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THE PRESIDENT HAS SEEN. . . . .

ITEM WITHDRAWAL SHEET  
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APPENDIX II



THE DEPUTY SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

~~CONFIDENTIAL~~

10896

8 SEP 1976

Dr. Robert W. Fri  
Chairman, Nuclear Policy Review Group  
The White House  
Washington, D.C. 20500

Dear Dr. Fri:

(C) The Department of Defense supports the following recommendations contained in the draft policy review produced by your group:

- Endorsement of a storage program for excess sensitive material under IAEA auspices to include strengthening IAEA safeguards and physical security arrangements.
- A firm policy on restraints upon nuclear exports and sanctions upon restraint violators.
- Public pronouncements on the seriousness of nuclear agreement violations and further proliferation.
- Diplomatic consultations seeking a multilateral agreement to suspend or terminate cooperation with any non-nuclear state acquiring or testing a nuclear device.

(C) The production of plutonium by any additional nations would definitely be inimical to our national security interests. Although the U.S. cannot prevent reprocessing, we should make every effort to attempt to control national reprocessing. We support both government assistance to domestic reprocessing and waste management and development of alternative technologies.

(C) Many nations who view U.S. world power as diminishing may perceive their own long-term security interests in jeopardy and some appear to be turning to nuclear weapons acquisition as an alternative security guarantee. Provision of assured nuclear assistance and guaranteed reactor fuel supply, combined with adequate security assistance, will contribute to allaying these nations' concerns about their own need for reprocessing and plutonium.

(U) The Chairman of the Joint Chiefs of Staff concurs with me on this matter.

Sincerely,

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AUTHORITY DOD Directive 5200-30

BY WHA NARA, DATE 9/4/2012



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Classified by \_\_\_\_\_  
Subject to control of \_\_\_\_\_  
Executive Order 11652, 11735, 11738, 11740, 11741, 11742, 11743, 11744, 11745, 11746, 11747, 11748, 11749, 11750, 11751, 11752, 11753, 11754, 11755, 11756, 11757, 11758, 11759, 11760, 11761, 11762, 11763, 11764, 11765, 11766, 11767, 11768, 11769, 11770, 11771, 11772, 11773, 11774, 11775, 11776, 11777, 11778, 11779, 11780, 11781, 11782, 11783, 11784, 11785, 11786, 11787, 11788, 11789, 11790, 11791, 11792, 11793, 11794, 11795, 11796, 11797, 11798, 11799, 11800, 11801, 11802, 11803, 11804, 11805, 11806, 11807, 11808, 11809, 11810, 11811, 11812, 11813, 11814, 11815, 11816, 11817, 11818, 11819, 11820, 11821, 11822, 11823, 11824, 11825, 11826, 11827, 11828, 11829, 11830, 11831, 11832, 11833, 11834, 11835, 11836, 11837, 11838, 11839, 11840, 11841, 11842, 11843, 11844, 11845, 11846, 11847, 11848, 11849, 11850, 11851, 11852, 11853, 11854, 11855, 11856, 11857, 11858, 11859, 11860, 11861, 11862, 11863, 11864, 11865, 11866, 11867, 11868, 11869, 11870, 11871, 11872, 11873, 11874, 11875, 11876, 11877, 11878, 11879, 11880, 11881, 11882, 11883, 11884, 11885, 11886, 11887, 11888, 11889, 11890, 11891, 11892, 11893, 11894, 11895, 11896, 11897, 11898, 11899, 11900, 11901, 11902, 11903, 11904, 11905, 11906, 11907, 11908, 11909, 11910, 11911, 11912, 11913, 11914, 11915, 11916, 11917, 11918, 11919, 11920, 11921, 11922, 11923, 11924, 11925, 11926, 11927, 11928, 11929, 11930, 11931, 11932, 11933, 11934, 11935, 11936, 11937, 11938, 11939, 11940, 11941, 11942, 11943, 11944, 11945, 11946, 11947, 11948, 11949, 11950, 11951, 11952, 11953, 11954, 11955, 11956, 11957, 11958, 11959, 11960, 11961, 11962, 11963, 11964, 11965, 11966, 11967, 11968, 11969, 11970, 11971, 11972, 11973, 11974, 11975, 11976, 11977, 11978, 11979, 11980, 11981, 11982, 11983, 11984, 11985, 11986, 11987, 11988, 11989, 11990, 11991, 11992, 11993, 11994, 11995, 11996, 11997, 11998, 11999, 12000

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00897 a



UNITED STATES  
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION  
WASHINGTON, D.C. 20545

SEP 7 1976

The President  
The White House

Dear Mr. President:

As I stated in my letter to you of June 9, 1976, I believe there is a need for the United States to undertake major initiatives to reduce the risk of proliferation of nuclear explosive devices and to meet our domestic energy needs by resolving uncertainties that now pose impediments to closing the nuclear fuel cycle. The nuclear policy review which Bob Fri's Task Force has undertaken at your direction provides recommendations for your decisions on these important policy issues.

As discussed in more detail below and in the enclosure, we generally support the Task Force recommendations and urge their adoption.

I believe that your decision on these matters should be driven by two principal objectives:

- o To assure that we are able to exert maximum international influence toward the nonproliferation of nuclear weapons and safeguarding of nuclear materials, and
- o To assure the viability and continued growth of domestic nuclear power.

We can accomplish our nonproliferation objectives only if we are in a position to influence other nations, particularly the supplier nations. Our leverage in these matters depends on our credibility as a nuclear supplier, which in turn requires that we take action now to:

- o Increase our uranium enrichment capacity, as you have proposed in the Nuclear Fuel Assurance Act;
- o Establish a reprocessing capability; and
- o Implement an effective and responsible waste management effort.

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BY [Signature] NARA, DATE 11/16/09



NATIONAL SECURITY  
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00897 a



UNITED STATES  
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION  
WASHINGTON, D.C. 20545

SEP 7 1976

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The White House

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BY [Signature] NARA DATE 11/16/09



NATIONAL SECURITY  
ENCLOSURE

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The President

- 2 -

Positive action in these areas is also compatible with our domestic energy needs and objectives. It would restore the confidence of the energy industry and the general public in the viability and acceptability of the nuclear option. This is essential since nuclear energy, together with coal, must meet the majority of U.S. electrical energy needs for the remainder of this century.

The most important decision is whether to proceed with a U.S. reprocessing initiative now, or defer reprocessing until a later date. We recommend that you adopt Option 1 of the Task Force, which would enable the government to take an active role in assisting industry to develop and demonstrate reprocessing. In supporting this recommendation, however, we would point out that Federal assistance beyond that contemplated by the Task Force may be required for success.

The key to achieving our international nonproliferation objectives is the demonstrated capability of the U.S. to provide complete fuel cycle services to discourage non-supplier nations from developing their own reprocessing plants. It is essential also to obtain cooperation of the other nuclear supplier nations in adopting similar nonproliferation policies. As you know, a number of other countries are committed to reprocessing; a decision to defer reprocessing in the U.S. would cripple our efforts to influence these countries in view of their continued commitment to nuclear power as an essential ingredient of their own efforts toward energy security.

Reprocessing could extend by as much as 50 percent the amount of nuclear capacity which can be supported by a given resource base through recycle of valuable uranium and plutonium. Reprocessing is also needed to provide the initial fuel for the breeder reactor, a near commercial reality (early 1980's) in several European countries. Without reprocessing, the breeder must be discarded as an energy option.

In the recommendations on both international and domestic reprocessing, an option is proposed that the U.S. could forego reprocessing in lieu of developing alternative technologies. ERDA is strongly of the opinion that there are no viable alternative technologies to reprocessing at this time.

In summary, we believe that proceeding with reprocessing (Option 1) is the minimum approach which together with an expanded enrichment capacity, would permit the U.S. to exercise effective influence in the international sphere, and to meet its domestic needs.

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~~CONFIDENTIAL~~

The President

- 3 -

Our detailed comments on the specific Task Force recommendations are presented in the enclosure to this letter. There are two matters of concern to us in the international nuclear policy area that deserve highlighting. First, we believe that the role of IAEA should be much more clearly articulated before any U.S. commitment is made to place U.S. plutonium under its control. Second, we believe that efforts to improve the quality and effectiveness of the international safeguards system must go even further than those recommended by the Task Force.

Respectfully yours,



Robert C. Seamans, Jr.  
Administrator

Enclosure:  
As stated

DETAILED COMMENTS ON SPECIFIC RECOMMENDATIONS

ERDA comments on specific recommendations of the Task Force are presented below. Headings and titles follow those of the Task Force Report.

International Nuclear Policy

A. Materials Storage, Safeguards and Physical Security

ERDA agrees with the Task Force recommendation for an IAEA storage program for sensitive materials, further development of physical security systems, and significant re-enforcement of IAEA safeguards. However, we wish to emphasize strongly our conviction that the U.S. must initiate strenuous efforts to redirect the international safeguard system toward a higher level of quality and effectiveness in light of the accelerated growth of nuclear power worldwide and the implications for the spread of nuclear explosive devices.

B. Restraints and Sanctions

We agree with the Task Force recommendations on restraints and sanctions. We recognize that, to be meaningful, any sanctions policy must gain multinational support. On the other hand, we urge that your statement on sanctions be firm and explicit that a material violation of a safeguards agreement will call into question the entire range of our associations with the violating state (rather than simply our nuclear supply relationships).

C. Existing Agreements and Export Licensing

We do not believe that unilateral insistence on retroactive applications of restraints as a condition of supply is a viable approach. While we recognize that such mandatory retroactivity has a certain appeal to many here at home, we feel that it would not preserve the necessary flexibility required to achieve our non-proliferation goals. We therefore recommend adoption of a strong (but not mandatory) initiative on retroactivity. It should be emphasized, however, that success in renegotiating existing agreements will be critically dependent on the nature and scope of the supply incentives we are prepared to offer.

D. Alternatives to National Reprocessing

The Task Force presents two options on reprocessing: (1) contain the spread of national reprocessing, or (2) develop alternatives to reprocessing. ERDA's strong recommendation here is for Option 1--to contain the spread of reprocessing--as the most effective action we can take to ensure that proliferation of nuclear materials will be kept to a minimum.

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BY ph NARA DATE 10/16/09

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In implementing Option 1, we should be prepared to aggressively pursue a wide range of activities to provide real alternatives to countries who would otherwise wish to independently undertake the development of their own national reprocessing centers. These activities should include cooperative ventures to establish fuel centers serving regional needs with U.S. involvement to ensure appropriate operation of such centers; international cooperation in pursuing solutions to the management and disposal of nuclear wastes; assistance in development of indigenous uranium supplies in other countries; and assurances of availability from the U.S. of complete fuel cycle services, including enrichment.

Our major concern with Option 2--develop alternatives to national reprocessing--is that it fails to recognize the ongoing reprocessing needs and plans of other nuclear-oriented nations. If the U.S. defers reprocessing, it will only serve to weaken our bargaining strength in obtaining effective international controls on proliferation.

### The Domestic Fuel Cycle

#### A. Domestic Reprocessing

The Task Force identified two options for closing the domestic nuclear fuel cycle: (1) assist industry to gain experience with reprocessing, or (2) develop alternative technologies. ERDA strongly endorses Option 1 as a vital first step in developing and demonstrating the technological, economic, safeguards, and licensing bases for fuel reprocessing and recycle.

ERDA favors Option 1 in that it:

- (1) Provides the U.S. with greater credibility as a supplier in the international nuclear market to support our role in limiting proliferation,
- (2) Provides the U.S. nuclear industry and the public with a positive basis for renewed confidence in nuclear power through the expeditious closing of the fuel cycle, and
- (3) Assures maximum utilization and benefits of the unused energy content of spent nuclear fuel, thus expanding this critical national resource.

- (4) Provides a technology base and fuel supply for the breeder. (Without reprocessing, the breeder must be discarded as an energy option, since the breeder uses plutonium as its fuel).

We view Option 1 as representing the minimum program necessary to meet U.S. international objectives and domestic energy requirements. As described in the Task Force report, Option 1 involves completion of a privately-owned reprocessing demonstration facility (AGNS), with government-owned waste solidification and plutonium conversion facilities. Option 1 contemplates government support for only the design phase of a larger (3,000 ton) reprocessing plant. In our judgment, a more extensive commitment to a larger plant may ultimately prove necessary.

ERDA's technical judgment is that Option 2--develop alternative technologies--does not represent a viable option. At the present time, there is no evidence that available technological alternatives provide significant international safeguards improvement or practical potential for closing the fuel cycle. The only viable option to proceeding with reprocessing is to defer reprocessing and store spent fuel elements for possible reprocessing at some later time.

B. Waste Management

We concur in the recommendation of the Task Force that the domestic waste management program be given a high priority in support of closing the fuel cycle in a timely manner. We agree with the recommendation that a project coordinator be identified for the overall effort in order to obtain the appropriate interagency actions necessary to keep the program on schedule.

Other Initiatives

1. Assist Other Nations with Non-Nuclear and Advanced Energy Technologies

We concur with the Task Force recommendation that ERDA and State undertake a review of possibilities for cooperative development programs with other countries.

2. Improve U.S. Assurances of Safeguards Effectiveness

a. Proliferation Intelligence

ERDA concurs in the recommendations regarding better proliferation intelligence.

b. Timeliness

ERDA endorses the Task Force recommendation regarding the need for timely information on the effectiveness of IAEA safeguards.

3. Improve Organization of U.S. International and Domestic Nuclear Policy and Program

ERDA concurs with the need for improved oversight of international and domestic nuclear policy and programs, and we also believe that a nuclear policy council would be an organizational improvement. In our judgment, however, the lead agencies are State and ERDA. While ACDA obviously has an important mission in this area, our interpretation is that oversight of the implementation of your international initiatives would be primarily the responsibility of the Department of State. The structure and role of such a council deserve further consideration.

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00899

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF SCIENCE AND TECHNOLOGY POLICY  
WASHINGTON, D.C. 20506

September 2, 1976

MEMORANDUM FOR

The President

SUBJECT: Nuclear Policy Review

I am in general agreement with the recommendations of your Nuclear Policy Review Group. They have done an excellent job of clarifying a very complex topic and identifying major decision points. The following paragraphs include my specific comments on major points in their report to you, in the order in which they were raised.

I fully endorse the recommendation to strengthen IAEA controls, safeguards and physical security as it applies to sensitive materials, while cautioning that this recommendation should be accompanied by additional attention to improvement of U.S. assurance of safeguards effectiveness as suggested under "Other Initiatives" in the Group's report.

With respect to the options presented on the retroactive application of restraints, it would appear that immediate and unilateral application would not serve our best interests and therefore I favor the strategy defined which calls for broader application of restraints through a three component approach. Since there have already been diplomatic efforts to gain acceptance of stronger restraints, there should be special attention given to an explanation of how your policy now represents a new (and more intensive) initiative in this area.

The Group's report includes two extensive discussions of options for reprocessing--both internationally and domestically--that require your decision. I support the general philosophy that reprocessing can not be effectively halted worldwide and that the option that calls for the U.S. to oppose reprocessing is not a realistic approach for the U.S. at this time. However, in the option defined as "Controlled Spread of Reprocessing" there is an important element of restraint that needs to be emphasized. In order to strengthen this option I believe the proposal for a two-year moratorium on transfer of sensitive technology should be accompanied by the additional point that work on alternative technologies will be pursued during this period in order to develop a better assessment of the applicability

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of these technologies to any future reprocessing capabilities that may be established. If one of these technologies, despite some of the pessimistic views on their long-term viability, should prove to be attractive it could be pursued as a reprocessing option for non-nuclear weapons nations for which there would be some concern about the availability of sensitive materials. Thus, the incorporation of continued technology development in this option provides an additional buffer between the supplier and consumer nations that is supportive of our non-proliferation objectives.

I also support the domestic reprocessing option that includes government assistance to the development of limited reprocessing capacity in the U.S. but again with an effort to explore alternative technologies for use on the domestic scene as well as internationally. This would not include demonstration of the technology without further careful evaluation of the costs and expected returns from the options that are then available.

The waste management question, while not an issue in the non-proliferation area is nevertheless an important, and possibly decisive, issue of national concern and should also be accorded a high visibility in your messages on nuclear policy. I am in agreement with the assessment of the Nuclear Policy Review Group on waste management. In particular, as chairman of the Federal Coordinating Council for Science, Engineering and Technology I will be prepared to convene a group within the council to provide the necessary technical coordination and independent technical advice to the Project Manager as recommended in the Group's report. My suggestion is that you authorize a separate statement with respect to the organization of this group in order to give additional support to our determination that the necessary preparatory work be carried out to ensure a sound program of waste management that is sensitive to environmental and social concerns.

Finally, I should note my strong support for an expanded U.S. role in providing assistance to other nations in the development of other non-nuclear and advanced energy technologies including conservation. It is my recommendation that responsibility for review of cooperative possibilities in these areas and the development of possible new initiatives be assigned to this office in coordination with the Department of State and ERDA since this is a multiple agency matter and requires the close contact and coordination of the Executive Office if it is to be effectively implemented.



H. Clifford Stever  
Director

00900

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

September 3, 1976

Dear Mr. President:

This letter provides the comments of the Council on Environmental Quality on the report of the Nuclear Policy Review Group. The Council has participated actively in this effort and we have been impressed with the leadership that Bob Fri has provided.

We believe that you should view nuclear policy in broad perspective. U.S. nuclear policy (both domestic and international) is part of a broader U.S. policy to provide adequate supplies of safe, reliable energy at reasonable costs. It is also part of a broader arms control and disarmament policy. Moreover, these policies and our overall environmental quality objectives should be consistent. We believe that it is important for you to view the decisions before you in this context, particularly the decision on whether or not to go ahead with the reprocessing of spent fuel from nuclear reactors.

Although countries with nuclear weapons ambitions, but without such capability, undoubtedly see reprocessing as a direct route to achieving their goal, the driving force behind reprocessing is the desire by the United States and other countries for a reliable, economical supply of energy. Viewed in this light - as a technology whose value rests primarily on its ability or inability to provide a safe, reliable and economic fuel supply - reprocessing can be compared even-handedly with other energy development strategies, both nuclear and non-nuclear.

From an energy supply standpoint, the U.S. does not need to commit to reprocessing now. The economics of reprocessing appear to be questionable at best. From a resource perspective, our uranium supplies are more than ample through the end of this century, and likely beyond then. Moreover, reprocessing brings safeguards problems for which effective solutions have not been demonstrated.

In contrast, an opportunity exists to take the initiative and aggressively explore alternative routes to satisfying our long term energy needs. We recommend a two pronged approach.

First, the United States should explore alternative technologies for recycling spent reactor fuel. Some of these technologies appear promising and could permit recovery of the residual energy in spent fuel without separating weapons-grade plutonium. This would have the effect of opening up new energy development options without losing ground on the non-proliferation front, and without closing the door on eventual use of existing technologies.

Second, we recommend that you initiate a U.S. effort to organize a major world-wide commitment to energy conservation, solar, and nuclear fusion technologies. These non-fission alternatives are safer, environmentally superior and, in the final analysis, may be more reliable and economical than those which rely on reprocessing. Such a commitment could enable the world to meet long term global energy needs without permanent reliance on fission power. They offer the only long term possibility of reducing the connection between energy supply and nuclear weapons proliferation.

With respect to non-proliferation, we agree with the concern that any U.S. government decision to support reprocessing - as a demonstration or as a commercial operation - signals to the world a U.S. belief that reprocessing is an acceptable technology. We share the concern that such a message would greatly damage U.S. non-proliferation efforts. We believe that such a decision is unnecessary and unwise at this time.

Reprocessing is unnecessary now because there is little energy related justification for it.

We believe it is unwise because we have been persuaded that the proliferation risks of such a commitment are extremely grave. The world reaction to India's detonation of a simple device, made possible by reprocessed plutonium, testifies to the great fear that this technology generates. The proliferation of nuclear weapons as armaments and as terrorist tools is, in our judgment, a certain concomitant to the proliferation of nuclear fuel reprocessing.

We also believe that alternatives to present fission technologies have not been adequately evaluated to determine if they could meet our energy needs and present fewer risks to our non-proliferation objectives. We believe this is essential before a U.S. commitment to reprocessing is made.

We strongly urge that you aggressively pursue the development of technological alternatives to reprocessing, and that you defer any U.S. commitment to reprocessing. We also strongly support the various international initiatives on improving controls on nuclear facilities and materials, and the domestic initiatives on tightening U.S. export conditions, recommended in the Task Force Report. We believe these latter initiatives should be pursued regardless of your decision on reprocessing.

We believe that this course presents the opportunity for the U.S. to establish itself as a bold leader in developing safe and reliable energy technologies. Equally important, we can take this step without losing the chance to return to existing technologies if new ones do not prove feasible. Finally, we gain time and credibility internationally to move forcefully to stem the spread of national reprocessing facilities.

We have the time we need to take this bold and important step now. But we will not have it for much longer. We believe that the benefits could be enormous, while the risks are modest.

Respectfully,

A handwritten signature in cursive script that reads "Russ Peterson".

Russell W. Peterson  
Chairman

The President  
The White House  
Washington, D.C. 20500



00901

THE SECRETARY OF COMMERCE  
Washington, D.C. 20230

~~CONFIDENTIAL~~

September 3, 1976

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Nuclear Policy Review

We have reviewed the Nuclear Policy Review Decision Memorandum prepared by the Task Force headed by Bob Fri and believe it sets out sufficient background and analysis on which you can make a decision on this important subject. We also believe the realistic alternatives have been adequately posed. I believe the Task Force, and Bob Fri in particular, have done an outstanding job.

Before giving you our position on the various recommendations and alternatives posed in the Memorandum, I would like to note my personal belief that there is no more important issue facing the nation and the world than the issue of proliferation of nuclear weapons grade materials without adequate safeguards. In this regard, I would have liked to have seen a bolder, more sweeping plan than that presented to you.

On reflection, however, it is clear that our leverage is not unlimited. Other industrialized countries either have or are gaining the necessary capability to build their own enrichment or reprocessing plants and export nuclear fuel services to others. Some emerging developing countries may also soon have such a capability. At the same time, it will require a major act of political will on our part to build the necessary nuclear fuel services capacity which will provide credibility to the assurances of adequate fuel services we would offer to those who are either parties to NPT, adopt adequate safeguards or agree to impose restraints similar to ours. If you decide to proceed, therefore, your announcement will have to give a sense of urgency to the Congress as well as the international community. And, I believe it will be this sense of urgency, of first steps soundly taken, that will give impetus to the perforce limited initiatives set out.

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DATE 11/16/09  
AUTHORITY 15 USC 1651  
EXEMPTION 15 USC 1651

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BY llh NARA, DATE 11/16/09



Having noted these caveats, I believe, nevertheless, that you should proceed with the maximum possible force of leadership. In this regard, I believe it is at the United Nations General Assembly that the initiative should be launched. We should be able to attract adequate press and media coverage, and any adverse international comments would probably assist you domestically.

There follow below our positions on the recommendations and alternatives set out in the paper:

A. Storage, Safeguards and Physical Security

We agree with the recommendations on storage, safeguards and physical security. It makes sense to provide for IAEA custody of excess plutonium (including US "excess" civil designated spent fuel and plutonium), to strengthen the IAEA safeguard system, and to attempt to achieve treaty agreement on international guidelines for physical security as well as rapid measures to recover lost or stolen materials.

B. Restraints (U.S. Conditions on Nuclear Exports under New Bilateral Agreements or Amendments to Existing Agreements for Nuclear Cooperation)

We agree with the recommendations on restraints. It is important in this respect to come up with export restraints which have some realistic possibility of being effective in connection with the end objective of reducing proliferation. Effectiveness in turn depends on the willingness of other supplier nations to adopt similar restraints. At the same time, there must be some flexibility. We believe that the recommendation, which would be based on the recently agreed Supplier Guidelines, strikes the necessary balance.

C. Sanctions

We agree with the initiatives to (1) seek a supplier agreement to press for an IAEA decision to direct curtailment or suspension of nuclear assistance to a state violating IAEA safeguards, (2) seek a multi-lateral agreement to suspend or terminate cooperation with any additional non-nuclear weapon state (NNWS) hereafter acquiring or testing a nuclear explosive

device, and (3) announce that violations of safeguards agreements would warrant immediate reexamination of our overall relations with the violating state as well as concerted international action to consider collective sanctions. We believe this is as far as we can go without disrupting our other international interests.

D. Application of Restraints to Existing Agreements on Nuclear Cooperation

We believe that, of the two options proposed, the first, unilateral imposition of new export restraints on countries with which we already have agreements of nuclear cooperation, would have serious repercussions on our foreign relations. It would also penalize a number of supplier nations, whose cooperation we need if we are to be successful in any non-proliferation policy, and might cause a massive shift of nuclear trade elsewhere. We therefore support a strong initiative which would be based primarily on the currently agreed Supplier Guidelines but with Presidential authority to override a negative NRC finding in exceptional cases. (Option 2). The approach would also include a strong diplomatic initiative aimed at upgrading existing agreements consonant with the Supplier Guidelines. While the approach will have to be sold to the Congress, we believe we can be successful if we work at it. At the same time, Congressional confidence in this approach will depend on their perception of our sincerity in undertaking a major diplomatic initiative to negotiate the necessary amendments to existing agreements. Your direction to the State Department and ERDA in this regard must, therefore, be unequivocal.

E. International and Domestic Options on Reprocessing

We believe the first set of options to contain the spread of national reprocessing capability and provide USG assistance to demonstrating the commercial feasibility of reprocessing makes more sense economically and technologically and is more realistic from an international point of view. First, technologically, we believe that alternative technologies are unlikely to prove feasible between now and the year 2000 and that

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an accelerated effort to develop them will be unlikely materially to change this assessment. Secondly, we believe that a U.S. decision not to go forward with domestic reprocessing will have only marginal effect on restraining other supplier nations with reprocessing capability. Thirdly, we have a better chance of negotiating internationally appropriate restraints if we take the lead in developing technology which is likely to prove feasible in closing the nuclear fuel cycle and then offer internationally to provide nuclear fuel services to countries which adopt our restraint policy. Fourthly, our ability to develop fully a nuclear option using known domestic uranium resources will depend in large part on closing the fuel cycle; if alternate technologies are unlikely to achieve this result between now and the year 2000, we will in essence create a major impediment to the development of U.S. nuclear electric generating capacity. We do not believe the argument to the contrary that additional U.S. uranium resources will be discovered if the economics are right will materially alter this conclusion.

I should note, however, that, if our primary goal is non-proliferation, the fuel assurance portion (whether through reprocessing or enrichment services) will be all important. Why should a consumer nation at the behest of the U.S. agree not to acquire its own nuclear fuel capability (whether through enrichment or reprocessing) if the U.S. or another supplier country does not provide fuel services assurances?

However, we should note that U.S. assurances will take considerable resources. The Memorandum only offers fuel services to countries other than those with which we have fuel exchange agreements to the extent of capacity. Our present enrichment capacity is inadequate to make assurances to other countries credible. The recommendations on the Nuclear Fuel Assurances Act are therefore critical.

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In sum, we believe we must at a minimum go forward with Barnwell and design of a 3000 MTU plant in conjunction with the contained spread international option if we are to make any progress at all in achieving the following two objectives: (1) reduction of proliferation, and (2) maximum development of the U.S. nuclear energy alternative in accordance with your energy policy.

Finally, it seems to me that if you decide to proceed with this set of options, we should offer the Barnwell demonstration as an international venture, perhaps under the aegis of IAEA. Such a proposal would have the benefit of demonstrating to the world our commitment to develop internationally technological solutions to maximize the energy content of spent nuclear fuel with appropriate proliferation and environmental safeguards.

F. Waste Management

We agree with continuing the present waste management program coordinated by OMB.

G. Other Initiatives

It makes sense to continue to expand our non-nuclear energy assistance to other nations and improve our own assurance of safeguards effectiveness.

H. Nuclear Policy Organization

We believe a major thrust of the initiative involves energy policy as well as security policy. We therefore suggest the reporting mechanism for the Nuclear Policy Council be through the Energy Resources Council and the National Security Council rather than through the Domestic Council and the National Security Council. The ERC meets as a body more often and has the appropriate membership for this purpose including relevant members of the Domestic Council. The ERC also has under its aegis a Nuclear Subcommittee which is charged with developing the all important domestic nuclear decision schedule which must support any initiative you take in this area. This type of organization would be more consistent with the procedures already in place in connection with other energy policy matters.

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I. Next Steps

We agree with the next steps outlined in the Memorandum.

I believe the above outlined initiative would be very much in the interests of the country and the world. To give it credence will require your personal leadership. I very much urge your agreement to proceed.

If you decide to proceed, we shall of course have to pay particular attention to how the initiative is coordinated with the various Congressional bills, one of which I understand may come to the Floor of the Senate as early as September 16.



Elliot L. Richardson

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

SEP 3 1976

THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

SUBJECT: NUCLEAR POLICY REVIEW

The purpose of this memorandum is to present our views on the recommendations and alternative courses of action developed by the Nuclear Policy Review Group. I appreciated very much the opportunity to assist in the resolution of a problem of such vital importance to both the U.S. and international security. I would also like to congratulate Bob Fri and his staff for the amount of work accomplished in such a short time, and for their fairness in considering divergent views concerning this complex and controversial subject.

EPA supports those recommendations which would improve the organization of the International Atomic Energy Agency and its safeguards capability. We also concur with the recommendations to strengthen international restraints and sanctions against proliferation. These important initiatives should be undertaken immediately. We fully endorse the concept of strengthening our existing nuclear bilateral agreements, but we recognize the need for some flexibility in the application of retroactivity to these agreements (Option 2).

The Policy Group has submitted two reprocessing issues for your consideration. If you believe that you must make an immediate decision on reprocessing, we would recommend Option 2 for both issues, i.e., oppose spread of reprocessing internationally and discourage domestic reprocessing in favor of development of alternative technologies. However, we believe that it is premature for you to make either of these reprocessing decisions at this time. A decision now, could reduce U.S. bargaining power to foster international commitment to non-proliferation. We recommend, instead, that you pursue a two step process. First, you would take a major new initiative seeking world agreement on more effective safeguards and non-proliferation restraints. As an indication of U.S. credibility in this effort, and to belie any charge that commercial advantage was being sought, you would suspend further domestic reprocessing work indefinitely, thereby also indicating that this could be part of any international



agreement. The reactions of other countries to your initiatives would then provide you with more information for the second step of selecting the most feasible strategy for resolving the reprocessing issue. Our recommended approach would provide you with maximum flexibility to make subsequent decisions on reprocessing. Any decision to support either international or domestic reprocessing, at least without first improving the present inadequate safeguards systems, would be viewed with alarm by everyone concerned with proliferation of plutonium.

With respect to EPA's role in the nuclear policy area, we have significant responsibilities concerning environmental standards for the management of nuclear waste. As indicated on page 33 of Mr. Fri's paper, we have agreed to accelerate our schedule in order to publish Fundamental Criteria and draft Generally Applicable Standards by December 1977. This should enable us to promulgate final standards no later than June 1978 which is consistent with the schedules of the Nuclear Regulatory Commission and the Energy Research and Development Administration. We support the recommendation for the establishment of a Nuclear Policy Council headed by a senior Executive Officer. In fact, we recommend that this Council, rather than the Director of the Office of Management and Budget, designate the project manager for waste management in order to minimize fragmentation of future efforts.

In conclusion, we have appreciated very much the opportunity to assist the Nuclear Policy Review Group. We will be happy to provide whatever further assistance may be appropriate.

*John Z. Train*  
Russell E. Train





FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20561

SEP 3 1976

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK G. ZARB

*John A. Hef  
(acting for)*

SUBJECT:

DECISION PAPER ON NUCLEAR POLICY

Although the Nuclear Policy Review Group has done an admirable job under extremely tight deadlines, I have serious reservations concerning its recommendations and general direction. In addition, I do not believe the initiatives presented in the review group's decision paper provide an adequate basis for a major Presidential statement announcing new unilateral United States policy in this area. This position is based on several key shortcomings in the recommendations:

- The proposed policies are not sufficient to control proliferation.
- There is inadequate consideration of the tremendous difficulty of implementing the proposed initiatives worldwide.
- The paper gives inadequate attention to the effect of our international posture on domestic nuclear energy development.
- The cooperation of other supplier nations is critical, but as yet unknown. There is no assurance that the past marginal support of IAEA programs by other nations can be improved significantly as a result of these policy recommendations.

It is true that nuclear power must expand dramatically both at home and abroad as an energy resource. However, the possible diversion to weapons use of nuclear fuel materials must be prevented, both for national security reasons and to ensure further development of our domestic nuclear program. A continuation of current approaches will not be acceptable either to the public or to decision-makers.



I support the view that the Administration should take some action on this matter at this time. Nuclear power and nonproliferation are of such great importance to this nation and the rest of the world that I feel it imperative for us to take a more deliberative approach that will stand public scrutiny not only as a viable policy, but also one that can contain the problems of proliferation effectively.

FEA's positions on the specific issues presented in the paper are as follows:

Application of restraints policy to existing agreements.

- FEA prefers option 2 (strong initiative on retroactivity), but sees implementation problems with either option.

International position on reprocessing.

- FEA supports option 1 (control spread), however, implementation of this option depends critically upon the U. S. obtaining full cooperation from all supplier nations. Analysis to date has not determined whether or how U. S. can obtain such cooperation.

Domestic reprocessing.

- FEA strongly endorses option 1 (assist reprocessing), since this is a necessary step towards control of international reprocessing.

Waste management.

- FEA concurs with expedited implementation of planned program.

Other initiatives.

- FEA concurs with all recommendations, but urges that the proposed Nuclear Policy Council serve as a subgroup of the ERC.

Next steps.

- Direct the Nuclear Policy Council to develop concurrent proposals for strengthening international controls and obtaining the necessary full cooperation from all supplier nations. Such proposals would be viewed as a major initiative justifying a Presidential statement on these issues.



ITEM WITHDRAWAL SHEET  
WITHDRAWAL ID 00904

Collection/Series/Folder ID No. .... : 004700458  
Reason for Withdrawal ..... : NS,National security restriction  
Type of Material ..... : MEM,Memo(s)  
Creator's Name ..... : Marcus Rowden  
Creator's Title ..... : Chairman  
Receiver's Name ..... : President  
Description ..... : re non-proliferation alternatives  
Creation Date ..... : 09/03/1976  
Volume (pages) ..... : 3  
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ITEM WITHDRAWAL SHEET  
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Collection/Series/Folder ID No. .... : 004700458  
Reason for Withdrawal ..... : NS,National security restriction  
Type of Material ..... : MEM,Memo(s)  
Creator's Name ..... : Tom Kleppe  
Receiver's Name ..... : President  
Description ..... : re nucllear policy review decisio  
n memorandum  
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ATTACHMENT TO

9/23/76 Decision memo

on Nuclear Policy