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MEMORANDUM

NATIONAL SECURITY COUNCIL

October 19, 1976

MEMORANDUM FOR:

JIM CANNON
BRENT SCOWCROFT

JIM CONNOR

JIM MITCHELL

GLENN SCHLEEDE

FROM:

DAVID ELLIOTT D.E.

SUBJECT:

Latest Version of a Presidential
Nuclear Statement

Following up on the directions of yesterday, State has produced a revised draft statement on nuclear policy. It is intended to take into account the three themes discussed yesterday, viz:

- more emphasis to our commitment to support the nuclear power program in other nations,
- more stress to the international rationale for the U. S. demonstration reprocessing plant (possible foreign participation, advanced consultations, safeguards test bid, and availability of reprocessing services when required),
- the need for supplier cooperation because our market position does not permit us to dictate solutions.

State did feel, however, that we ought to pitch this primarily as the President's response to his concern over the potential for proliferation, and not as an upbeat view of the promise of nuclear power once the proliferation problem is dealt with. Apparently after a brief scan of this draft, Kissinger "liked" its approach.



NUCLEAR POLICY

A STATEMENT BY PRESIDENT GERALD R. FORD

Today the peoples of the world face a threat unlike any in history. It is the threat of nuclear weapons proliferation, the threat that nuclear explosives will spread -- to ^{new} large nations, to ^{new regions of the world,} ~~small nations,~~ and even to terrorists, ~~who have no nation at all.~~ It is a threat that is the more formidable because it arises from the promise of nuclear power as a realistic alternative to continuing dependence on diminishing and uncertain supplies of imported oil.

If we fail to comprehend and contain this threat, the result, inevitably, will be tragedy. But we can -- and we will -- end this danger by understanding it clearly and acting wisely in concert with other responsible nations. ¶ For a world in which the possession of nuclear arms becomes increasingly widespread would be a world in which the security of all is imperiled. Maintaining international stability in such an environment would be incalculably difficult and dangerous. In times of regional or global crisis, risks of nuclear devastation would be immeasurably increased -- if not through direct attack, then through a process of ever expanding escalation. Nor can we ignore the perils of theft or seizure which



increased availability of nuclear weapons must entail.

The problem of nuclear proliferation has been a major concern of my Administration since I first took office. Last summer I directed that our efforts be brought to their culmination by a complete review of our nuclear policies. I received the results of this review before Labor Day, and have since deliberated with great care on its recommendations.

Today, I am announcing an important new American policy based on those recommendations. We have approached the major supplier countries to begin discussion of these policies, and I am convinced that our new policy will benefit not only the national interest of the United States, but also the welfare of all nations for generations to come.

My policy deals with the world as it is, not as we might wish it; it is a policy that reconciles legitimate national interests in nuclear power with non-proliferation imperatives. Indeed, developing the policies and the programs to prevent proliferation without eliminating the enormous benefit of nuclear energy is one of the major challenges facing all the nations of the world today.



-- There are legitimate interests in nuclear power. The 1973 energy crisis dramatically demonstrated to all nations not only the dangers of excessive reliance on oil imports, but also the reality that their and the world's supply of fossil fuels inevitably is dwindling. As a result, nuclear energy is now seen by many nations as an indispensable way to satisfy rising energy demands without prematurely depleting finite fossil fuel resources. Nuclear energy can lessen their deepening dependence on foreign energy sources, and diminish 'the world economy's vulnerability to fluctuations in the supply of oil. And for nations with no fossil fuel reserves of their own, nuclear power can be central to their economic well being. We must understand the motives which are leading these states to place greater emphasis than we do on nuclear power development. For unless we comprehend their real needs we cannot expect to find ways of working with them to ensure that their legitimate concerns and ours are both met.

-- Yet the peaceful application of nuclear energy confronts us with a dilemma. Nuclear fuel, once it has been burned to produce power, contains plutonium, which can be chemically separated from the spent fuel. That

plutonium can then be used to help generate additional power. Unfortunately -- and this is the root of the problem -- plutonium is a key ingredient of nuclear explosives. The world community simply cannot afford to let this dangerous material and its related technology spread uncontrolled over the globe. We should not permit it to be produced and utilized unless and until the most stringent conditions and arrangements for avoiding proliferation are developed and observed.

-- But no single nation, not even the United States, can hope by itself to control effectively the spread of plutonium and reprocessing technology. The United States once was the predominant supplier of worldwide nuclear energy. While we remain a leader in this field, today other suppliers have come to share the international market -- with the US now supplying about (half) of the international market. We cannot impose our preferences. Therefore it is essential that we exercise our leadership through catalyzing cooperative international action, not through futile attempts to impose our preferences on suppliers and consumers. We must avoid the temptation for rhetorical gestures, empty threats or righteous posturing.

From the outset of the nuclear age, the United States has recognized the dangers of proliferation. And



we have been a leader in efforts to bring them under control. We took steps to share the benefits of the peaceful atom, while acting to control its spread for military purposes when President Eisenhower proposed establishment of the International Atomic Energy Agency. We took the leading role in negotiating the Nuclear Non-Proliferation Treaty.

Since ascending top priority to non-proliferation
~~Non-proliferation has been a top priority concern~~
shortly after
~~of my Administration since I took office in 1974, since~~
then we have made considerable progress in reducing the possibility that increasingly widespread possession of atomic weapons would eventually spark the holocaust that all mankind fears.

But the urgency of our task has become even more pressing. We and other nations now face critical nuclear policy decisions.

In forging my new nuclear policy initiatives, I have proceeded in the conviction that environmental safety and avoidance of proliferation must take precedence over economic and commercial interests. Great ~~though~~^{as} the economic benefits of nuclear energy ~~may be~~^{are}, they cannot justify the dangers that would threaten a world faced with the uncontrolled availability of plutonium and other nuclear explosive capabilities.



As a result of my nuclear policy review, I ~~have~~
therefore ~~concluded~~ ^{believe strongly} that the reprocessing and recycling
of plutonium ~~should~~ ^{ought} not proceed until we are confident
that the world community can effectively overcome the
associated risks of proliferation. To ~~implement my~~ ^{carry out this}
fundamental ~~decision~~ ^{judgment} requires vigorous action on both
the international and domestic fronts.

Internationally, I have decided that, while continuing
to assure the availability of efficiently produced and
and safeguardable nuclear fuel for peaceful purposes
the United States will undertake a major diplomatic
effort to reduce the worldwide risks of plutonium access
and associated technology. Indeed, peaceful nuclear
cooperation can only prosper within a credible international
system which reduces nuclear risks for all nations and
enables legitimate energy needs to be met. This effort
requires the cooperation and support of suppliers and
consumers alike. I am directing the Secretary of State
to seek the support of other nations for strengthened
non-proliferation approaches and for preventing controls
from becoming elements of commercial competition. In
pursuing global approaches to non-proliferation, the
United States recognizes the responsibility to cooperate
with other states in realizing the peaceful benefits
of nuclear energy. And we will do so with ~~all~~ nations



prepared to dedicate themselves to non-proliferation.

Domestically, we must ensure that our programs and policies are compatible with our international position on reprocessing. I have therefore determined that the United States should no longer regard reprocessing of used nuclear fuel to produce plutonium as a justifiable additional step in the nuclear fuel cycle, unless economic, environmental and above all non-proliferation uncertainties can be successfully resolved. On the contrary, before we decide whether to apply this technology for commercial purposes, we must be convinced that our course is not only technically sound but that it supports our vital non-proliferation objectives. I am directing the Administrator of the Energy Research and Development Administration to reorient our energy programs to conform with this policy.

We are committed to construct a new era of global cooperation founded on strong US support. From this basis, I am authorizing a nuclear policy to deal specifically with the three major areas of concern: coordinated international action; strengthened national export policies; and effective domestic programs.

First, I am directing new and accelerated international initiatives to:

-- persuade other supplier nations to join us in exercising maximum restraint in the transfer of reprocessing and enrichment technology and equipment;

-- persuade suppliers to offer, and consumers to accept, nuclear fuel services instead of sensitive technology, so that countries accepting responsible restraints in connection with US nuclear assistance will have an assured supply of nuclear fuel;

-- assume responsibility for accepting the spent fuel of consuming nations, as appropriate, in return for financial reimbursement or fresh reactor fuel of equivalent energy value;

-- ~~to~~ explore arrangements for coordinating the resources of suppliers so that they can offer assured and economical fuel services without commercial advantage or disadvantage;

-- urge a major commitment of financial and scientific resources to strengthen the safeguards capabilities of the International Atomic Energy Agency and to vigorously pursue cooperative international efforts to upgrade physical security standards; and

-- set a firm policy of international penalties for safeguards violations.

Second, in recognition of the continuing need to exercise leadership in our own national export policies,

It -- pursue the establishment of an international regime for the storage of excess civil plutonium and spent reactor fuel;



I am directing that the United States take into account the following new criteria in conjunction with peaceful nuclear cooperation with non-nuclear-weapon states:

-- whether recipients are parties to the Non-Proliferation Treaty or are prepared to accept IAEA safeguards on all nuclear facilities;

-- whether they are prepared to forego or postpone national reprocessing and sensitive enrichment activities; and

-- whether recipients are willing to participate in an international spent fuel and plutonium storage regime.

Third, to support our overriding non-proliferation objectives, and in consultation with other interested states, taking full account of their policies and programs, I am authorizing a purely experimental program:

-- to assess the feasibility, benefits, and safety of commercial reprocessing and waste disposal;

-- to develop and test new safeguards approaches; and

-- to pursue technology alternatives to reprocessing.

These are the foundations of our new approach, and the three areas which our policy will address. Let me now turn in more detail to these three central areas of concern.



International Initiatives

A successful policy of reducing the worldwide risks associated with plutonium will require the support and cooperation of both supplier and consumer countries. To secure such support and cooperation, we must demonstrate to other nations that concurrence with the initiatives I am launching today will not harm their legitimate economic interests, while enhancing the future safety of all nations and all peoples. We will work at solving economic problems with all nations that join us in giving precedence to non-proliferation and environmental goals.

[A unilateral decision by the United States to defer commitment to reprocessing would serve no useful purpose if other nuclear supplier nations plunged ahead with the export of reprocessing technology. My second major decision today -- to undertake a major diplomatic effort to reduce the worldwide risks of [redacted] access to plutonium and sensitive technology -- therefore flows directly from the first.]



During the past two years, I have vigorously pursued non-proliferation through multilateral cooperation with other nations. Because of the growth of nuclear capabilities among several potential supplier nations, I have rejected highly publicized or unilateral approaches, which not only would be futile, but also could easily alienate both supplier and consumer nations whose cooperation is essential to the success of our non-proliferation efforts.

My most immediate concern has been to improve international safeguards and controls. In 1974, soon after I assumed office, we proposed strengthening and standardizing non-proliferation measures at the United Nations General Assembly.

In the fall of 1974, I became concerned that some nuclear supplier countries appeared to be prepared to offer nuclear exports under conditions less rigorous than we believed prudent, in order to achieve competitive advantage. I communicated these concerns directly to my counterparts in key supplier and recipient nations. I directed the Secretary of State to explore ways of emphasizing multilateral action

to limit this dangerous form of competition.

At our initiative, the first meeting of major nuclear suppliers was convened in London in April, 1975. Additional meetings and intensive bilateral consultations followed.

As a result of these meetings, we have developed ~~tight~~ ^{progressive} new guidelines to govern nuclear exports -- involving both improved safeguards and controls to prevent diversion, and physical protection against theft and sabotage. This achievement has significantly raised international norms. The United States has adopted these guidelines as policy for nuclear exports.

In addition, we have acted to deal with the special dangers associated with plutonium. Even prior to today's decisions, the United States took the following steps:

-- We have prohibited export of reprocessing and other nuclear technologies that could contribute to proliferation.

-- We have firmly opposed reprocessing in Korea and Taiwan. We welcome their significant decisions to forego such activities and we will continue our efforts to discourage national reprocessing in other areas of concern.



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

Other important gains in the effort against proliferation have been made during the two years of my Administration. Last year, the Federal Republic of Germany, Italy, and other European states completed ratification of the Non-Proliferation Treaty. This year, Japan also ratified the Treaty -- a significant step after many years of serious debate.

In addition, last month, at my direction, we proposed to the International Atomic Energy Agency an agreement placing US civil nuclear facilities under the safeguards of the IAEA, following extensive negotiations. This has now been approved by that Agency.

Despite the gains that have been made, the dangers posed by reprocessing and ^{the prospect of} 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 by avoiding or deferring such sensitive exports for a period of at least three years. 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.

In addition, I urge nuclear suppliers to provide nuclear consumers with nuclear fuel services in place 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.

All such nations should 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 assurance to consumers of a continuing and stable source of supply.

It is also desirable to continue studying the idea of a few suitably-sited multinational fuel cycle centers to serve regional needs, when effectively safeguarded and economically warranted. Through these and related means, we can minimize incentives for the spread of dangerous fuel cycle capabilities.

The United States will do its part to ensure that any country accepting responsible restraints on its nuclear power program with regard to enrichment, reprocessing and plutonium disposition will have an assured supply of nuclear fuel. To this end, I have directed the Secretary of State with regard to current US recipients, and in new agreements for cooperation, to offer binding letters of intent for the supply of nuclear fuel to countries willing to accept such responsible restraints. These would be fulfilled either by new government capacity or by private suppliers, at our discretion.

The United States is now prepared to enter into negotiations or arrangements with consumer nations, ^{that adopt responsible} adapting restraints under which ~~we could mutually agree on~~ ^{they would accord us rights of disposition over their} spent fuel, where appropriate and where it can demonstrably foster our non-proliferation objectives. In return,



these nations would be assured of either reimbursement or fresh, low-enriched fuel of equivalent energy value. In any such arrangement, our objective will be to ensure against any economic disadvantage to the cooperating nation.

In pursuing a program of assured fuel supply and fuel exchange, 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 to explore arrangements for coordinating such resources and developing other means of ensuring that suppliers will be able to offer, and consumers will be able to receive an interrupted and economical supply of non-sensitive nuclear fuel and fuel services.

To reinforce these policies, we must develop means to establish international ^{restraints} ~~control~~ ^{accumulation of} over the plutonium itself, whether in separated form or in 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 discussions aimed at the establishment of a new international regime to provide for storage of excess civil plutonium and spent reactor fuel. I am directing



that we vigorously pursue this proposal which we made to the International Atomic Energy Agency and other interested nations last spring.

Creation of such a regime will greatly strengthen world confidence 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 IAEA, which is empowered to establish such a depository, to give prompt implementation to this concept.

Once a broadly representative IAEA storage regime is in operation, we are prepared to place our own excess civil plutonium and spent fuel under its control. Moreover, we are prepared to consider providing a site for international storage under IAEA auspices.

The inspection system of the IAEA remains a key element in our entire non-proliferation strategy. The world community must make sure that the Agency has the technical and human resources needed to keep pace with its expanding responsibilities.

I therefore have directed a major commitment of additional resources to the IAEA, and also
a mobilization of our best scientific talent to support the Agency. Two of our principal national laboratories

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

The terrible increase in violence and terrorism throughout the world has sharpened our awareness of the need to assure rigorous protection for sensitive nuclear materials and equipment. Fortunately, the need to cope with this problem is now broadly recognized. Many nations have responded to the initiatives which I have 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 among the major suppliers, provision for adequate physical security is becoming a normal condition of supply.

Steps are still urgently needed, however, 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 of nuclear policies, I have directed that the United States vigorously address the problem of physical security at both bilateral and multilateral levels, including exploration of a possible international convention.

The United States is prepared to embark with all its resources on development of the system of international controls that I have here outlined. Even when complete, however, no system of controls is likely to be effective, if a potential violator judges that his acquisition of a nuclear explosive will be received with indifference by the international community.

Any material violation of a nuclear safeguards agreement -- especially the diversion of nuclear material for use in making explosives -- must be universally judged to be an extremely serious affront to the world community, calling for the immediate imposition of drastic sanctions. I serve notice today that the United States will respond to violation by any nation of any safeguards agreement to which we are a party with, at a minimum, immediate cut off of our supply of nuclear fuel and cooperation to that nation. We would consider further steps, not necessarily confined to the area of nuclear cooperation, against the violator nation. Nor will our actions be limited to violations of agreements in which we are directly involved. In the event of material violation of any safeguards agreement, particularly agreements with the

IAEA, we will initiate immediate consultations with all interested nations.

Universal recognition of the total unacceptability of the abrogation or violation of any non-proliferation agreements is one of the most important steps which can be taken to prevent further proliferation. We invite all concerned governments to affirm publicly that they will regard nuclear wrongdoing as an intolerable violation of acceptable norms of international behavior, which would set in motion strong and immediate counter-measures.

Finally, we must make sure that nuclear power is not adopted unnecessarily in cases where alternative sources of energy would serve just as well. To this end, the United States is placing increased emphasis on the development of non-nuclear sources of power. We have proposed the establishment of an International Energy Institute, specifically designed to help developing countries match the most economic and readily available sources of energy to their power needs. In many cases, this source will be non-nuclear. Through this Institute and other appropriate means, we will offer technological assistance in the development of indigenous energy 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. Our interests, however, are not limited to controls alone. The United States has a special responsibility ~~[as one of our obligations under the Nuclear Non-Proliferation Treaty]~~ to share the benefits of peaceful nuclear energy with non-nuclear countries. We have sought to serve other nations as a reliable supplier of nuclear fuel and equipment. Given the choice between commercial benefits and progress toward our non-proliferation goals, we have given, and will continue to give, priority to non-proliferation. But there should be no incompatibility between non-proliferation and ^{assisting other nations in} ~~a vigorous export trade,~~ ^{enjoying the benefits of peaceful nuclear power,} if all supplier countries pursue common nuclear export policy. There is need, however, for even more rigorous controls, and for policies that favor nations accepting responsible non-proliferation limitations. The United States will move in this direction.

On the basis of my recently completed study of nuclear policies, 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 new criteria are:

-- Adherence to the Non-Proliferation Treaty will be a strong positive factor favoring cooperation.

-- Nations that have not yet adhered to the Non-Proliferation Treaty will receive positive recognition if they are prepared to submit to full fuel cycle safeguards, pending adherence.

-- Recipient nations prepared to forego, or postpone for a substantial period, the establishment of national reprocessing or enrichment activities or, in certain cases, prepared to shape and schedule their reprocessing and enriching facilities to foster non-proliferation needs, will be favored.

-- Positive recognition will also be given to nations prepared to participate in an international storage regime, under which excess fuel and any separated plutonium would be placed pending use.

Exceptional cases may occur in which non-proliferation will best be served by cooperating with states not yet meeting these tests. However, I have decided to go beyond the requirement in present law which requires Presidential approval of all new agreements for nuclear cooperation with other nations. Henceforth, negotiation of any new agreement with a nation which does not now

meet these strict standards will not even be initiated without my personal approval in advance.

The above criteria would provide the norm in negotiating all new or amended Agreements for Cooperation. I have also directed the Secretary of State to open discussions with the other nuclear suppliers to shape common guidelines so that they conform with these principles. With respect to countries that are current recipients of US nuclear supply, I am directing the Secretary of State to enter into negotiations with the objective of conforming these agreements to agreed international guidelines, and to seek through diplomatic initiatives to obtain their acceptance of our new criteria.

The reliability of American assurances to other nations is an asset that few, if any, nations of the world can match. It must not be eroded in the nuclear, or any other, area. Indeed, nothing could more prejudice our efforts to strengthen our existing non-proliferation understandings than arbitrary suspension of unwarranted delays in meeting supply commitments to countries which are dealing with us in good faith regarding 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 ^{responsible} nuclear export legislation which would have strengthened our effectiveness in dealing with other nations on nuclear matters. In the absence of such ^{responsible} legislation, I am directing the Secretary of State to work closely with the Nuclear Regulatory Commission to ~~increase~~ ^{ensure proper} emphasis on non-proliferation concerns in the nuclear export licensing process.

I will continue to work with Congress to achieve improvements in our nuclear export laws, with due account for the need for broad-based multilateral support. I welcome in particular the constructive proposals made by Senator Pastore, Congressmen Anderson and Price, and their colleagues on the Joint Commission for Atomic Energy. On the basis of their suggestions and my initiatives, I will work to develop bipartisan support for new legislation in this field during the next session of Congress.

Implications for Domestic Policy

We must not make the mistake of underestimating the current importance of nuclear energy to our own national well-being. If there are security risks



associated with the use of nuclear energy, there would be risks almost as grave in abandoning this new energy source.

Our dependence on imported oil has risen 20 percent since 1973, largely due to the failure of Congress to act on my Administration's energy program. The dangers in this situation are obvious.

We must achieve more effective conservation, and vigorously pursue development of solar energy and other new non-nuclear energy sources. Under my Administration, conservation research has more than quadrupled. Solar energy research has increased 700 percent, and research on other non-nuclear resources has been correspondingly raised. I am now recommending that we do even more. But we must recognize that these new energy sources are in their infancy. No responsible scientific authority holds that they can significantly contribute to meeting our energy needs before 1990, at the very earliest.

Nuclear energy must fill much of the gap that remains.

The key question that remains in development of our domestic nuclear energy program is whether we can safely allow plutonium to be separated from used nuclear fuel on a commercially exploitable scale. The development

of nuclear energy is approaching a point at which this question must be definitively answered. We must not allow the answer to be reached by default.

Equally important, we must formulate a national nuclear policy which is responsive to our non-proliferation concerns and is not driven by narrow perceptions of domestic needs. If we are to play a leading role in influencing global plutonium decisions, we must examine objectively the crucial issues related to reprocessing and seek to resolve the many uncertainties. Only by so doing can we keep faith not just with future generations of Americans, but with our friends and partners abroad who will look to us to provide a credible justification if asked to refrain from reprocessing.

I am therefore authorizing an experimental
program to determine answers to the following questions of interest to the United States and all nations pursuing nuclear power programs.

-- Whether safe means of reprocessing used nuclear fuel and disposing of the remaining waste can be developed;

-- whether means can be developed to provide adequate safeguards against the use of plutonium to manufacture nuclear weapons;

-- and whether technological alternatives to reprocessing can be found.

Consistent with asking other supplier and consumer nations to join us in avoiding export of reprocessing technology, we will explore means to include appropriate participation by other nations in this experimental program, in such a manner as to support our non-proliferation objectives. To ensure that this program serves non-proliferation objectives, taking into account the nuclear programs and policies of other, I have directed the Secretary of State and the Administrator of ERDA to consult with the IAEA and with interested states before we finalize the precise scope and nature of our experimental effort.

The experimental program will fit into the framework of our recently approved safeguard arrangement with the IAEA, serving as a testing ground for the development and demonstration of techniques to provide safeguards against diversion of pure plutonium for use in nuclear weapons. In this connection, we will urge the IAEA to test and apply the most vigorous possible safeguards to the experimental ~~facility itself~~ ^{program}. Finally, this experimental program will serve to effectively complement the ongoing Nuclear Regulatory Commission proceedings concerning the wide-scale use of mixed oxide fuel in nuclear reactors.



In light of the decisions I have made today, I am able to confirm my Administration's earlier assessment that we can defer for ten years any decision to place breeder reactors, which would require plutonium fuel, in commercial operation. We know from experience that the lead time for the development of complex technologies in the nuclear field is prolonged. The experimental program that I am authorizing will provide the knowledge of reprocessing that will be needed to ^{make} go ahead with the breeder, ~~if the responsible authorities at the proper time in the future should decide then years from now to do so.~~ *a sound decision to go*

On the basis of the study of nuclear policy recently conducted by my Administration, I have quadrupled the budget for our program to dispose of nuclear waste. We expect to demonstrate a complete depository for such waste 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 demonstration depository be submitted for licensing by the Nuclear Regulatory Commission to assure its safety and acceptability to the public.



Consistent with my decision that reprocessing is no longer to be viewed as inevitable, I am directing today that the waste disposal program include careful study of the feasibility of long-term storage of spent fuel that has not been reprocessed.

* * * * *

The challenge of nuclear proliferation demands candor. It can perhaps be managed -- but only partially and temporarily by technical measures. It can only 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 of doubtful economic value and have ominous implications for nuclear proliferation and instability in the world.

The record to date is not perfect. The broad consensus against the acquisition of nuclear weapons is a source of encouragement, but it is certainly not a basis for complacency.

I do not underestimate the scope and complexity of the challenge and the program I have just put forward to meet it. Success depends on an extraordinary coordination of the policies of all nations toward the common good. The US is prepared to lead, but we cannot succeed alone. If nations can work together constructively and cooperatively to manage our common nuclear problems we will enhance our collective security. And we will be better able to concentrate our energies and our resources on the great tasks of construction rather than consume them in increasingly destructive rivalry.

THE WHITE HOUSE
WASHINGTON

October 19, 1976
3PM

JMC

Here is the most recent
Schleede draft of the
nuclear policy statement.
Connor, Mitchell and Elliott
also have copies.

The State Department draft is
due this afternoon.

Jeanne



STATEMENT ON NUCLEAR POLICY

We have known since the age of nuclear energy began more than 30 years ago that this marvelous source of energy presented both the potential for tremendous benefits for all mankind and the potential for great destruction.

During the past 30 years, great efforts have been made by responsible leaders around the world to assure that the benefits of nuclear energy are made available widely, while its destructive uses are prevented. As the use of nuclear energy increases worldwide, we are faced with a growing problem of preventing the spread of capability to develop nuclear explosives.

The problem can be handled as long as we understand it clearly and act wisely in concert with other nations to deal with it. But we are faced with a threat that could bring tragedy if we fail to comprehend it or fail to take effective measures. The potential for proliferation stems from intrinsic characteristics of nuclear energy.

On the one hand, this energy source represents one of the best hopes for satisfying the rising world demand for energy with minimum environmental impact and with the potential for reducing dependence on uncertain and diminishing world supplies of oil.

On the other hand nuclear fuel, once it has been used to produce power, contains plutonium which can be chemically separated from the spent fuel. This plutonium

can be used to generate additional power without the need for additional energy resources. 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 cannot afford to let such dangerous nuclear materials or the technology to produce them spread uncontrolled over the globe or permit them to be produced and utilized by any nation or group unless the most stringent security conditions are observed.

Developing the policy and programs to prevent proliferation while preserving the enormous benefits of nuclear energy is one of the major challenges facing all nations of the world today. The policies and programs we need cannot be judged by standards applied to most domestic and international activities. They cannot be partially successful. They will either work, in which case we shall stop proliferation, or they will fail and nuclear proliferation will accelerate as nations initially having no intention of acquiring nuclear weapons conclude that they are forced to do so by the actions of others.

The seriousness and the complexity of the problem places a special burden on those who propose ways to control proliferation. They must handle the problem carefully, and they must offer solutions which deal with all aspects. Moreover, they must avoid the temptation for rhetorical gestures, empty threats or righteous

posturing. They must offer policies and programs which deal with the world as it is, not as we might wish it. The goal is to prevent proliferation, not which merely sounds as if we deplore it.

The first task in dealing with the problem of proliferation is to understand the outlook for nuclear power. Briefly:

- More than 30 nations have or plan to build nuclear power facilities.
- Several nations have all the technology needed to produce both the benefits and the destructive potential of nuclear energy, and they have the capability to supply technology and facilities to any nation willing to pay for it.

In short, the U.S. does not have a monopoly on nuclear technology. Although our role is large, we are not able to control worldwide nuclear development. Action to control proliferation must be an international cooperative effort involving many nations, including both nuclear suppliers and customers. Common standards must be developed and accepted by all parties. If this is not done, unrestrained trade in sensitive nuclear technology and materials will develop -- with no one in a position to stop it.

The U.S. has had an excellent record of leadership for more than 30 years in worldwide efforts to prevent proliferation. I have stepped up efforts over the past

two years and we have made considerable progress. I believe we must now take new steps forward, maintaining our position of leadership, but working closely with all other nations with an interest in nuclear energy.

As we move forward, we must recognize that interests in nuclear energy vary widely among nations. We must recognize that some look to nuclear energy because they have no acceptable energy alternative. We must be sure that our efforts to control proliferation are not viewed by such nations as an act to prevent them from enjoying the benefits of nuclear energy. We must be sure that other nuclear supplier nations recognize that we seek no economic advantage as we move forward on a cooperative basis to control proliferation. We must be sure that all nations recognize that the U.S. believes that non proliferation objectives must take precedence over economic and energy benefits if a choice must be made.

The task we face calls for an international cooperative venture of unprecedented dimensions. The U.S. is prepared to work with all others. I am outlining today the international cooperative activities that I believe are necessary to deal with nuclear energy. I am also outlining the steps that the U.S. will take to contribute to effective controls.

I also want to reaffirm the intention of the United States to maintain its role as a major world supplier of nuclear fuel and equipment for peaceful purposes. That role has helped us in the past in encouraging others to accept proliferation controls and I believe this role must be maintained.

I also reaffirm my belief that the U.S. must increase its use of nuclear energy in the years ahead. Even with strong efforts to conserve, we will have increasing demands for a growing economy. To satisfy these needs, we must rely on increased use of both nuclear energy and coal until more acceptable alternatives are developed. We will push ahead with work on all promising alternative technologies but it is clear that we cannot expect a major contribution to our energy supply from any of these alternatives until late in this century.

This summer I directed that a major review be undertaken of our nuclear policies and options, with particular emphasis on exports, non-proliferation, nuclear fuel reprocessing and waste management. I have considered the results of that review, held discussions with members of Congress and benefited from the consultations that have been held with other nations.

I have decided that four major actions are necessary.

- First, I have decided that the U.S. must adopt a new attitude and a new policy of greater restraints on the reprocessing of nuclear fuel which results in separated plutonium. We must no longer assume that reprocessing and recycle of plutonium is inevitable. Instead, we must resolve uncertainties with respect to the safety, safeguardability, environmental acceptability, and energy and economic benefits of reprocessing
- Second, I am calling for a worldwide moratorium on the export of reprocessing and uranium enrichment technologies until the uncertainties are resolved and a more effective system of proliferation controls is established.
- Third, I have decided that the U.S. must take new steps, building on the initiatives undertaken over the past two years, to achieve agreement world wide on further actions to prevent the diversion or theft of nuclear materials that could be used to make nuclear explosives.
- Fourth, I am announcing the actions that will be taken to assure that a facility is available for the long-term storage of nuclear wastes by the time that it is needed in the mid-1980's.

In order to achieve an effective world-wide system to prevent proliferation, I am today asking all nations interested in nuclear energy to:

- Defer decisions on reprocessing and join with the U.S. in a cooperative effort to define and carry out the experiments and evaluations necessary to determine whether reprocessing should proceed.
- Explore the possibility of a limited number of multi-national nuclear fuel service centers and waste repositories.
- Explore the concept of an international storage regime probably under the leadership of the International Atomic Energy Agency for spent fuel and excess plutonium.
- Strengthen physical security measures for all nuclear facilities.
- Take new steps to strengthen the IAEA's ability to help control proliferation.
- Explore the feasibility of assuring a reliable energy supply for nations accepting non-proliferation controls.
- Expand cooperative efforts in developing non-nuclear energy resources as an alternative to nuclear power.

I am also proposing that nuclear supplier nations agree to:

- Withhold or cancel proposed exports of reprocessing or uranium enrichment technology.
- Withhold the export of nuclear reactors and fuel unless the importing nation agrees to accept binding and effective controls against proliferation including, as a minimum,

those in the 1976 nuclear supplier guidelines.

- Provide to their customer nations accepting non-proliferation restraints with uranium enrichment and reprocessing services instead of facilities and technology, so that nuclear fuel supply is assured.
- Agree on sanctions that would be imposed against nations that violate non-proliferation agreements.

As their part in an international cooperative effort, I am asking all nuclear customer nations to:

- Forego the acquisition of reprocessing and uranium enrichment technology and equipment.
- Accept rigorous safeguards to prevent proliferation, including:
 - Adherence to the Non-Proliferation Treaty (NPT) or, pending completion of adherence process, accept controls and inspection applicable to all nuclear facilities.
 - Agreement to place all spent fuel and, when available, excess plutonium in the proposed international storage regime.

As I indicated, the U.S. cannot be itself prevent proliferation. But we can provide leadership by demonstrating our willingness to take the responsible steps that are necessary. Accordingly, I am today directing that executive branch agencies' policies and programs be redirected to fit the new policy that reprocessing and recycle will proceed only if uncertainties are resolved. Specifically:

- The agencies are to encourage industry to proceed immediately with the expansion of spent fuel storage facilities, thus assuring utilities that they need not be concerned about shut down of reactors because of delays in decisions on reprocessing.
- ERDA is to define, in close consultation with the NRC, the reprocessing experiments and evaluations needed to complement NRC activities. The independent NRC is already working on its generic environmental impact statement on mixed oxide fuel, both to resolve uncertainties concerning both the necessity and desirability of reprocessing and recycle.
- ERDA is to identify and recommend to me the R&D efforts needed to investigate alternatives to reprocessing.

In addition, we have completed a major review of our program for providing a long-term high-level nuclear waste management facility when it is needed in the mid-1980's. As a result of that review, I have directed that necessary actions be taken to achieve this objective and to assure that such a facility will be able to accommodate either solidified waste from reprocessing or spent fuel elements.

I am determined that the U.S. will also maintain its role as a reliable and competitive supplier of nuclear fuel and equipment for peaceful purposes. As one step, I will submit legislation to the new Congress to expand uranium enrichment capacity in the U.S., including the expansion of the Government-owned plant at Portsmouth to fill existing orders and privately owned capacity to fill new orders.

We must also take new steps with respect to U.S. exports of reactors and nuclear fuel. I have directed the Secretary of State, with assistance of other agencies where appropriate, to:

- Apply rigorous new criteria in judging whether or not to enter into new or expanded nuclear cooperation with a non-nuclear weapons nation. The new criteria will include willingness to adhere to the NPT; to accept safeguards requirements for all nuclear facilities pending adherence to the NPT; to forego or postpone indefinitely the establishment of national reprocessing or uranium enrichment activities; and to participate in an international spent fuel or excess plutonium storage program, when it is established.
- Enter into negotiations with our current nuclear trading partners to conform to existing agreements with the new guidelines recently developed by nuclear supplier nations and the above criteria.

I will ask the new Congress for legislation needed to improve existing law with respect to nuclear exports, recognizing the need to (a) insist on agreement to rigorous controls, and (b) maintain the U.S. role as a stable, reliable and competitive supplier in order to achieve non-proliferation goals.

I have also decided that we must take a number of actions to encourage essential worldwide controls. Specifically, I am today:

- Proposing that the U.S. provide additional resources, beyond those proposed in February 1976, to strengthen the role and capabilities of the IAEA.
- Inviting participation of other nations and the IAEA in developing and carrying out experiments and evaluations to resolve uncertainties about reprocessing and recycle, and in waste management program.
- Announcing our willingness to enter into negotiations with consumer nations that adopt non-proliferation restraints either to purchase their spent reactor fuel or exchange it for fresh, low-enriched fuel of equivalent value -- to help ensure against economic or energy disadvantage to those nations accepting controls.
- Agreeing, in principle, to place excess spent fuel and civilian plutonium in an internationally controlled

storage regime when it is established.

- Pledging binding commitments to customers accepting non-proliferation controls of an assured supply of uranium enrichment services.
- Directing the Secretary of State and Administrator of ERDA to identify actions that could be taken to assist other nations in developing non-nuclear energy resources as an alternative for nuclear power.
- Directing the Secretary of State to enter into bilateral and multilateral discussions with the objective of securing agreement to the overall program of worldwide policies and actions to prevent proliferation.
- Declaring the firm intent of the U.S. to impose sanctions against any nation violating a nuclear non-proliferation agreement.

I do not underestimate the scope and complexity of the challenge and the program I have just put forward to meet it. 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 work together constructively and cooperatively to manage our common nuclear problems we will enhance our collective security. And we will be better able to concentrate our energies and our resources on the great tasks of assuring to all nations the safe, reliable, environmentally sound, and economically acceptable sources of energy needed to improve the quality of life for all.