

Memorandum of Conversation

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DATE: April 26, 1960

SUBJECT: Safeguards

PARTICIPANTS: Harry Williamson, Canadian Embassy
M. L. Manfull, S/AE
Robert M. Winfree, S/AE

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Several weeks ago I asked Mr. Williamson if he could give me an abstract of the safeguards article in the Canadian-Indian agreement. I told him at that time that we had been told by Dr. Bhabha that the Canadians and Indians had been successful in finding a formula which permitted the Canadians to verify their fuel rods in the CIR reactor.

Williamson began the conversation by reading a portion of his instructions. In essence his instructions said that he was to request that this agreement be held in the strictest confidence and that while he could show me a copy he should not permit me to retain a copy. What Williamson then showed me was a letter dated February 6, 1960, from the Canadian High Commissioner in New Delhi to Prime Minister Nehru. Other than the introduction and complimentary closing paragraph, the letter consisted of six numbered paragraphs, the essence of which were as follows:

1. Canada would supply up to 100 fuel elements for the CIR reactor.
2. Special consideration would be given to the use of Indian fuel elements in the reactor.
3. The Canadians and Indians agreed that any material supplied by Canada and any plutonium produced by use of the material would be used only for peaceful purposes.

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4. The Indian Atomic Energy Commission would keep records and would exercise self-inspection. Also the Indian AEC would make a physical audit of the fuel elements once a year.

5. If Canada so requests India will agree to a joint audit. In this case the report will be prepared jointly.

6. Only plutonium produced from the Canadian fuel elements will be audited. (Later in this paragraph it is recognized that this is an impossible task since both Indian and Canadian fuel elements will be used in the reactor and there is no way of telling what plutonium comes from what elements.) The paragraph continues, however, by stating that India has an option to place an amount of plutonium equivalent to that produced from the 100 Canadian fuel elements at Canada's disposal at a fair market price. Canada has a first option to purchase for peaceful uses only any amounts of plutonium which India does not wish to retain.

When Williamson asked me for my reaction to this letter I told him that in my mind it meant the Canadians had no safeguards. I pointed out that Bhabha had indicated to us that a form of words similar to the wording of the Canadian letter might be worked out with the United States and added that such wording would not be acceptable to the United States.

(Williamson then went off the record to state that he personally disagreed completely with the safeguards as incorporated in this agreement and he thought that Canada might have been placed in a very difficult position. He added that the initial agreement had been negotiated between Loren Gray, President of Atomic Energy of Canada, Limited and Dr. Bhabha, and that External Affairs had not known about it until after it had been negotiated. External Affairs had then insisted that it be a government-to-government undertaking.)

I told Williamson that I did not see how Canada could take such a staunch stand for safeguards in the IAEA and then turn around and undercut the entire principle of safeguards in a bilateral agreement. The fact that the Canadians had agreed to self-inspection and that even if the Canadians did decide to make an audit the report would have to be jointly prepared, substantially weakened our joint safeguards position. I asked him if Ambassador Wershof (the Canadian Ambassador who has so capably fought for strong IAEA safeguards) knew about this agreement and he replied that he did not know. He said that both the Government of India and the Government of Canada wanted

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to keep this agreement just as quiet as possible. He added that Bhabha had even wanted to keep the agreement from his own government but the Canadians had insisted on a government-to-government exchange. Williamson recalled the long history of difficulties encountered by Canada in the CIR reactor negotiations--by the time the safeguards issue came to a head, Canada was so enmeshed that Canada had to settle for the best it could get on safeguards. He personally believed (and off the record) Canada's explanation of the weak safeguards provisions could only be that Canada had made a mistake, recognized it, and would not repeat it in the future.

I told Williamson that this would greatly increase our difficulties in getting IAEA safeguards. If it became known that the Canadians had negotiated such a weak agreement with India they would be in a poor position to fight strongly for comprehensive IAEA safeguards. Furthermore, if other countries found out about this they would be inclined to soften on the safeguards issue. Although the U.S. was following the enriched uranium route, nevertheless if other countries soften safeguards on natural uranium reactors we would not be in a very good position to insist on safeguards on enriched uranium since we would be under very strong pressure from our domestic manufacturers. I personally doubted that we would be able to hold the line on enriched.

I asked Williamson if the Indian-Canadian agreement was in effect and he replied that while he had not seen a copy of Mr. Nehru's reply, he was certain that it was in effect.

See attached addendum dated April 29.

Robert
S/AE:RobertMWinfree:rvm

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Mr. Williamson called again at his request on April 29.

He started off by saying that after reflection he thought that perhaps my comments re "no safeguards" had been too harsh and went on to explain that the original agreement with the Indians had been negotiated in 1956 before any stress was being put on safeguards. Therefore since the original agreement had contained no safeguards, Canada had been unable to institute safeguards in the supplementary agreement. To this I replied that if the United States amended an agreement or negotiated a contract for the sale or lease of fuel after the initial umbrella agreement had been signed, if we found that safeguards or other important parts of the agreement had been omitted in the initial negotiation we endeavored to have them incorporated in the supplementary agreement or contract. I did not see why such a course of action was not applicable in the Indo-Canadian case.

Williamson again stressed the difficulties of negotiating with the Indians and said that the Canadians felt they had to reach an agreement--otherwise the Indians would have gone off on their own with no Canadian supervision and completed the reactor and inserted all Indian fuel elements. In such case the Canadians feared that the reactor would fail in its operation with the resultant damage to Canadian prestige. Therefore to keep Canadian advisers on the job and to have Canadian fuel elements in the reactor--at least at start up--the Canadians felt that they had to reach agreement with the Indians.

I told Williamson that my comments should be considered as personal since they had not been checked out within the Department or AEC. As one who had fought long and hard for safeguards, both bilaterally and within the IAEA, I deplored any action which tended to weaken our position. I personally felt that Ambassador Wershoff, who had fought longer and harder than I, would share my views. Williamson indicated that he, too, would like to know Wershoff's views.

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