deterrent to domestic utility commitments to use nuclear power.
  - . The four private firms submitting proposals to ERDA cannot be expected to hold on indefinitely.
6. I am convinced that the private approach is the best one:
- . A commitment of billions of Federal dollars to expand enrichment capacity:
    - is not practicable in the face of continuing budget constraints;
    - could prevent us from devoting more Federal attention to the real problems at the back end of the fuel cycle (reprocessing and waste management) -- where there are technical hurdles to overcome and where Federal involvement may be essential.
    - would provide more ammunition for the growing criticism that the Federal government is spending too much on nuclear energy and not enough on other energy sources.

- . ERDA now recognizes that a private plant could be built and brought on line as soon and probably sooner than a Government plant.
  - . The cost of the product from a Government owned add-on plant is almost certain to be higher than from a stand alone plant -- because a stand alone plant would use lower cost nuclear power while the add-on plant would use coal-fired electrical power.
7. We should make the move now because the conditions are right:
- . The technology is available.
  - . Four firms are ready and willing to go and are already competing with each other for customers.
  - . The market is here -- both domestic and foreign.
  - . The need for more capacity is clear.
8. We will continue to maintain a viable plan for bringing on line a Government-owned plant in time to fulfill need -- in the unlikely event that private ventures cannot proceed.
9. I recognize that we still have a job ahead -- after the JCAE reports out the bill -- in convincing other members of the House and Senate that the NFAA is the right course of action. I am confident that we can work closely with the JCAE on that and be successful.

UNITED STATES

## ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

WASHINGTON, D.C. 20545

February 27, 1976



MEMORANDUM FOR: Glenn R. Schleede  
Domestic Council

FROM: H. Hollister Cantus  
Director of Congressional Relations

SUBJECT: NFAA STATUS REPORT; MEMBERS' VIEWS

Per your request, this memorandum will up-date the memo of September 26, 1975 on the present views of the members of the Joint Committee on Atomic Energy with regard to the proposed Nuclear Fuel Assurance Act.

Senator Pastore remains silently inactive at a time when action is required to consider the implementing legislation. Our best information is that, even with the staff-to-staff negotiations completed and confirmed in writing by ERDA, he would prefer that this proposal would just go away. He supports the government-owned and government-operated concept and is aware that delay operates somewhat to his advantage. A strong push appears essential if the Chairman is to take up the bill and mark it up within the next few weeks.

Senator Jackson remains generally favorable to the bill in concept but has been involved in other activities and has not focused on the new version ( negotiated with the JCAE staff). The changes should make the bill even more to his liking and I would hazard a guess that he will support prompt consideration and passage.

Senator Symington is still hung up on the extent of Federal guarantees but should support prompt passage of the enabling legislation once he realizes the JCAE's review role has been strengthened.

Senator Montoya will favor passage of the revised bill if the Chairman's opposition is less than total.

Senator Baker appears to be about to reconsider his previous position. We should know more on this after Administrator Seamans meets with him Wednesday afternoon (at Baker's request). It may take a Presidential phone call to give him the necessary inertia to climb that fence.

Senator Case is hung up on the guaranteed profit aspect of the bill but, once he fully realizes the difference between the bill and the actual contracts, he will probably support passage.



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Senator Pearson supports the bill and, if Baker cannot, he will lead the Minority side for the Senate, if asked.

Senator Buckley fully supports the bill and its rapid enactment.

Rep. Price has agreed to urge the Chairman to hold prompt mark-up sessions on the bill but is still ambivalent as to his ultimate position. My feeling is that he will support the bill.

Rep. Roncalio is okay on this one.

Rep. McCormack will not oppose prompt consideration of the bill but has doubts that it could be enacted this year. If you note that this does not mention his position, you will recognize the problem we face. Mike is basically opposed to the concept but will, in the end, go with the majority of the Committee as long as it isn't close. If it is close, he will probably oppose the bill. That's our best guess.

Rep. Moss should be no problem on the enabling legislation.

Rep. Anderson is the bill's strongest supporter.

Rep. Horton will probably support prompt mark-up of the enabling legislation but may be a problem when it comes to the individual contracts.

Senator Tunney, Rep. Lujan and Rep. Hinshaw have not expressed themselves on this bill but are not believed to pose any problems. I cannot place Rep. Young of Texas in either camp. As the probable next Chairman of the JCAE, he is playing it a bit cozy. My feeling is that he personally supports the bill but will wait to see how many members follow the Chairman's lead. Mr. Young is influenced by George Murphy who is taking his cue from the Chairman.



THE WHITE HOUSE  
WASHINGTON

INFORMATION

March 24, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Uranium Enrichment

The Joint Committee on Uranium Energy has scheduled still another day of hearings on your uranium enrichment proposal for Thursday, April 1.

The continuing delay on this legislation is a problem, and today Bob Fri, Jim Connor, Jim Mitchell, Bill Kendall, Charles Leppert, Glenn Schleede and I met to discuss it. We concluded it is important for you to meet early next week with Senator Baker, before the day of hearings.

We are sending through a schedule proposal to this effect, and will prepare a full briefing paper for you on the situation.