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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

→ *[Handwritten signature]*

FYI

~~CONFIDENTIAL~~

September 30, 1974

MEMORANDUM FOR

THE SECRETARY OF COMMERCE

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity (NSSM 209)

In response to your memorandum of September 21, Secretary Kissinger has asked me to advise you that your representative will be added to the Ad Hoc Group studying the development of future uranium enrichment capacity (NSSM 209). Chairman Ray's office will contact your representative, Mr. Loeb, directly.

[Handwritten signature]
Jeanne W. Davis
Staff Secretary



~~CONFIDENTIAL~~ - GDS

HR 10/7/04

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~


September 30, 1974

MEMORANDUM FOR

THE CHAIRMAN
UNITED STATES ATOMIC ENERGY COMMISSION

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity (NSSM 209)

Secretary Kissinger requests that a representative of the Secretary of Commerce be added to your Ad Hoc Group considering the development of future uranium enrichment capacity (NSSM 209). Secretary Dent has indicated that his representative will be Ernest Loeb, Office of Energy Programs, Bureau of Resources and Trade Assistance, Office of the Assistant Secretary for Domestic and International Business, who can be reached at 967-5585.


Jeanne W. Davis
Staff Secretary



~~CONFIDENTIAL~~ - GDS
HR 10/7/04

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

September 30, 1974

MEMORANDUM FOR

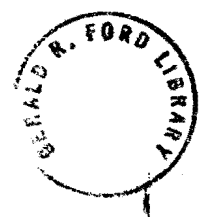
THE SECRETARY OF COMMERCE

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity (NSSM 209)

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J. Davis
Jeanne W. Davis
Staff Secretary

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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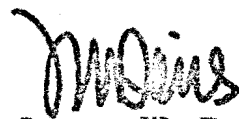
September 30, 1974

MEMORANDUM FOR

THE CHAIRMAN
UNITED STATES ATOMIC ENERGY COMMISSION

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity (NSSM 209)

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Jeanne W. Davis
Staff Secretary



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HR 10/7/04

20

NATIONAL SECURITY COUNCIL

Sept. 30, 1974

TO: MR. KENNEDY

For clearance and/or comment
and return to me.

Jeanne Davis

Concurrence
[Signature]



MEMORANDUM

ACTION - 4432

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

September 30, 1974

MEMORANDUM FOR: JEANNE DAVIS

FROM: DAVID ELLIOTT *D. E.*

SUBJECT: Policy on the Development of Future
 Uranium Enrichment Capacity (NSSM 209)

I have checked with AEC and they have no objection to Commerce joining the NSSM 209 study activity. I don't see any disadvantages either. We can handle this expeditiously if you would sign the two memorandums attached.

Concurrence:

Col. Kennedy *JMK*

Attachments - 2

1. Proposed Memo for the Chairman, AEC
2. Proposed Memo for the Secretary of Commerce



CONFIDENTIAL

DECLASSIFIED

E.O. 12958, SEC. 3.5

NSC MEMO, 11/24/88, STATE DEPT. CONFIDENTIAL

BY *HR* 10/7/04



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

~~CONFIDENTIAL~~

SEP 21 1974

MEMORANDUM FOR HONORABLE HENRY A. KISSINGER
Assistant to the President for
National Security Affairs

Subject: Policy on the Development of Future Uranium Enrichment
Capacity (NSSM 209)

This is in response to your September 5 memorandum wherein you outlined the President's request for a reexamination of the issues associated with a shift to private ownership of part of our future uranium enrichment capacity.

You suggested that this study should be carried out by an Ad Hoc Group composed of representatives of the addressees of your memorandum and the National Security Council staff and chaired by the representative of the Atomic Energy Commission. We would like to add the Department of Commerce to this list for the following reasons:

- Involvement by the private (commercial) sector in this enterprise as a supplier of enriched uranium, foreign and domestic, is clearly in the area of interest to the Department.
- Export licensing, balance of trade, patent affairs, energy policies and adequate production resources are of principal concern to the Department.

Accordingly, we would appreciate being represented in this or any such Ad Hoc Group formed to outline the Presidential policy options in this area. My representative would be Ernest Loeb, Office of Energy Programs, Bureau of Resources and Trade Assistance, Office of the Assistant Secretary for Domestic and International Business, who can be reached at 967-5585.

Secretary of Commerce

~~CONFIDENTIAL~~

DECLASSIFIED

AUTHORITY Dept of Commerce Guidelines
BY HR NLF, DATE 3/21/96
10/7/04



NSC CORRESPONDENCE PROFILE

2F

DOC		RECD		LOG NBR		INITIAL ACTION O	
NO	DA	MO	DA	HR	7404432		
9	21	9	28	9			

SOURCE/CLASS/DESCRIPTION

TO: PRES _____ FROM: DeWitt F KISSINGER, H REFERENCE: _____ CIRCLE AS APPROPRIATE

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SCOWCROFT _____ SCHLESINGER, J _____ OTHER _____ LOU NO FORN NODIS

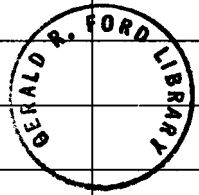
DAVIS _____ ST EX SEC _____ S CODEWORD

TS SENSITIVE

SUBJECT: Commerce Dept Staff Res for NSSM-209 - Ernest Loeb & Commerce request that it be made member of Ad Hoc Group for NSSM-209 re Vietnam enrichment

INTERNAL ROUTING AND DISTRIBUTION			REC CY FOR	ACTION REQUIRED
	ACTION	INFO		
ADVANCE CYS TO HAK/SCOWCROFT			X	MEMO FOR HAK (X)
STAFF SECRETARY		X	X	MEMO FOR PRES
FAR EAST				REPLY FOR
SUB-SAHARAN AFRICA				APPROPRIATE ACTION
MID EAST / NO. AFRICA / SO. ASIA				MEMO TO
EUROPE / CANADA				RECOMMENDATIONS
LATIN AMERICA				JOINT MEMO
UNITED NATIONS				REFER TO FOR:
ECONOMIC				ANY ACTION NECESSARY?
SCIENTIFIC	X	X	X	CONCURRENCE
PROGRAM ANALYSIS		X	X	DUE DATE: 10/06
NSC PLANNING		X	X	COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
CONGRESSIONAL				
OCEANS POLICY				
INTELLIGENCE		X	X	

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
10/1			✓	<u>Davis sig memo to DeWitt & Key</u>	



DISPATCH Done Max 10/1

CY RQMTS: SEE ABOVE PLUS: _____

NOTIFY _____ & DATE _____ BY _____

SPECIAL DISPOSITION: _____

CROSS REF W/ 7403704

SUSPENSE CY ATTACHED: _____ FOLDER: _____

MICROFILM & FILE RQMTS:	
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→ Davis



For file

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

7403704³⁶
ADD ON

September 6, 1974

MEMORANDUM FOR THE RECIPIENTS OF NSSM 209

SUBJECT: NSSM 209: Addition of Addressee

The Director, Arms Control and Disarmament Agency, should be added as an addressee of NSSM 209 issued September 5, 1974.


Jeanne W. Davis
Staff Secretary



MICROFILM	DATA
DO <input checked="" type="checkbox"/>	
	INIT _____
	DATE _____
SEP 17 1974	
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TO)	PRE _____
	REV _____
	STAT <input checked="" type="checkbox"/>
	NSSM 209

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 019150

REASON FOR WITHDRAWAL National security restriction

TYPE OF MATERIAL Form

TITLE NSC Distribution Requirements: Profile
& Record

CREATION DATE 09/06/1974

VOLUME 1 page

COLLECTION/SERIES/FOLDER ID . 039800389

COLLECTION TITLE U.S. NATIONAL SECURITY COUNCIL
INSTITUTIONAL RECORDS

BOX NUMBER 31

FOLDER TITLE NSSM 209 - Future Uranium Enrichment in
the U.S. (2)

DATE WITHDRAWN 11/09/2004

WITHDRAWING ARCHIVIST HJR

open with portions exempted
DR 11/9/04

MEMO/LETTER: SUBJECT: NSSM 209: Additon of Addressee

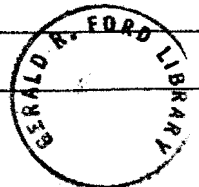
CLASSIFICATION: TS S C (LOU) (NO DIS)
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| | MR FROEBE |
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| | MR SMITH |
| | 1 DR ELLIOTT |
| 1 MR LODAL | |
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| CMDR HIGGINS | |
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| | MR HORAN |
| MR LEHMAN | |

EXTERNAL DISTRIBUTION:

Addressee	# Cys	Date	Time	Recipient
VICE-PRESIDENT				
SECRETARY OF STATE				
DEPUTY SEC. OF STATE	1	9/7/74	10:00	Bentel
SECRETARY OF DEFENSE	1			
DEPUTY SEC. OF DEFENSE		9/7/74	1332	
CHAIRMAN, JCS	1	9/7/74	1332	
DIRECTOR, CIA	1	9-9-74	0935	
Director, OMB	1			
Exec. Director, CIEP	1	9/10/74	7:40	Lydia M. Mauland
Sec. of Treasury Room Attn: Gerald Nensel 4330	1	9/9/74	11:50	Elaine V. McClurg
Sec. of Commerce Rm. 5854 14th & Constitution	1	9/9/74	10:55	Bonnie A. [unclear]
Counsellor to the Pres. Rush for Economic Policy				
Jhmn. AEC-ROOM 1154 1717 H Street	1	9/9/74	10:15 AM	[unclear]
Administrator, FEA Room 12th and PA. Ave 3400	1	9/9/74	10:45 AM	Marilyn K. Jones



NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
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REASON FOR WITHDRAWAL National security restriction

TYPE OF MATERIAL Form

TITLE NSC Distribution Requirements: Profile
& Record

CREATION DATE 09/06/1974

VOLUME 1 page

COLLECTION/SERIES/FOLDER ID . 039800389

COLLECTION TITLE U.S. NATIONAL SECURITY COUNCIL
INSTITUTIONAL RECORDS

BOX NUMBER 31

FOLDER TITLE NSSM 209 - Future Uranium Enrichment in
the U.S. (2)

DATE WITHDRAWN 11/09/2004

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12/11/04

NSC DISTRIBUTION REQUIREMENTS: PROFILE & RECORD

LOG #: 32
 DATE: 9/6/74
 CABLE #:

MEMO/LETTER; SUBJECT: NSSM 209: Additon of Addressee

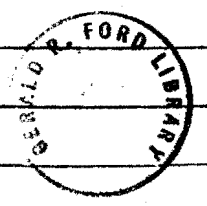
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| <u>1</u> GEN SCOWCROFT | | |
| <u>1</u> MAJ MCFARLANE | <u>1</u> MR OBER | <u>1</u> MR CLIFT |
| <u>1</u> MR JANKA | | |
| <u>1</u> MR FAZIO | <u>1</u> MRS NIEHUSS | <u>1</u> MR FROEBE |
| <u>10</u> MRS DAVIS | | <u>1</u> MR SOLOMON |
| <u>1</u> MR BARNUM | <u>1</u> MR KENNEDY | <u>1</u> MR QUINN |
| <u>1</u> MISS FARRAR | <u>1</u> COL GRANGER | <u>1</u> MR STEARMAN |
| | <u>1</u> MR SMITH | |
| <u>1</u> MR LODAL | <u>1</u> DR ELLIOTT | |
| <u>1</u> MR HUBERMAN | | |
| <u>1</u> COL BOVERIE | <u>1</u> MR MOE | |
| <u>1</u> CMDR HIGGINS | <u>1</u> MR LOW | |
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SECRETARY OF STATE				
DEPUTY SEC. OF STATE	1	9/7/74	10:08	Bentel
SECRETARY OF DEFENSE	1			
DEPUTY SEC. OF DEFENSE				
CHAIRMAN, JCS	1			
DIRECTOR, CIA	1	9-9-74	0935	[REDACTED]
Director, OMB	1	9-9-74	10:20	J. Key
Exec. Director, CIEP	1			
Sec. of Treasury Room Attn: Gerald Nensel 4330	1			
Sec. of Commerce Rm. 5854 14th & Constitution	1			
Counsellor to the Pres. Rush for Economic Policy	1	9/9	10:22	Abulezynski
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1717 H Street				
Administrator, FEA Room 12th and PA. Ave 3400	1			



NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
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REASON FOR WITHDRAWAL National security restriction

TYPE OF MATERIAL Form

TITLE NSC Distribution Requirements: Profile
& Record

CREATION DATE 09/06/1974

VOLUME 1 page

COLLECTION/SERIES/FOLDER ID . 039800389

COLLECTION TITLE U.S. NATIONAL SECURITY COUNCIL
INSTITUTIONAL RECORDS

BOX NUMBER 31

FOLDER TITLE NSSM 209 - Future Uranium Enrichment in
the U.S. (2)

DATE WITHDRAWN 11/09/2004

WITHDRAWING ARCHIVIST HJR

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- 1 MR LODAL
- MR HUBERMAN
- COL BOVERIE
- CMDR HIGGINS
- MR LEHMAN
- MR ELLERMAN
- MR OBER
- MRS NIEHUSS
- 1 MR KENNEDY
- COL GRANGER
- MR SMITH
- 1 DR ELLIOTT
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SECRETARY OF STATE				
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SECRETARY OF DEFENSE	1			
DEPUTY SEC. OF DEFENSE		9/7/74	1332	
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DIRECTOR, CIA	1	9-9-74	0935	
Director, OMB	1			
Exec. Director, CIEP	1	9/10/74	7:40	Ernie M. Mauland
Sec. of Treasury Room 4330 Attn: Gerald Nensel	1	9/9/74	11:00	Elaine V. McClurg
Sec. of Commerce Rm. 5854 14th & Constitution	1	9/9/74	10:55	Bonnie A. White
Counsellor to the Pres. Rush for Economic Policy				
Chmn. AEC-ROOM 1154 1717 H Street	1	9/9/74	10:15 AM	W. B. Banting Jr
Administrator, FEA Room 3400 12th and PA. Ave	1	9/9/74	10:45 AM	Marilyn K. Jones



NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
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TYPE OF MATERIAL Form

TITLE NSC Distribution Requirements: Profile
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CREATION DATE 09/06/1974

VOLUME 1 page

COLLECTION/SERIES/FOLDER ID . 039800389

COLLECTION TITLE U.S. NATIONAL SECURITY COUNCIL
INSTITUTIONAL RECORDS

BOX NUMBER 31

FOLDER TITLE NSSM 209 - Future Uranium Enrichment in
the U.S. (2)

DATE WITHDRAWN 11/09/2004

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HJR 11/9/04

MEMO/LETTER: SUBJECT: NSSM 209: Additon of Addressee

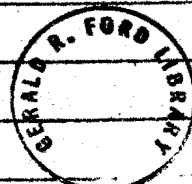
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| MR BARNUM | | MR SOLOMON |
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| | COL GRANGER | MR STEARMAN |
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SECRETARY OF STATE				
DEPUTY SEC. OF STATE	1	9/7/74	10:18	Bentel
SECRETARY OF DEFENSE	1			
DEPUTY SEC. OF DEFENSE				
CHAIRMAN, JCS	1			
DIRECTOR, CIA	1	9-9-74	0935	
Director, OMB	1	9-9-74	10:00	A. Keay
Exec. Director, CIEP	1			
Sec. of Treasury Room Attn: Gerald Nensel 4330	1			
Sec. of Commerce Rm. 5854 14th & Constitution	1			
Counsellor to the Pres Rush for Economic Policy	1	9/9	10:20	ABulezynski
Chmn. AEC-ROOM 1154	1			
1717 H Street				
Administrator, FEA Room 12th and PA. Ave	1			



NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~/GDS

September 5, 1974

National Security Study Memorandum 209

TO: The Secretary of Defense
 The Director, Office of Management and Budget
 The Deputy Secretary of State
 The Director of Central Intelligence
 The Chairman, Atomic Energy Commission
 The Executive Director, Council on International Economic Policy

SUBJECT: Policy on the Development of Future Uranium
 Enrichment Capacity

The President has directed that the issues associated with a shift to private ownership of part of our future uranium enrichment capacity be reexamined. The study should consider but not be limited to the following:

What is the outlook for private sector assumption of the enrichment business with present and prospective technologies?

What are the prospects for adequate production resources being developed to meet the long-term projected increasing demand for uranium enrichment facilities?

What governmental actions (and associated costs) would be required to facilitate private entry and to ensure future supply?

What would be the implications of private control of enrichment for U.S. foreign policy, trade and energy policies, domestic and international nuclear safeguards, and non-proliferation?

What are the costs and implications of the U.S. governmental commitments to worldwide supply, assurance of timely availability, and nondiscriminatory access? How can it be ensured that the private sector would meet and sustain such commitments, and what would be the foreign policy implications if these commitments were not met?

DECLASSIFIED

~~CONFIDENTIAL~~/GDS

AUTHORITY NSC Status Report 5/5/98
 BY H12 NLF, DATE 10/7/04



What are the prospects and implications (for example, for trade benefits and proliferation) if private activity were to result in business arrangements abroad through which enriching technology becomes subject to transfer, sale or licensing?

Can satisfactory oversight of private industry be established and adequate mechanisms developed to facilitate the planning and long-range actions necessary to maintain the appropriate U.S. stockpile of enriched uranium?

What are the organizational alternatives to private assumption of enriching services? (Each alternative should include discussion of its legislative, cost, and budget implications, probable Congressional and utility reaction, and impact on the nuclear industry.)

Based on the above analysis and other relevant factors, the study should outline the policy options open to the President and their advantages and disadvantages.

This study should be carried out by an Ad Hoc Group comprised of representatives of the addressees and the NSC staff and chaired by the representative of the Atomic Energy Commission. The study should be conducted on a close-hold basis. It should be forwarded to the President for his consideration no later than October 1, 1974.


Henry A. Kissinger

cc: The Secretary of the Treasury
The Secretary of Commerce
Counsellor to the President for Economic Policy
The Administrator, Federal Energy Administration
The Chairman, Joint Chiefs of Staff



NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

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REASON FOR WITHDRAWAL National security restriction

TYPE OF MATERIAL Form

TITLE NSC Distribution Requirements: Profile
& Record

CREATION DATE 09/05/1974

VOLUME 1 page

COLLECTION/SERIES/FOLDER ID . 039800389

COLLECTION TITLE U.S. NATIONAL SECURITY COUNCIL
INSTITUTIONAL RECORDS

BOX NUMBER 31

FOLDER TITLE NSSM 209 - Future Uranium Enrichment in
the U.S. (2)

DATE WITHDRAWN 11/09/2004

WITHDRAWING ARCHIVIST HJR

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11/2 11/9/04

MEMO/LETTER: SUBJECT: Policy on the Development of Future Uranium Enrichment Capacity
NSSM 209

CLASSIFICATION: CONFIDENTIAL (CABLES ONLY: FROM: _____ TO: _____)

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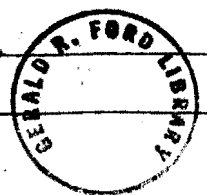
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| _____ MR COOPER | _____ MR BUSHNELL | _____ |
| <u>1</u> SECRETARY KISSINGER | _____ MR OBER | _____ MR CLIFT |
| <u>1</u> GEN SCOWCROFT | _____ MR SAUNDERS | _____ MR FROEBE |
| _____ MAJ MCFARLANE | _____ MR QUANDT | _____ MR SOLOMON |
| _____ MR JANKA | _____ MR APPLEBAUM | _____ MR QUINN |
| _____ MR FAZIO | _____ | _____ MR STEARMAN |
| <u>10</u> MRS DAVIS | <u>1</u> MR KENNEDY | _____ MR SMYSER |
| _____ MR BARNUM | _____ LTC STUKEL | _____ |
| _____ MISS FARRAR | _____ MR SMITH | _____ |
| _____ | <u>1</u> DR ELLIOTT | _____ |
| <u>1</u> MR LODAL | _____ MR GUHIN | _____ |
| _____ MR HUBERMAN | _____ MR MOE | _____ |
| _____ COL BOVERIE | _____ MR LOW | _____ |
| _____ CMDR HIGGINS | _____ | _____ |
| _____ MR POWERS | _____ | _____ |
| _____ | _____ MR HORAN | _____ |
| _____ MR LEHMAN | _____ | _____ |

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EXTERNAL DISTRIBUTION:

Addressee	#Cvs	Date	Time	Recipient
VICE-PRESIDENT				
SECRETARY OF STATE				
DEPUTY SEC. OF STATE	<u>1</u>	<u>6 Sept</u>	<u>2:30</u>	<u>James Chatman</u>
SECRETARY OF DEFENSE	<u>1</u>	<u>5 Sept</u>	<u>1518</u>	<u>Hubert Palmer</u>
DEPUTY SEC. OF DEFENSE				
CHAIRMAN, JCS	<u>1</u>	<u>5 Sept</u>	<u>1518</u>	<u>Hubert Palmer</u>
DIRECTOR, CIA	<u>1</u>	<u>5 Sept</u>	<u>2000</u>	<u>[REDACTED]</u>
Director, OMB	<u>1</u>	<u>6 Sept</u>	<u>11:45</u>	<u>A. Key</u>
Executive Director, CIEP	<u>1</u>	<u>6 Sept</u>	<u>1537</u>	<u>Lita C. Johnson</u>
Sec. of Treasury Attn: Gerald Nensel Rm. 4330 Main Treasury	<u>1</u>	<u>6 Sept</u>	<u>1:15</u>	<u>Shirley Armstrong</u>
Secretary of Commerce rm. 5854 14-Constitution	<u>1</u>	<u>9/6</u>	<u>12:55</u>	<u>Palman M. Parks</u>
Counsellor to Pres for Economic Policy Rush	<u>1</u>	<u>9/6</u>	<u>11:46</u>	<u>Carol Reid</u>
Chairman, AEC 1717 H Street, Rm 1154	<u>1</u>	<u>9/6</u>	<u>12:20</u>	<u>W. Owen</u>
Administrator, FEA Room 3400-12and PA. Ave.	<u>1</u>	<u>9/6</u>	<u>1:10</u>	<u>A. M. M. M.</u>



34

Machine sign

(Gen S has seen)

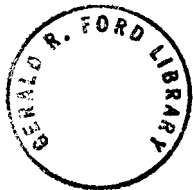


1) # of date 1988M
3/8

2) u/s

3) send copy to
Cumber (6000)
w/ usual clut.

4) dispatch



3h

NATIONAL SECURITY COUNCIL

Sept. 5, 1974

Col. Kennedy:

For your comments and/or concurrence
prior to dispatch.



JWDavis

Concur in dispatch NSSM 209
W. S. S. S.

THE WHITE HOUSE
WASHINGTON

September 3, 1974

~~CONFIDENTIAL~~/GDS

MEMORANDUM FOR: SECRETARY KISSINGER
ROY L. ASH

FROM: JERRY H. JONES

SUBJECT: Uranium Enrichment

Your memoranda to the President on the above subject have been reviewed. Secretary Kissinger's recommendation -- that a study of policy issues relating to private ownership of our future uranium enrichment capacity be conducted in coordination with OMB and other interested agencies and departments -- was approved provided the decision can be made within 60 days.

Please follow-up with the appropriate action.

Thank you.

Attachments

cc: Al Haig



~~CONFIDENTIAL~~/GDS

HR 10/7/04

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ACTION

~~CONFIDENTIAL~~/GDS

X-3704

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER

SUBJECT: Assumption of Uranium Enrichment by
the Private Sector

With regard to Roy Ash's proposal concerning the movement of future enriched uranium production from the government into the private sector, I believe that a number of important questions must be addressed. These questions relate, for example, to the potential security and safeguard problems connected with the multiplication of domestic enrichment facilities outside direct government control, the foreign policy implications of altering our intergovernmental relationships and commitments in the nuclear fuel area, the increased risk of foreign nuclear weapon proliferation if private international trading in enrichment technology develops, the implication of possible radical new enrichment technology, and finally the possible impact on the surety of U.S. energy supply.

The countervailing issues are, of course, the budgetary implications of any new governmental construction and the desire to minimize direct government involvement in commerce. At this point, however, the private commitment is very tentative and there is a strong likelihood that government subsidy may have to be provided, at least during a transition phase.

In light of the complexity of this issue and the considerable uncertainty that exists on it within the government and private sector, it would seem advisable to examine further the policy issues relating to private ownership of our future uranium enrichment capacity. The study would be very closely held so as not to disturb any discussions now underway.

With your approval, I will issue the study request at Tab A. The study will be conducted in coordination with OMB and other interested agencies and departments and forwarded for your consideration.

APPROVE *HAK*

DISAPPROVE _____

~~CONFIDENTIAL~~/GDS

HR 1017104



THE WHITE HOUSE

3684
3m

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 26, 1974

Time:

FOR ACTION: Brent Scowcroft

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Thursday, August 29, 1974

Time: 5:00 p.m.

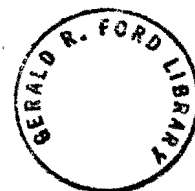
SUBJECT:

Zarb/Ash memo (8/22/74) re: Endorsement of present policy to move responsibility for future uranium enrichment capacity to private industry

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jerry H. Jones
Staff Secretary

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 22 1974

MEMORANDUM FOR THE PRESIDENT

THROUGH: ROY L. ASH

FROM: FRANK G. ZARB

SUBJECT: Endorsement of present policy to move responsibility for future uranium enrichment capacity to private industry

AEC's capacity to enrich uranium fuel for nuclear powerplants is now fully committed, and therefore AEC is no longer taking orders. In anticipation of this, the Government, beginning in 1971, took a strong public position that the enrichment of uranium need no longer be a Governmental function and that the responsibility for providing additional capacity for the 1980's and beyond can and should be undertaken by private industry.

Industry has responded seriously to this challenge (one firm is ready to take orders as a basis for commitment to a \$2.8 billion plant) but is encountering obstacles, as follows:

• Industry's terms and conditions for future supply do not appear to be as attractive as those now provided by AEC because industry must price its product to reflect real costs, and AEC has not been able to do this because of statutory limitations. Therefore the electric utility customers have so far been hesitant to buy the services now being offered; they appear to want to force the Government to build additional capacity.

• The utilities' posture is encouraged by the facts that some congressional attitudes on private entry range from apathy to opposition and that Craig Hosmer is advocating a Government corporation to operate the existing AEC plants and build new plants. Such a Government corporation would effectively terminate private interest and would probably perpetuate uranium enrichment as a Government function for decades to come. Such an outcome would have a severely adverse impact on the Federal budget, amounting to billions of dollars in this decade alone.

Despite the difficulties enumerated, AEC and we are persevering in our efforts to bring about private entry within the next 8-10 months. We are proceeding on the assumption that the course which we are now pursuing reflects your own views.

Agree _____

Disagree _____

See me _____



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

3704X

~~CONFIDENTIAL~~

August 29, 1974

MEMORANDUM FOR:

JERRY JONES

FROM:

BRENT SCOWCROFT *BS*

SUBJECT:

Comments on the Ash/Zarb Memo
on Uranium Enrichment

Secretary Kissinger believes that important policy questions should be addressed prior to a decision on reaffirming USG policy to move uranium enrichment services to the private sector. He requests that the attached memorandum, proposing an interagency study on the issues involved, be forwarded to the President as a companion to the Ash memorandum.

Attachment

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/98, STATE DEPT. GUIDELINES
BY *HR*, DATE 10/7/04



MEMORANDUM

NATIONAL SECURITY COUNCIL

X-3704

August 28, 1974

~~CONFIDENTIAL~~/GDS

MEMORANDUM FOR: GENERAL SCOWCROFT

FROM: DAVID ELLIOTT *D.E.*

SUBJECT: Raising the Issue of Private Uranium Enrichment

Roy Ash is seeking reconfirmation of Presidential approval to move future uranium enrichment production into the private sector. His memorandum to the President on this subject has been referred to you for comment (Tab B).

Since HAK wants this matter to be the subject of a NSSM, you can use the vehicle of an NSC reaction to this Ash memorandum to seek Presidential approval for such a study.

The memorandum from HAK to the President at Tab 1., along with the attached note to Jerry Jones, would put our case for a study and, by implication, opposition to immediate approval of the Ash memorandum.

Dick Kennedy concurs (Clint Granger for).

RECOMMENDATION:

That you request HAK's signature to the Presidential memorandum at Tab 1.



~~CONFIDENTIAL~~/GDS

HR 1017/04

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

CONFIDENTIAL/GDS

National Security Study Memorandum

TO: The Secretary of Defense
The Director, Office of Management and Budget
The Deputy Secretary of State
The Director of Central Intelligence
The Chairman, Atomic Energy Commission
The Director, Council on International Economic Policy

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity

The President has directed that the issues relating to the policy of private ownership of our future uranium enrichment capacity be re-examined. The study should review but not be limited to the following questions:

What is the outlook for private sector assumption of the enrichment business with present and prospective technologies?

What are the prospects for adequate resources being available to meet the long-term projected increasing demand for uranium enrichment facilities?

What governmental actions (and associated costs) are necessary to facilitate private entry and to ensure future supply?

What would be the implications of private control of enrichment for U.S. foreign policy, trade and energy policies, domestic and international nuclear safeguards, non-proliferation, and other relevant objectives?

What are the costs and implications of the U.S. governmental commitments to worldwide supply, assurance of timely availability, and nondiscriminatory access? How can it be ensured that the private sector would meet and enforce such commitments, and what would be the foreign policy implications if these commitments were not met?

CONFIDENTIAL/GDS

HR 10/7/04



What are the prospects and implications (for example, for trade benefits and proliferation problems) if private activity led to business deals abroad in which all enriching technology becomes subject to transfer, sale, or licensing?

Can sufficient insights into private industry be obtained or adequate mechanisms be developed to allow the planning and long-range actions necessary to maintaining the appropriate U.S. stockpile of enriched uranium?

What are the organizational alternatives to private assumption of enriching services? (Each alternative should include discussion of its legislative, cost, and budget implications, probable congressional and utility reaction, and impact on the nuclear industry.)

Based on the above analysis and other relevant factors, the study should outline the broad options open to the President and their advantages and disadvantages.

This study should be carried out by an Ad Hoc Group comprised of representatives of the addressees and chaired by the representative of the Atomic Energy Commission. The fact of this study should be closely held. The study should be forwarded to the President for his consideration no later than October 1, 1974.

Henry A. Kissinger

cc: The Secretary of the Treasury
The Secretary of Commerce
Counsellor to the President for Economic Policy
The Administrator, Federal Energy Administration
The Chairman, Joint Chiefs of Staff



MEMORANDUM

X3704

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

MEMORANDUM FOR: JERRY JONES
FROM: BRENT SCOWCROFT
SUBJECT: Comments on the Ash/Zarb Memo on Uranium Enrichment

Secretary Kissinger believes that ~~an~~ important policy question ~~is~~ at stake in the matter raised by Roy Ash and desires that the attached memorandum, proposing an interagency study on the issues ~~raised~~ by moving uranium enrichment into the private ~~sector~~, be forwarded ~~concurrently~~ to the President *as a companion* ~~to the Ash memorandum~~ *involved,*

should
not be addressed prior to a discussion *on* ~~the~~ *ing* ~~reaffirming~~ *ing* U.S.G. policy ~~to return~~ *to* ~~where~~ *where* uranium enrichment services to the private sector. He requests



~~CONFIDENTIAL~~/GDS
HR 10/7/04

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

CONFIDENTIAL/GDS

X-3704

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY A. KISSINGER
SUBJECT: Assumption of Uranium Enrichment
by the Private Sector

enriched
With regard to Roy Ash's proposal concerning the movement of future uranium enrichment production from the government into the private sector, I believe that a number of important questions must be addressed. These questions relate, for example, to the potential security and safeguard problems connected with the multiplication of domestic enrichment facilities outside direct government control, the foreign policy implications of altering our ^{11/14} governmental relationships and commitments in the nuclear fuel area, the increased risk of foreign nuclear weapon proliferation if private international trading in enrichment technology develops, and finally the possible impact on the surety of U.S. energy supply.

the implication of possible radical new enrichment technology

The countervailing issues are, of course, the budgetary implications of any new governmental construction and the desire to minimize direct government involvement in commerce. At this point, however, the private commitment is very tentative and there is a strong likelihood *that* of ~~having to provide~~ government subsidy at least during a transition phase.

may have to be provided

In light of the complexity of this issue and the considerable uncertainty that exists on it within the government and private sector, it would seem advisable to examine further the policy issues relating to private ownership of our future uranium enrichment capacity. The study would *very* be closely held so as not to disturb any discussions now underway.

With your approval, I will issue the study request at Tab A. The study will be conducted in coordination with OMB and other interested agencies and departments and forwarded for your consideration.

APPROVE _____

DISAPPROVE _____



CONFIDENTIAL/GDS

HR 161704

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~/GDS

X-3704

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER

SUBJECT: Assumption of Uranium Enrichment
by the Private Sector

With regard to Roy Ash's proposal concerning the movement of future uranium enrichment production from the government into the private sector, I believe that a number of important questions must be addressed. These questions relate, for example, to the potential security and safeguard problems connected with the multiplication of domestic enrichment facilities outside direct government control, the foreign policy implications of altering our governmental relationships and commitments in the nuclear fuel area, the increased risk of foreign nuclear weapon proliferation if private international trading in enrichment technology develops, and finally the possible impact on the surety of U.S. energy supply.

The countervailing issues are, of course, the budgetary implications of any new governmental construction and the desire to minimize direct government involvement in commerce. At this point, however, the private commitment is very tentative and there is a strong likelihood of having to provide government subsidy at least during a transition phase.

In light of the complexity of this issue and the considerable uncertainty that exists on it within the government and private sector, it would seem advisable to examine further the policy issues relating to private ownership of our future uranium enrichment capacity. The study would be closely held so as not to disturb any discussions now underway.

With your approval, I will issue the study request at Tab A. The study will be conducted in coordination with OMB and other interested agencies and departments and forwarded for your consideration.

APPROVE _____

DISAPPROVE _____



~~CONFIDENTIAL~~/GDS

KTR 10/17/04

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

CONFIDENTIAL/GDS

National Security Study Memorandum

TO: The Secretary of Defense
The Director, Office of Management and Budget
The Deputy Secretary of State
The Director of Central Intelligence
The Chairman, Atomic Energy Commission
The Director, Council on International Economic Policy

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity

The President has directed that the issues ^{associated with a shift to} ~~relating to the policy of~~ private ownership ^{of} our future uranium enrichment capacity be re-examined. The study should ^{consider} review but not be limited to the following questions:

What is the outlook for private sector assumption of the enrichment business with present and prospective technologies?

What are the prospects for adequate ^{production} resources being ^{developed} available to meet the long-term projected increasing demand for uranium enrichment facilities?

What governmental actions (and associated costs) ^{would be required} are necessary to facilitate private entry and to ensure future supply?

What would be the implications of private control of enrichment for U.S. foreign policy, trade and energy policies, domestic and international nuclear safeguards, non-proliferation, ^{and} ~~and other relevant objectives?~~

What are the costs and implications of the U. S. governmental commitments to worldwide supply, assurance of timely availability, and nondiscriminatory access? How can it be ensured that the private sector would meet and ^{enforce} such commitments, and what would be the foreign policy implications if these commitments were not met?

CONFIDENTIAL/GDS

NR 10/7/04



What are the prospects and implications (for example, for trade benefits and proliferation problems) if private activity ^{arrangements through} led to ^{were to result} business deals abroad in which ~~an~~ enriching technology becomes subject to transfer, sale, or licensing?

Can ^{satisfactory oversight of private industry be established and} sufficient insights into private industry be obtained or adequate mechanisms be developed to allow the planning and long-range actions necessary to maintaining the appropriate U. S. stockpile of enriched uranium?

What are the organizational alternatives to private assumption of enriching services? (Each alternative should include discussion of its legislative, cost, and budget implications, probable congressional and utility reaction, and impact on the nuclear industry.)

Based on the above analysis and other relevant factors, the study should outline the ^{cc 10/1/74} broad options open to the President and their advantages and disadvantages.

This study should be carried out by an Ad Hoc Group comprised of representatives of the addressees and chaired by the representative of the Atomic Energy Commission. The fact of this study should be ^{conducted on} closely held. ^{a close-hold basis} The study should be forwarded to the President for his consideration no later than October 1, 1974.

Henry A. Kissinger

- cc: The Secretary of the Treasury
- The Secretary of Commerce
- Counsellor to the President for Economic Policy
- The Administrator, Federal Energy Administration
- The Chairman, Joint Chiefs of Staff



~~CONFIDENTIAL~~/GDS

2

What are the prospects and implications (for example, for trade benefits and proliferation) if private activity were to result in business arrangements abroad through which enriching technology becomes subject to transfer, sale, or licensing?

Can satisfactory oversight of private industry be established and adequate mechanisms developed to facilitate the planning and long-range actions necessary to maintain the appropriate U.S. stockpile of enriched uranium?

What are the organizational alternatives to private assumption of enriching services? (Each alternative should include discussion of its legislative, cost, and budget implications, probable congressional and utility reaction, and impact on the nuclear industry.)

Based on the above analysis and other relevant factors, the study should outline the policy options open to the President and their advantages and disadvantages.

This study should be carried out by an Ad Hoc Group comprised of representatives of the addressees, and chaired by the representative of the Atomic Energy Commission. The study should be conducted on a close-hold basis. It should be forwarded to the President for his consideration no later than October 1, 1974.

Henry A. Kissinger

cc: The Secretary of the Treasury
The Secretary of Commerce
Counsellor to the President for Economic Policy
The Administrator, Federal Energy Administration
The Chairman, Joint Chiefs of Staff



~~CONFIDENTIAL~~/GDS

NSC CORRESPONDENCE PROFILE

DOC		RECD			LOG NBR	INITIAL ACTION O
MO	DA	MO	DA	HR		
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TO: PRES _____ FROM: KISSINGER, H _____ S/S _____ UNCLAS LOG IN/OUT _____

KISSINGER _____ COLBY, W _____ OTHER _____ LBU NO FORN NODIS _____

SCOWCROFT *+* _____ SCHLESINGER, J _____ C EYES ONLY EXDIS _____

DAVIS _____ ST EX SEC _____ S CODEWORD _____

TS SENSITIVE _____

SUBJECT: *Assessment of Uranium Enrichment by Private Sector Ask Park Memo Dtd 22 Aug 74 - LA*

INTERNAL ROUTING AND DISTRIBUTION			REC CY FOR	ACTION REQUIRED
	ACTION	INFO		
ADVANCE CYS TO HAK/SCOWCROFT				MEMO FOR HAK ()
STAFF SECRETARY				MEMO FOR PRES ()
FAR EAST				REPLY FOR ()
SUB-SAHARAN AFRICA				APPROPRIATE ACTION ()
MID EAST / NO. AFRICA / SO. ASIA				MEMO TO ()
EUROPE / CANADA				RECOMMENDATIONS ()
LATIN AMERICA				JOINT MEMO ()
UNITED NATIONS				REFER TO FOR ()
ECONOMIC				ANY ACTION NECESSARY? ()
SCIENTIFIC				CONCURRENCE ()
PROGRAM ANALYSIS				DUE DATE: _____
NSC PLANNING				
CONGRESSIONAL				COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
OCEANS POLICY				
INTELLIGENCE				

Iran

XV NSDM 250

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
8/28				<i>Final by 7403684</i>	
8/28				<i>Scuft & Pres for decision 9-4</i>	
9/04		Pres	P	<i>approve recon</i>	
9/04				<i>Pres approved USSM</i>	
9/5				<i>HAK yd NSM 209</i>	
9/5			C	<i>Dispatched by IL</i>	

DISPATCH _____

CY RQMTS: SEE ABOVE PLUS: _____

NOTIFY _____ & DATE _____ BY _____ M/F'D _____ BY _____

SPECIAL DISPOSITION: _____

CROSS REF W/ *740 3684 - no suspense*

SUSPENSE CY ATTACHED: _____ FOLDER: _____

MICROFILM & FILE RQMTS: _____

SEP 11 1974

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3349

4a

MEMORANDUM

NATIONAL SECURITY COUNCIL

CONFIDENTIAL/GDS

August 12, 1974

NOTE FOR: BUD McFARLANE

FROM: MICHAEL GUHIN *MB*

I have revised the proposed memorandum to Roy Ash (Tab A) along the lines you suggested. Also, rather than forward to Ash an attachment discussing some of the questions which should be addressed, I have simply extracted a few basic questions from Elliott's attachment and incorporated them into the letter.

Please let me know if you have any further problems.



CONFIDENTIAL/GDS

HTR 10/17/04

3349
46

THE WHITE HOUSE
WASHINGTON

August 10, 1974

Jeanne Davis

Could we go back to the boards on this one?

Thanks

Bud



40

MEMORANDUM

Action

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

August 9, 1974

MEMORANDUM FOR: GENERAL SCOWCROFT
FROM: DAVID ELLIOTT *D.E.*
SUBJECT: Raising the Issue of Private Uranium Enrichment

Attached is a package which has been prepared to facilitate HAK's intervention in the question of private assumption of the provision of uranium enrichment services. It lays out the valid reasons for NSC concern. If you can suggest other reasons as well, they should be incorporated.

This approach is consistent with the views Dick Kennedy expressed to you before.

If you wish, this matter can be raised with the OMB staff to help set the stage for receipt of the HAK to Ash memorandum.

~~CONFIDENTIAL/GDS~~*HR 10/7/04*

Uranium file 3349
4d

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

August 8, 1974

MEMORANDUM FOR: SECRETARY KISSINGER
FROM: DAVID D. ELLIOTT *D.E.*
SUBJECT: Raising the Issue of Private Uranium Enrichment

As you directed, I have developed a proposal for reopening the question of the advisability of moving uranium enrichment into the private sector.

Because this policy relates in larger part to domestic rather than foreign policy, and to the budget, it will be necessary to reach an accommodation with OMB as to the nature and scope of any study. The memorandum to Roy Ash at Tab A would set forth your concerns regarding our present policy and your reasons why a reexamination of this policy is in order.

If OMB is willing to work with us, we should be able jointly to flesh out an appropriate study directive.

Dick Kennedy concurs. *[Signature]*

RECOMMENDATION:

That you sign the memorandum to Roy Ash at Tab A.

H.A.K. said "Let's make NSC effort" 8/21/74



~~CONFIDENTIAL/GDS~~

HR 1017104

4e

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~/GDS

MEMORANDUM FOR

THE DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: Assumption of Uranium Enrichment
by the Private Sector

There have been serious questions in my mind for some time over the concept of moving uranium enrichment into the private sector. My concerns relate to the security and safeguard problems associated with the proliferation of domestic enrichment facilities outside direct government control, the foreign policy implications of altering our governmental relationships and commitments, the increased foreign proliferation risk associated with private international trading in enrichment technology, and finally the impact on the surety of U.S. energy supply.

The countervailing issues are, of course, the budgetary implications of new governmental construction and the desire to minimize direct government involvement in commerce. At this point, however, the private commitment is very tentative and there is a strong likelihood of having to provide government subsidy at least during a transition phase.

In light of the complexity of this issue and the considerable uncertainty that exists on it within the government and private sector, it would seem advisable to me that we jointly seek Presidential approval for a study of the issues relating to private ownership of our uranium enrichment capacity. The study should be closely held so as not to disturb any discussions now underway.

Some of the basic questions I believe should be addressed in the study are:

Would U.S. foreign policy, nuclear safeguards, and non-proliferation objectives be better served by public or private control of enrichment?

How can we ensure that the private sector would meet and enforce the U.S. governmental commitments to worldwide supply, assurance



~~CONFIDENTIAL~~/GDS

HR 10/7/04

of timely availability, and nondiscriminatory access? What would be the foreign policy implications if these commitments were not met by the private sector?

Would private activity inevitably lead to business deals abroad in which laser enriching technology is transferred, sold, or licensed, thereby speeding the advent of a global proliferation problem?

Can sufficient insights into private industry be obtained to allow the planning and long-range actions necessary to maintaining the appropriate stockpile of enriched uranium?

These and other questions merit further examination. With your concurrence, our staffs could develop a statement of the terms of reference for a study which is mutually agreeable.

Henry A. Kissinger



4f

SC CORRESPONDENCE PROFILE

DOC		RECD		LOG NBR		INITIAL ACTION O	
MO	DA	MO	DA	HR	7403349		
08	09	08	09	13			

SOURCE/CLASS/DESCRIPTION

Elliott

TO: PRES _____ FROM: KISSINGER, H _____ S/S _____ REFERENCE: _____ CIRCLE AS APPROPRIATE

KISSINGER _____ COLBY, W _____ OTHER _____ UNCLAS LOG IN/OUT

SCOWCROFT X _____ SCHLESINGER, J _____ C _____ LOU NO FORN NODIS

DAVIS _____ ST EX SEC _____ S _____ EYES ONLY EXDIS

TS SENSITIVE

SUBJECT: *Raising Issue of Private Uranium Enrichment*

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION		REC CY FOR
	ACTION	INFO
ADVANCE CYS TO HAK/SCOWCROFT		
STAFF SECRETARY		
FAR EAST		
SUB-SAHARAN AFRICA		
MID EAST / NO. AFRICA / SO. ASIA		
EUROPE / CANADA		
LATIN AMERICA		
UNITED NATIONS		
ECONOMIC		
SCIENTIFIC		
PROGRAM ANALYSIS		
NSC PLANNING		
CONGRESSIONAL		
OCEANS POLICY		
INTELLIGENCE		

ACTION REQUIRED

MEMO FOR HAK _____ (_____)

MEMO FOR PRES _____ (_____)

REPLY FOR _____ (_____)

APPROPRIATE ACTION _____ (_____)

MEMO _____ TO _____ (_____)

RECOMMENDATIONS _____ (_____)

JOINT MEMO _____ (_____)

REFER TO _____ FOR: _____ (_____)

ANY ACTION NECESSARY? _____ (_____)

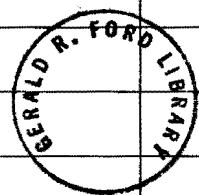
CONCURRENCE _____ (_____)

DUE DATE: _____

COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)

SUBSEQUENT ROACTIONS

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
8/09		Scowcroft	X	jud memo to HAK	
8/19		Davis	S	further action / see McFarland note	
8/12	Muhm	HAK	X	seen memo to HAK (S/S)	
9/10			C	OBE / NSSM 209 issued	



NSC/S DISP INSTR

DISPATCH _____

CY RQMTS: SEE ABOVE PLUS: _____

NOTIFY _____ & DATE _____ BY _____

SPECIAL DISPOSITION: _____

CROSS REF W/ 7403704

SUSPENSE CY ATTACHED: X FOLDER: NSSM 209

MICROFILM & FILE RQMTS:

M/F _____ BY _____

CRT ID: NOV 1974 SA SF

OPEN _____ HP NS

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PA DY

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

4816

5a

~~CONFIDENTIAL~~

October 15, 1974

MEMORANDUM FOR

THE SECRETARY OF THE TREASURY

SUBJECT: Policy on the Development of Future
Uranium Enrichment Capacity (NSSM 209)

In response to your request, Secretary Kissinger has asked me to advise you that your representative will be added to the Ad Hoc Group studying the development of future uranium enrichment capacity (NSSM 209). Chairman Ray's office will contact your representative, Mr. Tosini, directly.



Jeanne W. Davis
Staff Secretary

~~CONFIDENTIAL~~ -(GDS)

HR 10/7/04

dispatched 10/15/74 ccd



4816

5b

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

October 15, 1974

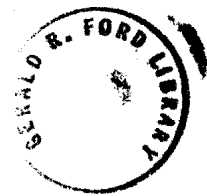
MEMORANDUM FOR

THE CHAIRMAN
UNITED STATES ATOMIC ENERGY COMMISSION

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity (NSSM 209)

Secretary Kissinger requests that a representative of the Secretary of Treasury be added to your Ad Hoc Group considering the development of future uranium enrichment capacity (NSSM 209). Secretary Simon has indicated that his representative will be Peter Tosini, Office of Energy Economics, who can be reached at 964-5808.

J. Davis
Jeanne W. Davis
Staff Secretary



dispatched 10/15/74 ccd

~~CONFIDENTIAL~~ (GDS)
KR 10/17/04



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

~~CONFIDENTIAL~~

SEP 21 1974

MEMORANDUM FOR HONORABLE HENRY A. KISSINGER
Assistant to the President for
National Security Affairs

Subject: Policy on the Development of Future Uranium Enrichment
Capacity (NSSM 209)

This is in response to your September 5 memorandum wherein you outlined the President's request for a reexamination of the issues associated with a shift to private ownership of part of our future uranium enrichment capacity.

You suggested that this study should be carried out by an Ad Hoc Group composed of representatives of the addressees of your memorandum and the National Security Council staff and chaired by the representative of the Atomic Energy Commission. We would like to add the Department of Commerce to this list for the following reasons:

- Involvement by the private (commercial) sector in this enterprise as a supplier of enriched uranium, foreign and domestic, is clearly in the area of interest to the Department.
- Export licensing, balance of trade, patent affairs, energy policies and adequate production resources are of principal concern to the Department.

Accordingly, we would appreciate being represented in this or any such Ad Hoc Group formed to outline the Presidential policy options in this area. My representative would be Ernest Loeb, Office of Energy Programs, Bureau of Resources and Trade Assistance, Office of the Assistant Secretary for Domestic and International Business, who can be reached at 967-5585.

Secretary of Commerce

~~CONFIDENTIAL~~

DECLASSIFIED

AUTHORITY Dept of Commerce Guidelines
3/21/76
BY HR NLF, DATE 10/21/04



MEMORANDUM

ACTION - 4432

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

September 30, 1974

MEMORANDUM FOR: JEANNE DAVIS

FROM: DAVID ELLIOTT *D.E.*

SUBJECT: Policy on the Development of Future
Uranium Enrichment Capacity (NSSM 209)

I have checked with AEC and they have no objection to Commerce joining the NSSM 209 study activity. I don't see any disadvantages either. We can handle this expeditiously if you would sign the two memorandums attached.

Concurrence: Richard Kennedy

Attachments - 2

1. Proposed Memo for the
Chairman, AEC
2. Proposed Memo for the
Secretary of Commerce

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, SEC. 1.5
NSC MEMO, 11/24/80, STATE DEPT. FILE
BY *HR*, NADA, DT - 10/7/04



MEMORANDUM

NATIONAL SECURITY COUNCIL

October 2, 1974

MEMORANDUM FOR: JEANNE DAVIS

FROM: DAVID ELLIOTT D.E.

SUBJECT: NSSM 209 Study

Our NSSM 209 has proven to be more popular than popped corn. Treasury has asked the AEC if it might participate in the study. Treasury has an Energy Office and a small but well informed staff. If you have no objections (I don't) perhaps you can direct notes to the Chairman, AEC, and to the Secretary of the Treasury requesting that Treasury be included in the Ad Hoc Group conducting the NSSM 209 study.

52

Toddie

Remind me to call the Treasury (800 man name?) on Monday a.m. on the phone

draw

JM

*Hold for Bureau to draw
get back to us, please*

JM



NATIONAL SECURITY COUNCIL

October 8, 1974

Mrs. Davis:

Mr. Nensel of Treasury called with the name of the Treasury representative to the Ad Hoc Group conducting the NSSM 209 study -- Mr. Peter Tosini.

Also, he wanted to remind you of his request to obtain copies of NSSM 207 and NSDM 270 both regarding Israeli Assistance.

Attachments

eddy



NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 30, 1974

~~CONFIDENTIAL~~

MEMORANDUM FOR

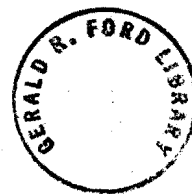
THE CHAIRMAN
UNITED STATES ATOMIC ENERGY COMMISSION

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity (NSSM 209)

Secretary Kissinger requests that a representative of the Secretary of Commerce be added to your Ad Hoc Group considering the development of future uranium enrichment capacity (NSSM 209). Secretary Dent has indicated that his representative will be Ernest Loeb, Office of Energy Programs, Bureau of Resources and Trade Assistance, Office of the Assistant Secretary for Domestic and International Business, who can be reached at 967-5585.

(SIGNED) JEANNE W. DAVIS

Jeanne W. Davis
Staff Secretary



~~CONFIDENTIAL~~ - GDS

HR 10/7/04

5h

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

CONFIDENTIAL

September 30, 1974

MEMORANDUM FOR

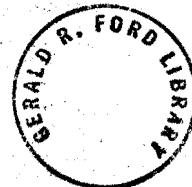
THE SECRETARY OF COMMERCE

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity (NSSM 209)

In response to your memorandum of September 21, Secretary Kissinger has asked me to advise you that your representative will be added to the Ad Hoc Group studying the development of future uranium enrichment capacity (NSSM 209). Chairman Ray's office will contact your representative, Mr. Loeb, directly.

(SIGNED) JEANNE W. DAVIS

Jeanne W. Davis
Staff Secretary



CONFIDENTIAL - GDS

HR 10/17/04

NSC CORRESPONDENCE PROFILE

DOC		RECD		LOG NBR		INITIAL ACTION O
MO	DA	MO	DA	HR		
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SOURCE/CLASS/DESCRIPTION

TO: ~~Pres~~ DAVIS FROM: KISSINGER, H
 KISSINGER _____ COLBY, W _____
 SCOWCROFT _____ SCHLESINGER, J _____
~~LEE~~ _____ ST EX SEC _____

REFERENCE: S/S _____ OTHER _____

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 LOU NO FORN NODIS
 C EYES ONLY EXDIS
 S CODEWORD
 TS SENSITIVE

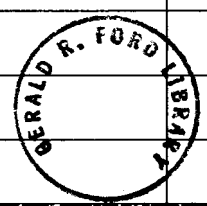
SUBJECT: *Advancing AEC to Add Rep From Treasury to NSSM 587 at hrc Group.*

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION			REC CY FOR	ACTION REQUIRED
	ACTION	INFO		
ADVANCE CYS TO HAK/SCOWCROFT				MEMO FOR HAK
STAFF SECRETARY				MEMO FOR PRES
FAR EAST				REPLY FOR
SUB-SAHARAN AFRICA				APPROPRIATE ACTION
MID EAST / NO. AFRICA / SO. ASIA				MEMO _____ TO _____
EUROPE / CANADA				RECOMMENDATIONS
LATIN AMERICA				JOINT MEMO
UNITED NATIONS				REFER TO _____ FOR: _____
ECONOMIC				ANY ACTION NECESSARY?
SCIENTIFIC			X	CONCURRENCE
PROGRAM ANALYSIS				DUE DATE:
NSC PLANNING			X	COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
CONGRESSIONAL				
OCEANS POLICY				
INTELLIGENCE				

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
10/15				C Remd Act Memo to Lee & Simon	



DISPATCH 10/15/74 to Ray & Simon etc

CY RQMTS: SEE ABOVE PLUS: _____

NOTIFY _____ & DATE _____ BY _____

SPECIAL DISPOSITION: _____

CROSS REF W/ _____

SUSPENSE CY ATTACHED: X FOLDER: _____

MICROFILM & FILE RQMTS:
 M/F'D _____ BY _____

9 OCT 17 1974
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 PA DY

MEMO/LETTER: SUBJECT: Policy on the Development of Future Uranium Enrichment Capacity
NSSM 209

CLASSIFICATION: CONFIDENTIAL (CABLES ONLY: FROM: TO:

INTERNAL DISTRIBUTION:

- SECRETARY KISSINGER
- 1 GEN SCOWCROFT
- MAJ MCFARLANE
- MR JANKA
- MR FAZIO
- 10 MRS DAVIS
- MR BARNUM
- MISS FARRAR
- 1 MR LODAL
- MR HUBERMAN
- COL BOVERIE
- CMDR HIGGINS
- MR POWERS
- MR LEHMAN
- MR COOPER
- MR BUSHNELL
- MR OBER
- MR SAUNDERS
- MR QUANDT
- MR APPLEBAUM
- 1 MR KENNEDY
- LTC STUKEL
- MR SMITH
- 1 DR ELLIOTT
- MR GUHIN
- MR MOE
- MR LOW
- MR HORAN
- MR CLIFT
- MR FROEBE
- MR SOLOMON
- MR QUINN
- MR STEARMAN
- MR SMYSER

25

EXTERNAL DISTRIBUTION:

Addressee	# Cys	Date	Time	Recipient
VICE-PRESIDENT				
SECRETARY OF STATE				
DEPUTY SEC. OF STATE	1			
SECRETARY OF DEFENSE	1			
DEPUTY SEC. OF DEFENSE				
CHAIRMAN, JCS	1			
DIRECTOR, CIA	1			
Director, OMB	1			
Executive Director, CIEP	1			
Sec. of Treasury Attn: Gerald Nensel Rm. 4330 Main Treasury	1			
Secretary of Commerce rm. 5854 14-Constitution	1			
Counsellor to Pres for Economic Policy Rush	1			
Chairman, AEC 1717 H Street, Rm 1154	1			
Administrator, FEA Room 3400-12and PA. Ave.	1			
Director, ACDA	1			



HL 11 22 0 252

9/12/74 [Signature]

NATIONAL SECURITY COUNCIL

May 5, 1975

MEMORANDUM FOR: GENERAL SCOWCROFT
FROM: DAVID ELLIOTT
SUBJECT: Uranium Enrichment and UEA

I am told that Jim Lynn may be calling you on the above topic to solicit your support for having ERDA negotiate the government support package with UEA. He will probably indicate that (1) it is OMB's expectation that this can be done in two to three weeks, and (2) it is important for the President to have this information before making the decision whether or not to propose such a support package to Congress or, alternatively, to seek Congressional authorization for the government to build the next enrichment plant. Below are some talking points you may want to use with Lynn:

- This issue has dragged on much longer than it should have and we are costing ourselves in terms of international nuclear leadership as well as nuclear sales.
- The State Department believes it would be very valuable for the U.S. to be able to clarify its position vis-a-vis uranium enrichment by the time of the IEA ministerial meeting (May 27).
- The time for negotiation might well be months rather than weeks. We could not realistically expect to get a final position from UEA until we have some idea of where the threshold lies for obtaining Administration and Congressional approval (I. e., what limit is acceptable to us for the Government liability for UEA's cost overruns, or how far are we willing to go in paying off UEA in case of "economic frustration" of the project.) It would take weeks for the Administration to establish its own position before meaningful negotiations could start with UEA. If, on the other hand, we simply ask UEA for its bottom line, ERDA says we should expect to get generalities in response.
- Bob Seamans has pretty thoroughly evaluated the UEA request and is ready now to propose to the President that we move ahead with a government plant. He does not think it would be useful to try to negotiate the support package with UEA because the basic issues are



understood and tuning the matter will not change the fundamentals. He would, of course, conduct such negotiations if directed by the President. However, inasmuch as UEA is not the only company with which we are dealing in this area, trying to accommodate UEA through negotiation will just underscore to Congress the chosen instrument character of this company, and will probably guarantee Congressional disapproval.

- Bob Seaman's proposal to build a gaseous diffusion add-on at Portsmouth, while opening the way for private entry using the new centrifuge technology, makes good technical as well as good public policy sense.
- The UEA proposition will be next to impossible to sell on the Hill because the deal looks like a risk-free monopoly propped up with Government supports, with no major commitment by the entrepreneur (6% equity investment), and little domestic support (hence the need to get 60% foreign investment).

If you decide to agree to the "negotiation" route, try to get a fixed date at which the matter must be completed (e.g., May 15). I'll bet, though, that the issue will be dragged out.



NSC CORRESPONDENCE PROFILE

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SOURCE/CLASS/DESCRIPTION

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DAVIS _____ ST EX SEC _____ OTHER _____ C EYES ONLY EXDIS

S CODEWORD

TS SENSITIVE

SUBJECT: *Vietnam Enrichment & UEA*

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION			REC CY FOR	ACTION REQUIRED
	ACTION	INFO		
ADVANCE CYS TO HAK/SCOWCROFT				MEMO FOR HAK ()
STAFF SECRETARY				MEMO FOR PRES ()
FAR EAST				REPLY FOR ()
SUB-SAHARAN AFRICA				APPROPRIATE ACTION ()
MID EAST / NO. AFRICA / SO. ASIA				MEMO TO ()
EUROPE / CANADA				RECOMMENDATIONS ()
LATIN AMERICA				JOINT MEMO ()
UNITED NATIONS				REFER TO FOR: ()
ECONOMIC				ANY ACTION NECESSARY? ()
SCIENTIFIC				CONCURRENCE ()
PROGRAM ANALYSIS				DUE DATE:
NSC PLANNING				COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
CONGRESSIONAL				
OCEANS POLICY				
INTELLIGENCE				

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
<i>5/5</i> <i>5/28</i>		<i>NBC/12</i>	<i>ax</i>	<i>Info noted by 6/10/78</i>	<i>Jordan</i>



NSC/S DISP INSTR

DISPATCH _____

CY RQMTS: SEE ABOVE PLUS: _____

NOTIFY _____ & DATE _____ BY _____

SPECIAL DISPOSITION: _____

CROSS REF W/ _____

SUSPENSE CY ATTACHED: *X* _____ FOLDER: _____

MICROFILM & FILE RQMTS:

M/F'D _____ BY _____

CRT ID: _____

OPEN _____

CLOSE _____

SA SF

HP NS

WH EP

PA DY

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 6, 1974

MEMORANDUM FOR THE RECIPIENTS OF NSSM 209

SUBJECT: NSSM 209: Addition of Addressee

The Director, Arms Control and Disarmament Agency, should be added as an addressee of NSSM 209 issued September 5, 1974.



Jeanne W. Davis
Staff Secretary



NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL/GDS~~

September 5, 1974

National Security Study Memorandum 209

TO: The Secretary of Defense
The Director, Office of Management and Budget
The Deputy Secretary of State
The Director of Central Intelligence
The Chairman, Atomic Energy Commission
The Executive Director, Council on International Economic Policy

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity

The President has directed that the issues associated with a shift to private ownership of part of our future uranium enrichment capacity be reexamined. The study should consider but not be limited to the following:

What is the outlook for private sector assumption of the enrichment business with present and prospective technologies?

What are the prospects for adequate production resources being developed to meet the long-term projected increasing demand for uranium enrichment facilities?

What governmental actions (and associated costs) would be required to facilitate private entry and to ensure future supply?

What would be the implications of private control of enrichment for U.S. foreign policy, trade and energy policies, domestic and international nuclear safeguards, and non-proliferation?

What are the costs and implications of the U.S. governmental commitments to worldwide supply, assurance of timely availability, and nondiscriminatory access? How can it be ensured that the private sector would meet and sustain such commitments, and what would be the foreign policy implications if these commitments were not met?

DECLASSIFIED

~~CONFIDENTIAL/GDS~~

AUTHORITY Nsc Status Report 5/15/98
BY 122 NLF, DATE 10/2/04



What are the prospects and implications (for example, for trade benefits and proliferation) if private activity were to result in business arrangements abroad through which enriching technology becomes subject to transfer, sale or licensing?

Can satisfactory oversight of private industry be established and adequate mechanisms developed to facilitate the planning and long-range actions necessary to maintain the appropriate U.S. stockpile of enriched uranium?

What are the organizational alternatives to private assumption of enriching services? (Each alternative should include discussion of its legislative, cost, and budget implications, probable Congressional and utility reaction, and impact on the nuclear industry.)

Based on the above analysis and other relevant factors, the study should outline the policy options open to the President and their advantages and disadvantages.

This study should be carried out by an Ad Hoc Group comprised of representatives of the addressees and the NSC staff and chaired by the representative of the Atomic Energy Commission. The study should be conducted on a close-hold basis. It should be forwarded to the President for his consideration no later than October 1, 1974.


Henry A. Kissinger

cc: The Secretary of the Treasury
The Secretary of Commerce
Counsellor to the President for Economic Policy
The Administrator, Federal Energy Administration
The Chairman, Joint Chiefs of Staff



DECLASSIFIED