



Foreign and Commonwealth Office

London SW1A 2AH

17 July 1981

Dear Michael,

President Reagan's statement on non-proliferation and
peaceful nuclear cooperation

President Reagan yesterday issued the Administration's first statement on non-proliferation policy. We have received information that the President may refer to the subject at Ottawa (although it is not clear how and with whom). I therefore enclose supplementary briefing on the President's statement.

It is possible that Mr Haig may raise the subject with Lord Carrington when they meet later today. Similar briefing has been sent by telegram to Washington.

It has been impossible to show the brief to Ministers here. But a copy will be in the Lord Privy Seal's weekend box.

Yours ever,

(F N Richards)
Private Secretary

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OTTAWA ECONOMIC SUMMIT

19-21 JULY 1981

PRESIDENT REAGAN'S STATEMENT ON NON-PROLIFERATION
AND PEACEFUL NUCLEAR COOPERATION

Brief by Foreign and Commonwealth Office

POINTS TO MAKE [if raised by President Reagan]

PRESIDENT REAGAN'S STATEMENT

1. Welcome reaffirmation of US commitment to non-proliferation. Further spread of nuclear explosives would constitute a major challenge to world security. Agree that we must continue to work to ensure that nuclear energy is developed for peaceful purposes under adequate safeguards.

TRANSFERS OF SENSITIVE NUCLEAR ITEMS

2. We would not supply sensitive nuclear materials or technology to areas of clear proliferation risk. Problem is to do this without weakening support for the NPT, which must remain the cornerstone of the non-proliferation regime.

BACKGROUND

4. We understand President Reagan intends to raise non-proliferation in Ottawa, though we do not know how and with whom.

/4. Summary

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5. Summary of President's statement is at Annex A. Few specific proposals. Mainly a framework for non-proliferation policy. Emphasis, as explained by US officials, is on:

- (a) US commitment to prevent the further spread of nuclear explosives; also support for NPT and improving IAEA safeguards.
- (b) Non-proliferation policy on a case-by-case basis; US will not apply same criteria to reliable friends as to countries where proliferation risk exists, eg the US will no longer inhibit reprocessing and fast reactor development in countries with advanced power programmes which pose no proliferation threat.
- (c) Effort to reduce incentive to acquire nuclear weapons (eg in Pakistan) by increasing confidence in conventional capability and in US support.
- (d) Re-establishment of US position as reliable nuclear supplier, in order to prevent states going their own way and to gain support for dealing with non-proliferation problems.

6. We can welcome:

- (a) the emphasis on non-proliferation as fundamental foreign policy objective. US policy will have a decisive effect on international efforts to deal with a major potential threat to stability.
- (b) increased US recognition that non-proliferation is as much a political as a technical problem.
- (c) the cessation of US efforts to curb reprocessing and fast breeder developments by major industrialised countries.

7. But there is also risk that more liberal regime for reliable countries may be seen as discriminatory by other NPT parties. Unless handled carefully this policy could undermine efforts to build wide international consensus on vital balance between nuclear trade and non-proliferation arrangements. This balance will be important factor in restoring confidence in the NPT.

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MAIN POINTS OF PRESIDENT REAGAN'S 16 JULY STATEMENT

1. Prevention of spread of nuclear explosives is a fundamental US security and foreign policy objective.
2. US will seek to reduce incentive for acquiring nuclear explosives by working to improve regional and global stability.
3. Support for adherence by non-parties to the Non-Proliferation Treaty (NPT) and Treaty for the Prohibition of Nuclear Weapons in Latin America (Tlatelolco).
4. Violation of these Treaties would have profound consequences for international order and US bilateral relations.
5. Support for strengthening IAEA safeguards regime.
6. US will inhibit transfers of sensitive nuclear items, particularly where there is a risk of proliferation, and will seek agreement on full scope safeguards (a commitment to safeguard all existing and future nuclear activities in a state) as a condition for any new supply commitment.
7. The Senate will be asked to ratify Protocol I of the Treaty of Tlatelolco (under which states outside the Treaty zone undertake to apply its denuclearisation provisions to their territories in the zone).
8. Cooperation with others with peaceful uses of nuclear energy, in order to reestablish the US as a predictable and reliable supplier, and to gain support for dealing with proliferation problems.
9. US procedures for handling export licence requests to be speeded up.
10. The US will not inhibit civil reprocessing and breeder reactor programme in countries with advanced nuclear power programmes where it does not constitute a proliferation risk.

The full text of the statement is attached.