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MEETING ON NUCLEAR PROLIFERATION

Thursday, Sept. 23, 1976
8:30 a.m.

accomplished verbally -
stn to be written down

1st Priority - Acceptable ^{to} Non-Proliferation

2nd Priority - NFPA - Pursue
~~to~~ drop this
inquiry -

for us to look
at -

NO Commitment

D. M. [unclear]





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

September 22, 1976

1976 SEP 22 PM 12 57

MEMORANDUM TO: BRENT SCOWCROFT
JIM CANNON
JIM LYNN
JIM CONNOR
CHARLES ROBINSON

FROM: BOB FRIEDMAN

SUBJECT: 2:00 Meeting

Attached are some notes on the current state of play on our non-proliferation/NFAA negotiations, as background for our meeting.

cc: Jim Mitchell
Glenn Schleede
Dave Elliott

*we agreed to a target
of type we want
to come from our
couple of yrs
here's how far I've*



*Center
P owners of NRC*



*we accept The concept
of anti control of
reprocessing*

Utah's Test -

P overrules

NO

Concurrent resolution

If got to have something
Symington Act signed June

amount of dual & all ad

~~rule out~~
P can overrule

casualties

30 calendar days by it resolution
to examine & pass it
resolution to overrule

We can veto

2/3 to overrule veto

*Portsmouth
M. G. ...*

NFAA

Key persons will not remove holds. Alternative legislation (attached) proposed to:

1. Authorize Portsmouth
2. Require study of public vs. private

Some accommodation is possible, but might have to include Congressional review prior to submitting contracts.

The problem seems to be that those opposed to NFAA do not want to pass a bill that prejudices commitment to private sector.

NonProliferation

There are seven key issues, which are the issues raised in the letter to the President of last Friday. Agreement on principle is good in all cases, but language problems remain on five issues. Of these, two appear easy to handle, and three are difficult to resolve (potentially unsolvable.) An explanatory table is attached.

Senate, House, ERDA, and State staff are now meeting to:

1. Agree on language where possible.
2. Formulate alternative language where agreement is not possible.

Suggested arrangement is:

1. Agreement on clean bill is reached by all parties, or nothing goes forward.
2. House, Senate, and Administration agree on legislative process before agreed bill is released. Objective would be to:
 - a. Pass identical bill in both houses.
 - b. Give the JCAE major credit.



Key Issues

Senate Bill

House Bill

Possible Compromise

1. Trigger of stricter "Phase Two" criteria

President defers application of criteria year by year

Criteria become effective when all agree

Strong statement of Congressional intent plus requirement that President submit legislation to tighten criteria every year. (This is the most difficult issue)

*with
Confer*

2. Reprocessing criteria

Does not clearly allow reprocessing in "acceptable" countries)

Would allow reprocessing in "acceptable" countries

Principle of House bill seems acceptable. Language is very difficult to write.

3. Presidential override of NRC

Requires President to change export licensing criteria on a case-by-case basis

President can override NRC

House override provision plus 60-day delay during which Congress can pass joint resolution to override President

4. Government to government transfers

This is a minor technical problem blown out of proportion and now resolved in our favor

5. Nuclear Proliferation Assessment Statement

Required on virtually everything

Not required

Require only for new Agreements for Cooperation, and then separate from President's approval of Agreement (This appears settled)

<u>Key Issues</u>	<u>Senate Bill</u>	<u>House Bill</u>	<u>Possible Compromise</u>
6. Components and substances	Allows NRC to license selected component or substance and veto any export by Commerce	Limits NRC to components; no veto over Commerce	Broadens NRC control to selected components or substances; no veto. (This appears settled)
7. Reports to Congress	Requires President to identify Agreements to be renegotiated	No such requirement	No requirement; however, President reports back on nonproliferation status of other countries, (possibly in classified form.) (This is nearly settled)

AMENDMENT TO S. 3770--NUCLEAR FUEL ASSURANCE STUDY/PORTSMOUTH ADD-ON

Explanation: This amendment adds a new section to S. 3770, including the \$255 million Portsmouth authorization contained in S. 2035 and requiring a Presidential report comparing private vs. Government enrichment options.

Section _____. (a) The Administrator of Energy Research and Development is hereby authorized and directed to initiate construction planning and design, construction, and operation activities for expansion of an existing uranium enrichment facility at the earliest possible date. There is hereby authorized to be appropriated \$255,000,000 for this purpose. Nothing in this Act shall delay the implementation of this subsection.

(b) The President is directed to submit a report to Congress no later than April 15, 1977 including---

(1) a comparative analysis of the advantages and disadvantages of meeting future uranium enrichment requirements through--

(a) entering into cooperative arrangements to encourage the development of a competitive private uranium enrichment industry,

(b) further expanding Government uranium enrichment capacity, or

(c) a combination of the above.

This analysis shall give particular emphasis to the impact of each of these alternatives on the worldwide proliferation of nuclear explosive devices and efforts to control the spread of sensitive nuclear technology.

nuclear technology;

(2) a detailed discussion of the safeguards against diversion of materials and technology, including physical security, to be maintained at Government and any proposed private uranium enrichment facilities under the jurisdiction of the United States; and

(3) projections as to the supply of and demand for enriched uranium in domestic and foreign markets through the year 1990 and an assessment of U.S. and foreign natural uranium reserves.