

The original documents are located in Box 24, folder “Nuclear Policy Statement (4)” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

Copyright Notice

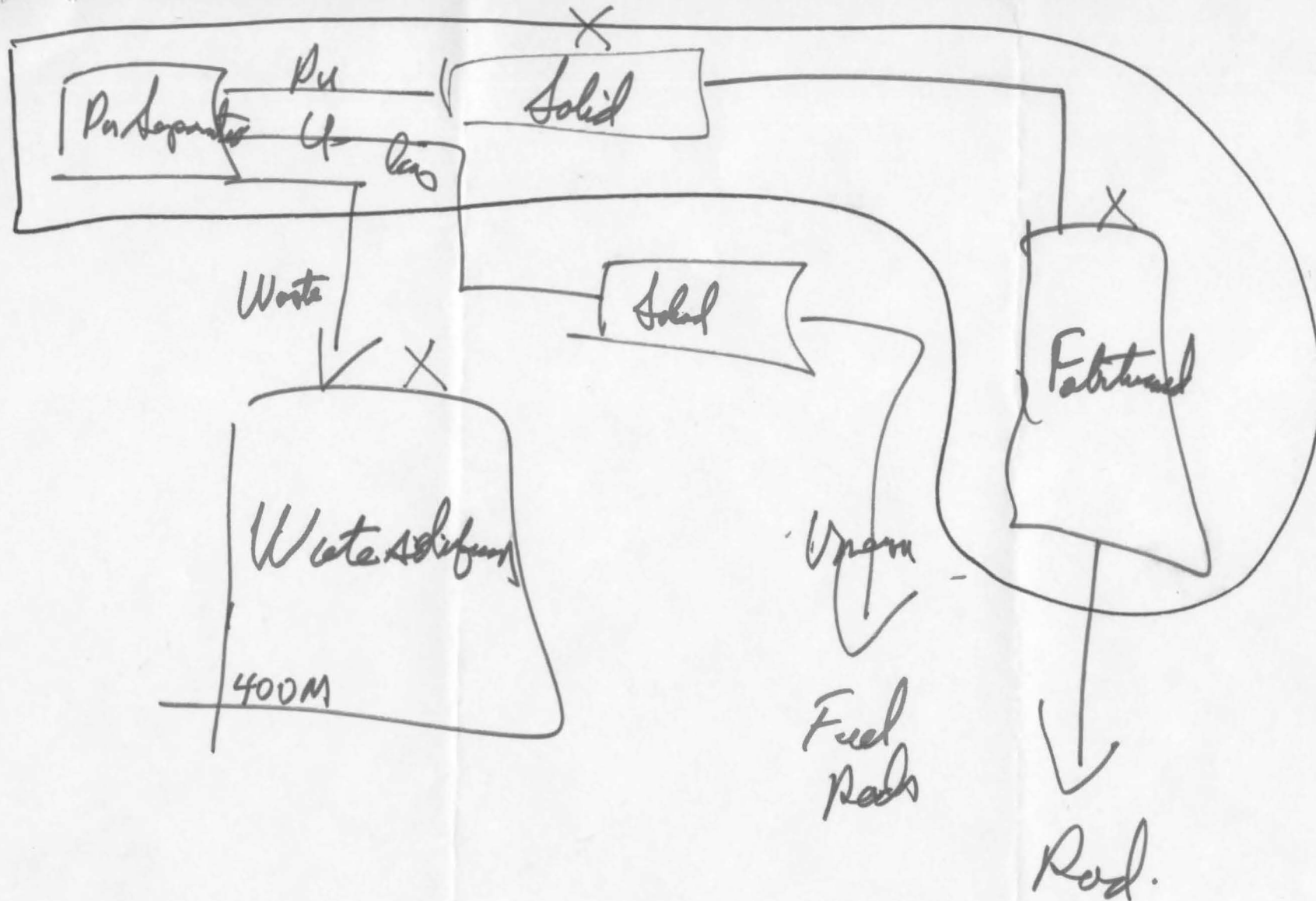
The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

[Oct. 1976]

THE WHITE HOUSE
WASHINGTON

File: Nuclear Policy

Subject: BARNWELL



Meeting + Boris Dikman
of Army + objectives [Oct. 1976]

Ribbons of 8 Pts

(Then) (matched out of edited document)

1 Reprovision

2 3rd Moratorium

3 Atomic Fuel Supply

4 Int'l system of controls

5 U.S. input controls

6 U.S. Supply role

7 Atomic waste use

8 waste management

Future Deviation

I've
wrote
then
document

I'm
taking
these
steps
to
bring
out
the
document

(what
are in
already
done)



THE WHITE HOUSE

WASHINGTON

[Oct. 1976]

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT
JIM CANNON
JIM LYNN

SUBJECT: Statement on Nuclear Policy

The Question at Hand

A draft statement has been prepared for release that would lay out your new policies and implementing actions to control the risk of nuclear proliferation and to address some of the problems faced by domestic nuclear power as regards the back end of the fuel cycle.

Although not intended to do so, by giving Presidential acknowledgment to the risks of proliferation and by expressing caution with regard to domestic reprocessing, the statement may be construed by some as being "anti nuclear". Conceivably this could affect the nuclear moratoria votes in seven states on November 2 and have some impact on your election support in those states having major nuclear industries. On the other hand, the media and Governor Carter have been making an issue over the lack of public action on the Administration's part in this area, and Carter might again play on this theme in Friday night's debate. Also, there have been a series of leaks and follow up stories misrepresenting your new policy position by implying that you intend a \$1 billion bail-out of the consortium owning the incomplete reprocessing plant at Barnwell, South Carolina. Until your statement is released, these misrepresentations may persist.

Your decision is needed on whether or not to release the nuclear statement now (before the third debate) or to wait, possibly until after the election.

Background

Bob Fri reported to you on nuclear non-proliferation, reprocessing, and waste disposal in early September. Based on your decisions, the following actions are proposed:

- a new statement on U.S. nuclear policy would be made by you,
- we would indicate our continuing support of nuclear power, while taking specific new actions to control the sensitive aspects of the nuclear fuel cycle in other countries,
- we would reorient our own approach to reprocessing, mainly because of the international risk of proliferation connected with a business-as-usual attitude toward reprocessing and the diffusion of reprocessing technology,
- reprocessing in the U.S. would only proceed if the economics warrant it and if the proliferation risks can be demonstrably controlled,
- the government would assist in a commercial scale reprocessing demonstration -- possibly with foreign participation and under IAEA safeguards -- to meet our domestic and international objectives,
- the government will proceed with a demonstration facility for the storage of radioactive wastes.

The specific initiatives to give force to these actions involve several international proposals, new criteria for U.S. nuclear exports, and a commitment to certain domestic programs. Internationally, we will make a major commitment of financial and scientific resources to strengthen the IAEA. We will also explore with other suppliers, and with consuming nations when appropriate,

- offering assured reprocessing and enrichment services in lieu of providing sensitive facilities, and, in certain cases, repurchasing the spent fuel of consuming nations where a significant proliferation risk exists,
- a three-year supplier moratorium on the transfer of sensitive nuclear technology and facilities while a new control regime is developed,
- coordinating among the suppliers the provision of nuclear fuel to avoid commercial advantage or disadvantage,
- storing plutonium and spent fuel under international custody,
- upgrading international standards for physical security of nuclear facilities, and
- sanctions in the event of safeguards violations.

Nationally, we will:

- establish new criteria for judging our nuclear exports, giving strong preference to recipients who are NPT parties or accept IAEA safeguards on all their nuclear facilities, who forego reprocessing, and who put their plutonium under international custody,
- undertake to resolve existing uncertainties concerning reprocessing, recycle, and waste disposal, and
- pursue technological alternatives to reprocessing.

Following your decision, State contacted the foreign ministers of the other major nuclear suppliers (France, UK, FRG, Canada, Japan, and the USSR) to notify them of your basic decisions, to outline the several specific international actions that we would propose to achieve greater nuclear restraints and controls, and to solicit their comments and a general indication of support. Although guarded in their responses, these states will not object to our initiatives and can be expected to support many after there is a fuller understanding of our proposals. Where there were specific sensitivities, State has worded the draft statement to avoid an adverse reaction abroad.

Draft Statement on Nuclear Policy

A draft statement has been prepared to enunciate your decisions and the implementing actions (Tab A). U.S. assistance for a reprocessing demonstration must be carefully handled because it can be perceived as being in conflict with our international thrust against premature reprocessing and because of public speculation that it is a "bail-out" for the partially completed privately-owned AGNS reprocessing facility at Barnwell, South Carolina. The statement explains the decision to proceed with reprocessing as necessary to resolve several uncertainties, particularly those relating to the international role in reprocessing.

By addressing the non-proliferation risks of nuclear reprocessing as well as its economic and safeguard uncertainties, you may be perceived by the nuclear industry as undercutting nuclear power's future in the U.S. Although your statement is intended to support nuclear power, per se, and only express reservations about reprocessing, the atmosphere may seem "anti nuclear". Also, by indicating the uncertainties connected with reprocessing, your position could be used by those supporting the nuclear moratoria on the November 2 ballot in seven states, and by the intervenors in California to exploit an existing statute to block further nuclear construction.

On the other hand, non-proliferation is a well publicized problem, receiving a lot of Congressional attention. Governor Carter has staked out a fairly specific position on the issue and inaction on your part will be noticeable, particularly since your intention to make a major policy statement on non-proliferation has been heavily foreshadowed in the press. If you do not make a statement now, there is a possibility that charges will be made that you capitulated to pressure from the nuclear industry.

Your Options

1. Go ahead now with the statement (before the third debate).

Pros

- This will get you on record with a series of firm steps addressing non-proliferation and some of the problems of the domestic nuclear utilities relative to the back end of the fuel cycle.
- It should remove the issue from Carter.
- It will make clear that you are not committed to any specific reprocessing demonstration and halt the extreme statements about your planned bail-out of the AGNS plant owners.
- Through leaks here and official approaches abroad, the stage is set for your statement. To delay will possibly raise public questions about your commitment, and be anticlimatic when released later.

Cons

- Any Presidential statement acknowledging a significant proliferation risk will be misrepresented by some to show that the U.S. cannot safely proceed with nuclear power.
- The arms control community and the environmentalists, who favor no reprocessing, will criticize any forward movement on domestic reprocessing.
- There will be some who interpret any commitment by the government to support reprocessing activities as a secret intention to bail-out the AGNS plant.

- Many of the proposals in the draft statement will not be easy for untutored readers to distinguish from those put forward by Carter. This presents the opportunity for a charge of (a) me-tooism or (b) flip-flop on your support of nuclear energy. Such charges are a risk, however, if a statement is made anytime before the election.

2. Issue the statement after the debate but before the election.

Pros

- This might mitigate somewhat the risk of having your position confused with that of Governor Carter since the specifics could not be raised in the debate.
- You have a good record which you can discuss in debate even without a statement.

Cons

- You will not be on record at the time of the debate.
- The election risks would be the same as going ahead now.
- You may find it difficult to justify the delay in issuing a statement.
- There may not be time to deal with the statement next week, meaning that a delay until after the election is a virtual certainty.

3. Postpone issuing the statement until after the election. You could explain that your policy announcement is being delayed pending the completion of international consultation.

Pros

- The nuclear non-proliferation issue may not arise again in the campaign. If your statement were badly received (which we do not expect), you would be bringing the issue back to life to your detriment.
- Postponement will avoid any possible negative impact the statement might have on the nuclear moratoria votes in seven states on November 2 and on your support in those states having major nuclear industries.

- The nuclear area is the one foreign policy issue in which Carter has some public credibility. By raising the issue via your statement, you will offer him the opportunity to address the matter again and possibly gain stature.
- You would avoid charges of me-tooism and possibly seeming to change your position on the support of nuclear power.

Cons

- If the non-proliferation issue fires up again in the debate or during the campaign, you will be able to point only to past diplomatic actions and to studies underway -- not to a recently enunciated, comprehensive action plan.
- Since this statement has been so prominently foreshadowed in the press, further delay may be interpreted by some as a falling back in your commitment, possibly even seen as caving to pressure from the nuclear industry.
- It would not counter media criticism that the U.S. plans to bail-out the AGNS plant.
- The possibility that your statement might be used by anti nuclear intervenors to try to halt nuclear construction in California will not be mitigated by delaying your statement. That could only be accomplished not issuing a statement at all.
- The State Department believes this statement could have a positive effect abroad and will allow us to initiate a new international regime for controlling proliferation. They are therefore anxious to have the statement issued.

Your Decision

1. Release the nuclear statement now.

APPROVE _____

2. Alternatively, hold it for now, but release it before the election.

APPROVE _____

3. Alternatively, hold it until after the election.

APPROVE _____

W. J. [unclear]
[Oct. 1976]

Question: Mr. President, Governor Carter has charged that your Administration is insensitive and your policy inadequate on nuclear non-proliferation. Members of your Administration have indicated that you intended to issue a major policy statement on non-proliferation two weeks ago. Isn't the fact that you haven't issued such a statement evidence of the validity of Governor Carter's charge?

Answer: I am afraid Governor Carter is a little bit of a late-comer on the non-proliferation issue.

Only a month after I took office, the United States expressed serious concern to the U.N. General Assembly about the danger of weapons proliferation. The following April -- and that is a year and a half ago -- at United States instigation, the nuclear suppliers of the world met in London. Those meetings continued through 1975, and in early 1976 an interim agreement was reached with respect to the conditions under which nuclear materials and technology should be supplied.

Four months later -- and almost a year and a half after he started running for President -- Governor Carter made his first statement on this issue.

As in most areas of foreign affairs, this is an area in which the United States cannot be successful if it moves unilaterally. Because there are more than a half dozen other nations which have the capability of supplying weapons grade materials and technology, it is absolutely essential to secure common agreement on the conditions of supply. It does absolutely no good to have the United States -- or even a majority of the suppliers -- acting responsibly, while one or two suppliers increase their share of the market by acting irresponsibly.

I have had under review for some months the question of whether we are doing all that we possibly can in this area. And I have in mind certain policy decisions which I believe will be of further help. But before those decisions are announced, I deemed it absolutely essential to consult with certain other governments, building on the relationships we have been able to establish over the last year and a half. Those consultations are now in progress, and when I am satisfied with the results, I will announce my decisions.

That may be before the election -- it may be after the election -- I am simply not going to play politics with this issue.

Moderator: Governor Carter, your response?

Governor Carter: I must say that Mr. Ford's record on nuclear nonproliferation is absolutely abysmal.

His answer this evening is just a continuation of his policies of secret diplomacy and acquiescence to the nuclear industry. His policy is the product of cynics who say that widespread proliferation is simply inevitable.

As you know, I have had some considerable experience as a nuclear engineer. As my experience goes back to 1950, I hardly think I could be called a late-comer.

Last May, in my speech at the United Nations, I called for world-wide moratorium on plutonium reprocessing, I called for halt in domestic reprocessing until we are certain of its consequences, I called for World Conference on Energy, I called for strengthening of new U.S. nuclear agreements and renegotiation of existing agreements, I called for more government enrichment facilities and much heavier emphasis on non-nuclear alternatives.

By contrast, Mr. Ford is the captive of the nuclear power industry. He has held up nonproliferation legislation so he can get private enterprise into the uranium enrichment business. He has done absolutely nothing to prevent Pakistan, and Brazil from getting weapons material. During his Administration he has done virtually nothing to encourage other countries to join the nonproliferation treaty.

And what little has been done has been done secretly.

It simply is not a record any of us can be proud of.

Moderator: President Ford, your response.

Governor Carter's response indicates that he simply does not understand the problem or what has to be done about it.

He prefers rhetoric to realism.

In my experience there are a few things I have learned.

First, if the United States does not want to be undercut by other nations selling weapons materials even though we do not, you'd better get a common agreement among all suppliers -- or else you won't have anything worthwhile.

Second, you don't negotiate agreements like that on the front page of the New York Times.

Third, it just counter-productive -- in many cases such as this -- to be out there calling for other Nations to follow our lead when you haven't negotiated a basis to be sure that they will.



Fourth, your best assurance of getting a non-proliferation agreement is to assure that the U.S. remains a major supplier of nuclear fuel -- which can't be used for weapons. We'd simply better stay in the game -- if we want a say in how it's played. To that end, I have supported both public facilities in Ohio and private facilities which could be located in a number of other states, including Alabama, Washington and Texas.

The best evidence that the Ford Administration policy of leadership and negotiations has been effective is that during my Administration, through our encouragement, 16 countries have joined the non-proliferation agreement including Germany and Japan.

Governor Carter talks about rhetoric. I prefer to talk about results.

THE WHITE HOUSE
WASHINGTON

October 12, 1976

Kris:

The articles on Non-Proliferation.
I think this about covers
the articles...if he is thinking
of something else, please let
me know.

karen



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Nuclear Policy

John

~~CONFIDENTIAL~~

October 22, 1976

MEMORANDUM FOR: DICK CHENEY
FROM: BRENT SCOWCROFT

B

Henry Kissinger feels that it is critical that the Nuclear Policy Report be issued before the election. He thinks it preferable not to do it today, but feels that tomorrow or, at the earliest possible moment, it should be done. It is possible that it might even generate favorable public foreign comment.

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 12958, Sec. 3.5

NSC Memo, 11/24/98, State Dept. Guidelines
By *WMM*, NARA, Date *5/15/00*

THE NEW YORK TIMES

October 4, 1976

FORD TO OFFER PLAN ON NUCLEAR EXPORT

Broad Program Expected to Impose
Curbs on Equipment Providing
Weapons-Making Potential

By DAVID BURNHAM

Special to The New York Times

J. Gustave Spath, a lawyer with the Washington office of the Natural Resources Defense Council, an environmental group, concentrated his criticism on the proposal to initiate a demonstration project to examine the uses of plutonium.

"The main point is that the Ford Administration is using the concern about proliferation on a justification for going ahead with something it has been urging for months, namely, a program of massive financial assistance to the plutonium industry."

A top Administration official, requesting anonymity, defended the plutonium project as essential to developing a sound

THE NEW YORK TIMES
October 11, 1976

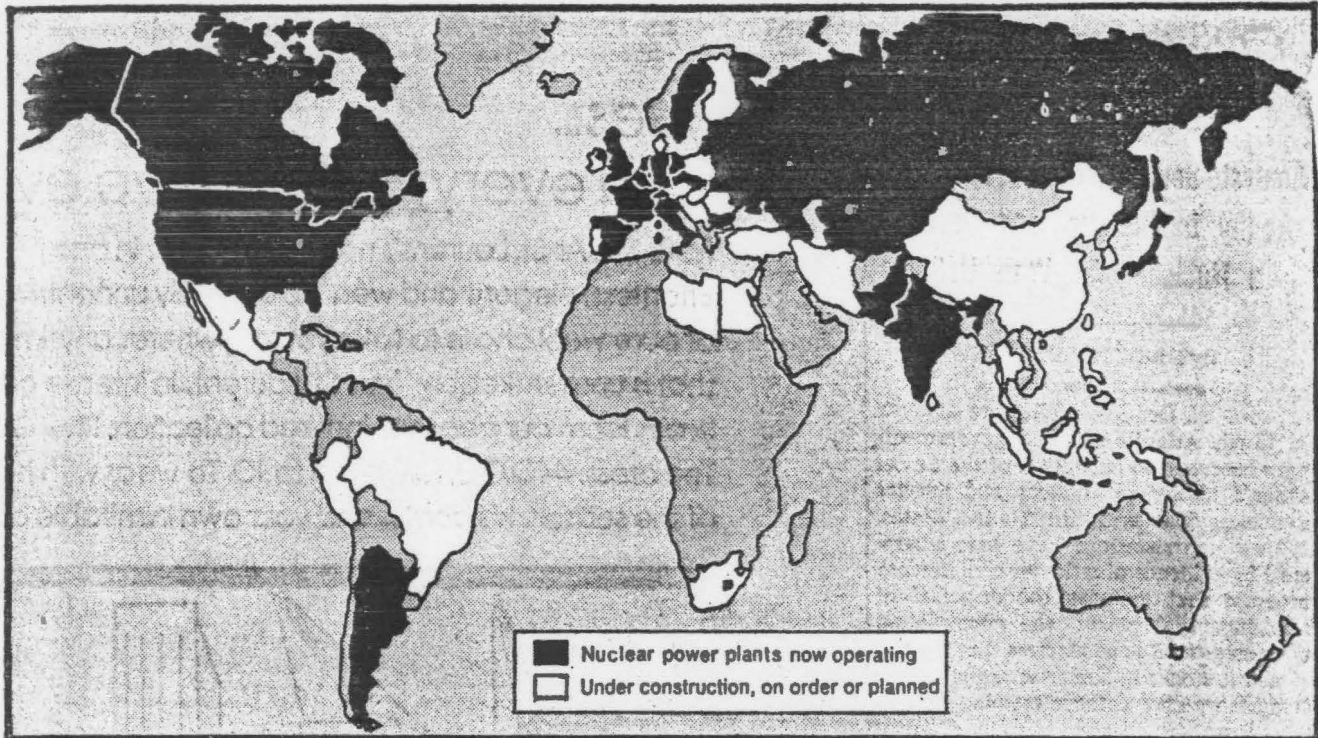
U.S. Dilemma: World Energy Need Encourages Spread of Atomic Arms

The following article was written by David Burnham and David Binder.

Special to The New York Times

WASHINGTON, Oct. 10—The construction of a serious shortage of uranium for

U.S. Dilemma: World Energy Needs Spawn A-Arms Threat



The New York Times/Oct. 11, 1976

NUCLEAR PLANTS: Argentina, Belgium, Britain, Bulgaria, Canada, Czechoslovakia, France, East Germany, West Germany, India, Italy, Japan, the Netherlands, Pakistan, Spain, Sweden, Switzerland, Soviet Union, United States.

POWER PLANTS UNDER CONSTRUCTION OR PLANNED: Austria, Brazil, Cuba, Denmark, Egypt, Finland, Hungary, Indonesia, Iran, Ireland, Israel, Kuwait, Libya, Luxembourg, Mexico, New Caledonia, Peru, Philippines, Poland, Portugal, Rumania, South Africa, South Korea, Taiwan, Thailand, Turkey, Yugoslavia and British colony of Hong Kong.

U.S. Dominance Has Receded

THE NEW YORK TIMES
October 12, 1976

FRENCH NOW FAVOR IMPROVED CONTROL OF NUCLEAR SPREAD

CONCESSION TO U.S. PRESSURE

Paris Willing to Consult on Sales
of Atomic Material to Prevent
Diversion for Weapons Use

BY JAMES F. CLARITY

Special to The New York Times

France has not signed the 1968 treaty, concluded by the United States, the Soviet Union and Britain, to curb the spread of nuclear arms. The pact has now been joined by 109 nations. But today's statement said that France was ready to "study with interested parties any bilateral or multilateral agreements" aimed at assuring safeguards in nuclear exports.

To Control Export Policy

In disclosing this shift, the statement said that France would continue to keep control of its nuclear export policy. France also announced that it was against commercial competition in the sale of nuclear facilities that might expedite the spread of weapons and that it would consider the establishment of power-generating centers in conjunction with nuclear producers and buyer nations. These two aspects of the problem

Ford's Nuclear Policy: An Industry Bailout...

By TIM METZ

The billion dollar nuclear fuel recycling

ford project, whose costs would be more on the order of \$10 million to \$30 million.

than they are being discovered. And exploitation of coal reserves is lagging in the

...and a Strategy for Opposing Carter

By ROBERT KEATLEY

Union, Britain, Canada and Japan. They

tration's new efforts to contain the nuclear
danger as incomplete—however commend-

THE WASHINGTON STAR
September 26, 1976

Carter Says Ford Lacks Policy On Nuclear Export Safeguards

By James R. Dickenson

Washington Star Staff Writer

THE NEW YORK TIMES

September 25, 1976

Nuclear Second Thoughts

The New York Times, Tuesday, October 5, 1976

ained?

ine whether a national speed
will be established.

omobile manufacturers are
g toward the results nervously.

of the German mentality that

John Gorham Palfrey

Debating Nuclear Power

At a critical moment of reassessment, the surdity of reprocessing and to convince

THE WHITE HOUSE

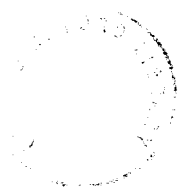
WASHINGTON

October 13, 1976

TO: JIM CANNON
FROM: *Glenn* GLENN SCHLEEDE
SUBJECT: NUCLEAR POLICY

With the approval of Brent Scowcroft and Jim Connor, Dave Elliott had Myron Kratzer of the State Department take another cut at a draft statement.

This effort is not intended to take the place of Jim Reichley's effort.



MEMORANDUM

NATIONAL SECURITY COUNCIL

October 13, 1976

MEMORANDUM FOR: GLENN SCHLEEDE ✓
JIM CONNOR
JIM MITCHELL
JIM REICHLEY

FROM: DAVID ELLIOTT D.E.

SUBJECT: Draft Presidential Statement on Nuclear Matters

Attached is a draft of a Presidential statement on nuclear matters which highlights the two key actions: a change of U.S. attitude toward reprocessing, and a commitment to induce other countries to shape their nuclear programs accordingly. There are two areas in this draft where I will want to suggest changes; but rather than delay in rewriting, I wanted to get this into your hands as quickly as possible to see if we are getting close to an acceptable framework.

State is opposing a clear call for a 3-year moratorium on the export of reprocessing and enrichment facilities. They have two arguments:

- Our chances of getting French cooperation in a de facto moratorium will be improved if we don't back them into a corner publicly.

In my view, we are already on record, through the many articles that have appeared, as favoring a moratorium. It will be seen as a glaring weakening if the statement fuzzes up this initiative. (State sees the political problem with not making a straight forward call for a moratorium and, I believe, is prepared to be rolled on this.)

- The consumer countries will react negatively because we will be seen as trying to deny them technology that we already have and that the NPT would seem to promise them.

I think if we explain (1) the moratorium as being temporary while the safeguardability of reprocessing is determined, and (2) no consumer country will actually need reprocessing facilities for at least ten years, these objections can be dealt with. Furthermore, we cannot hope to establish a new international attitude toward non-proliferation if we are pusillanimous in addressing the most dangerous aspect, namely, exporting reprocessing facilities.

STATEMENT ON NON-PROLIFERATION

Today, I am addressing myself to an issue of overriding concern not only to Americans, but to all mankind -- the issue of nuclear power and the proliferation of atomic weapons. It is a complex issue; while technical considerations are important, they are only one of several factors that must be weighed in the development of a sound national nuclear policy. They must be carefully balanced alongside economic, environmental, foreign policy, and, above all, common defense and security considerations in arriving at a policy that best serves our national interests and the cause of peace.

Non-proliferation -- avoiding the further spread of nuclear weapons -- has been a priority concern of my Administration since I took office in 1974. We have made substantial progress in reducing the threat that atomic weapons would come into the hands of more and more nations -- eventually sparking the holocaust that mankind so rightly fears. But the enormity of this hazard compels us to even greater efforts to avert it.

I am announcing today important policy decisions which have been made as the result of the unprecedented attention focussed on the non-proliferation issue throughout my Administration, culminating in a policy review recently initiated at my personal direction.

Policy Principles

The problem of proliferation raises a paradox stemming from the intrinsic characteristics of nuclear energy itself.

On the one hand, this energy source represents one of the best hopes for satisfying the rising world energy demand and reducing our growing dependence on foreign energy sources and for diminishing the vulnerability of the world economy to fluctuations in the supply of oil. To ignore this benefit of the peaceful atom is to risk our ability to act independently in furthering fundamental domestic and foreign policy interests vital to our economic well-being and our essential security in the world.

Yet nuclear fuel, once it has been burned to produce power, contains plutonium. By the technique of chemical reprocessing, this plutonium can be separated and possibly made available to generate additional power in the future, if significant technical complexities and economic uncertainties can be overcome. Unfortunately -- and this is the root of the problem -- the same plutonium, when separated in its pure form, is a key ingredient of nuclear explosives. The world community simply cannot afford to let this dangerous

material and its related technology proliferate uncontrolled over the globe or permit it to be produced and utilized even by responsible governments unless stringent economic and security conditions are observed.

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


In my efforts to move our non-proliferation policies forward during the past two years -- working closely with other major suppliers and key consumers -- substantial progress has been made and the dangers of plutonium and reprocessing technology have received special attention.

But the need to control plutonium, through prudent domestic programs and effective multilateral action, has become even more pressing as we and other nations face critical decisions in future nuclear energy developments. It is primarily for this reason, that I recently ordered the fullscale review of our entire policy in this area. I received the results of this review before Labor Day. I have consulted interested states before making public our new approaches in this vital area.

On the basis of this review and these consultations, along with the important input of committees in both houses of Congress, I have made two fundamental decisions:

The first principal decision which I am announcing today represents a major reordering of United States nuclear power policy. Even if all the complexities and uncertainties can be resolved, reprocessing is no longer to be accepted as a necessary and inevitable step in the nuclear power fuel cycle, to be developed and commercialized as quickly as possible. On the contrary, I am directing the Administrator of the Energy Research and Development Administration to reorient US policy and programs on the basis that reprocessing should proceed commercially only when there is a demonstrated economic need for this operation and full assurance that it can be carried out safely and in a manner that does not prejudice our vital non-proliferation objectives. Non-proliferation and environmental interests, not economic and commercial interests, will be our guide in determining when or whether to initiate commercial reprocessing.

The second basic decision which I am announcing today is that we will undertake accelerated diplomatic initiatives to persuade other nations that our reordered evaluation of the role of reprocessing is a sound one, which they, in



their own interests, should adopt and implement. To be successful, a policy of reducing the worldwide risks associated with plutonium requires the cooperation and support of suppliers and consumers alike. We will marshal the resources at our disposal to persuade other nations to our point of view, acting in accordance with long-standing American precepts of meeting our international obligations. We will cooperate closely with all suppliers, as well as with recipient nations, which are prepared to dedicate themselves to the furtherance of these non-proliferation objectives.

From these two fundamental decisions a number of important corollary decisions and actions flow, in both the domestic and international fields.

Domestic Policy

Let us make no mistakes about the current importance of nuclear energy to our national well-being. Just as there are national security risks associated with the use of nuclear energy, so are there risks to our security in abandoning this new energy source. Last month, for the first time, due in large part to Congressional inaction on the energy proposals which I have advanced repeatedly since assuming office, we were required to import fully one-half of all our oil needs; we all know the consequences of the oil embargo of 1973, when only 33% of our supplies were imported.

Nuclear power is essential if we are to limit and eventually reverse our growing and unacceptable dependence on foreign energy sources. Under my Administration, research and development on new, non-nuclear sources of energy has increased and I am recommending that still more be done. We must pursue solar and other new energy sources, far more vigorously. But we should also recognize that these new energy sources are in their infancy, and there is no responsible opinion that they can contribute in a significant way to meeting our energy needs before 1990 at the earliest. Nuclear energy must fill the substantial needs that remain.

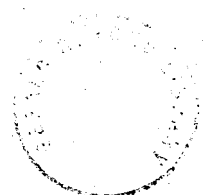
In harnessing nuclear power to meet our national energy needs the key unresolved issue centers around reprocessing and recycling of plutonium. Consistent with my fundamental decision that reprocessing is no longer to be seen as inevitable, I am authorizing a purely experimental domestic program:

-- to assess the feasibility and safety of reprocessing and waste disposal on a scale necessary to determine fully the future directions we should take;

-- to develop and test new safeguards approaches;

-- to pursue technology alternatives to reprocessing;

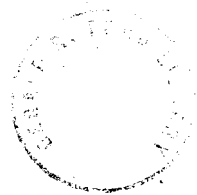
and



-- to explore possible avenues for appropriate foreign participation.

I emphasize that we have no preconception as to the necessity, commercial utility, and viability of reprocessing and recycle in our economy. But we must not permit our decisions in this field to be made by default. To do so would be to break faith not only with future generations of Americans, but with our friends and partners abroad who must look to us to provide a credible justification if asked to refrain from reprocessing. The reprocessing experiment which I have decided on must remain an experiment. It must not stimulate irresponsible demands by many other nations to develop national reprocessing industries. To meet this criterion, it must be conducted at a scale which although capable of developing and testing commercial reprocessing technology is far below the full reprocessing requirements of the US reactor system.

While we continue to investigate breeder reactor technology, which would require plutonium fuel, I confirm this Administration's assessment that we can defer for ten years any decision to place such reactors into commercial operation. We know from experience that the lead time



for the development of complex technologies in the nuclear field is prolonged. Our option to decide on the breeder a decade from now would be an unreal one if we have not also developed, on an experimental basis, the necessary knowledge of commercial-scale reprocessing. We cannot foreclose the choice that rightly belongs to the future by our failure to find these answers.

Finally, on the basis of my nuclear policy study, I have increased by four-fold my budget for our program to dispose of nuclear waste. We expect to demonstrate a full size waste depository by 1985. I

have recently directed, however, a speed up of the program to demonstrate the components of waste disposal technology by the end of 1978. I have also directed that the first repository be submitted for licensing by the Nuclear Regulatory Commission to ensure its safety and acceptability to the public.

Consistent with my decision not to prejudge the need for reprocessing, I am directing that this waste disposal program also include careful study of the feasibility of long-term storage of unprocessed spent fuel.

In shaping these domestic nuclear policies I am assigning first priority to non-proliferation and safety factors. In this connection, a reprocessing experiment

in the United States can and will serve in the framework of our recently approved safeguards arrangement with the IAEA, as a test bed for the development and demonstration of safeguards techniques for reprocessing facilities.

Toward this end, we will not only allow, but we will request, that the International Atomic Energy Agency apply the most vigorous possible safeguards to such an experimental facility.

International Initiatives

I have conducted vigorous efforts toward achieving our non-proliferation goals during the past two years in a framework of multilateral action, which I believe to be essential to success, and in which the United States continues to play a leading role. And because of the growth of alternative sources of nuclear supply, I have rejected highly publicized and unilateral approaches which would not only be futile but could readily alienate the suppliers and consumers whose cooperation we must secure.

My first and most immediate concern was to develop an improved system of international safeguards and controls. Our first proposal for strengthening and standardizing non-proliferation measures were made at the United Nations General Assembly in 1974 -- soon after I assumed office. I became particularly concerned

that some nuclear supplier countries were prepared for the sake of competitive advantage, to offer exports under conditions less rigorous than we believed prudent. I communicated these concerns directly to my counterparts in key supplier and recipient states. I directed the Secretary of State to explore ways of limiting this dangerous form of competition through multilateral action.

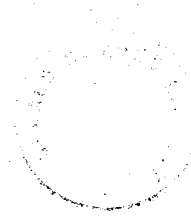
The first nuclear suppliers meeting was convened in London in April 1975, followed by additional meetings and intensive bilateral consultations.

The results have been gratifying. We have developed tighter new guidelines to govern nuclear exports -- an achievement significantly upgrading international norms. I have adopted these guidelines as US policy for nuclear exports.

Beyond this, the dangers inherent in plutonium have called for special actions which the U.S. has already begun to take:

-- The United States does not export reprocessing and other nuclear technologies that contribute to the spread of sensitive facilities to additional nations.

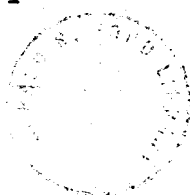
-- We have taken firm stands in opposing reprocessing in Korea and Taiwan and welcome their significant decisions to forego such activities; this is a matter of record.



-- We have negotiated agreements for cooperation with Egypt and Israel which contain the strictest reprocessing provisions ever included in the twenty year history of our nuclear cooperation program.

Other important non-proliferation gains have been made in the two years of my Administration. Last year, Germany, Italy, and other European states completed their processes of ratification of the Non-Proliferation Treaty, our principal bulwark against the spread of this weapon. This year, Japan, which I was the first American President to visit, also ratified the Treaty -- a positive and welcome step after serious debate over many years. These steps represent the culmination of continuing and patient efforts. Last month, at my direction, our representatives to the International Atomic Energy Agency proposed to and received the approval of that Agency's Board of Governors of an agreement offering to place US civil nuclear facilities under the safeguards of the IAEA.

Despite the gains that have been made, the dangers posed by reprocessing and uncontrolled plutonium demand further, decisive international action. There is, in addition, the parallel risk of spreading uranium enrichment technology which must continue to be effectively controlled.

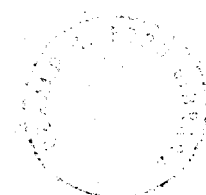


• To meet these dangers I propose the following comprehensive international program which flows directly from the fundamental policy decisions I have announced today:

-- I call upon all nations to join with us in exercising maximum restraint in the transfer of reprocessing and enrichment technology and facilities.

This will allow suppliers and consumers to find reliable ways of meeting nuclear needs with minimum risk, as we assess carefully the wisdom of plutonium use. As we proceed in these efforts, we must not be influenced by pressures to approve the export of these sensitive facilities.

-- I urge nuclear suppliers to offer, and nuclear consumers to accept, nuclear fuel services instead of sensitive nuclear technology. Nations accepting effective non-proliferation restraints have a right to expect reliable and economic supply of nuclear reactors and associated, non-sensitive fuel. We must see to it that all nations share in the benefits of an assured supply of nuclear fuel, even though the number and location of sensitive facilities to generate this fuel is limited to meet non-proliferation goals. The availability of diverse fuel cycle services in several different nations



can provide ample assurances to consumers of a continuing and stable source of supply. There is no more reason -- indeed, there is far less -- for every nation to insist on an indigenous capability for nuclear fuel production than for any of the many essential commodities which are produced in only a limited number of locations. In addition to supplier fuel services, I believe that it would be worthwhile to continue studying the idea of a few suitably-sited multinational fuel cycle centers to serve regional needs, when economically warranted. Through these and related means, the incentive -- or the excuse -- for the spread of dangerous fuel cycle capabilities must and can be eliminated.

-- The United States will do its part to ensure that any country accepting responsible restraints on its nuclear power program will have an assured supply of nuclear fuel.

To this end, I have directed the Secretary of State, in connection with the negotiation of new or amended agreements for cooperation, to offer binding letters of intent for the supply of nuclear fuel, to be fulfilled by either new US Government capacity or by private US suppliers, at US discretion. There is no controversy in the United States on the need for additional enrichment capacity, thus ensuring that these supply undertakings will be



fulfilled by either new Government capacity or by private US suppliers, as our national policy unfolds.

-- The US, in certain cases, is prepared now to enter into negotiations with consuming nations that adopt responsible restraints on arrangements under which we will accept their spent reactor fuel. We would, as appropriate, either purchase this spent fuel or exchange it for fresh, low-enriched fuel. The amount of compensation will be determined at the time the fuel is ready to be reprocessed, and will ensure against any economic disadvantage to the cooperating nation.

-- In pursuing a fuel supply and fuel exchange program, the United States seeks no commercial advantage over other suppliers. The program can and will be administered in a way which avoids unfair advantage in the sale of reactors or related services. At my direction, the Secretary of State will initiate consultations with other major suppliers to explore arrangements under which suppliers might coordinate their fuel cycle resources and other means of ensuring that all suppliers will be able to offer to consumers an uninterrupted and economical supply of non-sensitive nuclear fuel and fuel services.



To reinforce these policies on an international level, we need to turn our attention to the control of the plutonium itself, whether in separated form as unprocessed spent fuel. The accumulation of plutonium under national control is a major destabilizing influence and, as such, a primary proliferation risk.

The United States will, in the immediate future, pursue urgent discussions aimed at the establishment of a new international regime to place under international auspices the storage of excess civil plutonium and spent reactor fuel. This is a proposal which we made to the IAEA and other interested states last spring and which I am directing that we vigorously pursue.

Such a regime will greatly strengthen assurances to the world at large that the growing accumulation of excess plutonium and spent fuel can be stored safely pending reentry into the nuclear fuel cycle or other safe disposition. I urge the International Atomic Energy Agency, which is empowered to establish such a repository, promptly to elaborate and implement this concept. We are prepared to work cooperatively with other nations in developing this idea, and we are willing to pledge additional resources, including US facilities, to the International Atomic Energy Agency for this specific purpose.



Once a broadly representative IAEA storage regime is in force, the United States is prepared to place its own excess civil spent fuel and plutonium under this regime. Moreover, we are prepared to consider serving as a site for international storage under IAEA auspices. I am certain that this concrete expression of confidence in international control measures on our part will play a highly constructive role in encouraging the establishment of this vitally important arrangement. In the interim, I am prepared to offer nations assistance in arranging for spent fuel storage in the US or elsewhere, where this will also serve to advance our non-proliferation interests.

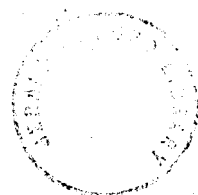
The inspection system of the International Atomic Energy Agency remains a key element in our entire non-proliferation strategy. I ascribe the highest importance to seeing that this system broadly applies to nuclear power programs throughout the world. It is crucial for the world community to insure that the Agency has the requisite technical and human resources to keep pace with its expanding responsibility. Accordingly, I have directed a major commitment of additional financial resources to the IAEA, and also a mobilization of our best scientific talent. Two of our principal national laboratories have



been directed to provide support, on a continuing basis, to the IAEA Secretariat.


In the same vein, the terrible increase in violence and terrorism throughout the world has accentuated our awareness of the need to assure that sensitive nuclear materials and equipment are rigorously protected. Fortunately, there is broad appreciation of this problem, and many nations have responded to the initiatives which I have already taken in this area by materially strengthening their physical security and by cooperating in the development of international guidelines by the IAEA. As a result of consultations with other suppliers, compliance with adequate physical security measures is becoming a normal condition of supply, and this is an area where all suppliers and consumers share a common interest.

However, steps are urgently needed to upgrade physical security systems to meet international norms, and to assure timely international collaboration in the recovery of lost or stolen materials. On the basis of my review, I have directed that we pursue this need vigorously, both in a bilateral and multilateral level, including the exploration of a possible international convention.



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

For its part, the United States will act to dispel any such notion. Any material violation of a nuclear safeguards agreement, and especially the diversion of nuclear material, must be universally judged to be an extremely serious affront to the world community calling for the immediate imposition of drastic sanctions. I am serving notice today that the violation of any safeguards agreement to which we are a party will, as a minimum, result in the immediate cut off of our nuclear fuel supply and cooperation. Even more adverse effects, not necessarily confined to nuclear cooperation, could occur in our relationship with the state concerned. Our actions will not be limited to cases involving our own agreements. In the event of the material violation of any safeguards agreement, particularly one with the IAEA, we will initiate immediate consultations with all interested states.



The universal recognition of the total unacceptability of the abrogation or violation of non-proliferation undertakings and international safeguards is one of the most important steps which can be taken to prevent further proliferation. What is needed is nothing less than a clear proclamation by the heads of all concerned governments that their nations will regard nuclear wrongdoing as an intolerable violation of acceptable norms of international behavior which would set into motion immediate worldwide machinery to take strong remedial action.

Finally, apart from these initiatives to ensure the safe and sensible application of nuclear energy when warranted, we must ensure that nuclear power is not adopted unnecessarily through failure to consider other alternatives. To this end, the United States will place added emphasis on the search for non-nuclear sources of power. We have proposed the establishment of an International Energy Institute specifically designed to assist developing countries match their power needs to the most economic and most readily available sources of energy in their circumstances. In many cases, this source will be non-nuclear. Through this Institute and other appropriate means, we would place special emphasis on providing technology assistance in developing indigenous fossil fuel resources as an alternative to nuclear power.



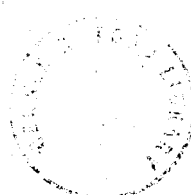
National Export Policy

During the past two years, the United States has strengthened its own national nuclear export policies even as we sought to upgrade international norms. Our interests, however, are not limited to controls alone. The US has a special responsibility to share the benefits of peaceful nuclear energy with non-nuclear states. We have long given highest priority to being a reliable supplier of nuclear fuel and equipment. We recognize that this is in the interest of all nations. But given the choice between commercial benefits and promoting our non-proliferation goals, our priority has been and will continue to be given to non-proliferation. There should, however, be no incompatibility if common



nuclear export policies are developed worldwide, and if all suppliers show common restraint and responsibility.

I am heartened by the progress we have achieved in developing common guidelines for nuclear export policy. In my judgment, however, there is a need to adopt more rigorous controls in nuclear export policies, and to favor those nations that accept responsible non-proliferation policies. The United States will move in this direction. On the basis of my study, I have decided that we will henceforth apply new criteria in judging whether to enter into new or expanded nuclear cooperation with a non-nuclear weapon state. These will constitute the basis for close consultations with other nuclear suppliers, recognizing that broad multilateral consensus is essential for effective non-proliferation restraints which avoid commercial advantage to any individual suppliers. Consuming states are fully entitled not only to understand our ground rules for nuclear supply, but, if they demonstrate that they share our concerns to participate in their development, certain in the knowledge that, equipment and materials will be provided on a timely basis to cooperating nations.



The U.S. criteria for entering into new or amended agreements for cooperation are:

-- whether non-weapon recipients are NPT parties, or are clearly planning to adhere to the treaty (NPT adherence would be a strong positive factor favoring

cooperation) or are prepared to submit to full fuel cycle safeguards (as well as physical security) in the interim pending NPT adherence;

-- whether they are prepared to forego, or postpone for a substantial period, the establishment of national reprocessing or enrichment activities or, in certain cases, are prepared to shape and schedule their reprocessing and enriching facilities to foster non-proliferation needs, by delaying until economic needs are real and where feasible by accepting spent fuel for reprocessing or alteration through a multinational or binational approach, and

-- whether they are prepared to participate in an international storage regime under which excess spent fuel and any separated plutonium would be placed in an IAEA storage regime pending use.



I realize that there may be exceptional cases when proliferation interests would be best served by cooperating with states not yet meeting these tests. However, I have decided to go beyond the requirements of present law which calls for Presidential approval of all new agreements for cooperation. Henceforth, the initiation of negotiation of any new agreement with a nation which is not prepared to meet these strict standards will require my personal approval in advance.

In addition, those nations covered by existing agreements for cooperation, I am directing the Secretary of State to enter into negotiations with the objective of conforming these agreements to agreed international guidelines and understandings.

The reliability of American assurances is an asset that few, if any, nations of the world can match. It cannot be wasted, in the nuclear or any other area. Indeed, nothing could prejudice our efforts to strengthen our existing non-proliferation understandings more than arbitrary suspension or unwarranted delays in meeting supply commitments to countries which are dealing with us in good faith toward the end of more effective safeguards and restraints. The importance of this principle requires that final authority over the licensing of nuclear exports be returned to the President.



Despite intensive personal efforts on my part, the 94th Congress adjourned without passing nuclear export legislation which would have had a constructive impact on our policies in this important area. In the absence of this legislation, I am directing the Secretary of State to work closely with the Nuclear Regulatory Commission in bringing greater order and increased emphasis on non-proliferation needs to the nuclear export licensing process, which is the day-to-day tool through which much of our non-proliferation strategy is expressed.

I will continue to work with the Congress to give legislative impetus to our nuclear export approaches, with due account of the need for broad-based multilateral support. I welcome in particular the useful proposals made by Senator Pastore, Congressmen Anderson and Price, and their colleagues on the Joint Committee for Atomic Energy. On the basis of their suggestions and my initiatives, I will actively seek bipartisan support for new legislation in this field during the next session of Congress.

The Future

The problem of proliferation demands candor. It can perhaps be managed -- but only partially and temporarily by technical measures. It can be solved, however, if all of us face the problem realistically. These realities are fundamentally political, relating to the determination and foresight of leaders in resisting perceived short-term advantages in favor of fundamental long-term gains. We

ask all leaders to see that their individual and collective interests are best served by internationally assured and safeguarded nuclear fuel supply, services and storage.

We ask them to turn aside from pursuing nuclear capabilities which are ^adoubtful economic value and which, from the perspective of non-proliferation, are ominous.

The record of the past is not perfect. But the broad consensus against the acquisition of nuclear weapons is a source of encouragement, though not a basis for complacency.

I do not underestimate the scope and complexity of the program I have just put forward. Its success depends on an extraordinary coordination of the policies of all nations toward the common good. The U.S. is prepared to lead, but we cannot succeed alone. If nations can move together constructively and cooperatively in managing our common nuclear problems, we will not only enhance our collective security but we will be better able to concentrate our energies and our resources on the great tasks of construction rather than consume them in a process of increasingly destructive rivalry.

