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**Report, South African Department of Foreign
Affairs, 'Items of Interest in the Field of Atomic
Energy: Developments During March-April-May
1967'**

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Summary:

South African report summarizing communication between South African and US officials on the renewal of their atomic energy cooperation agreement, as well as cooperation with Argentina and France, discussion of the sale of uranium to Israel, and South Africa's redesignation to the IAEA board of governors.

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MINISTRY OF THE UNITED STATES OF AMERICA
STATE DEPARTMENT
BUREAU OF ATOMIC ENERGY
(JULY 1967 - JULY 1967)

The following developments in the field of atomic energy have been reported in the past several months. The purpose of this report is to provide a summary of these developments for the use of the Atomic Energy Administration in its work with the United States.

ITEMS OF INTEREST IN THE FIELD OF ATOMIC ENERGY

Following is a summary of the developments in the field of atomic energy which are of interest to the United States.

Developments during March - April, ~~1967~~ *MAY*

1967.

On March 15, 1967, the Republic of China (Taiwan) announced that it had signed a new agreement with the United States for the sale of nuclear reactors and related equipment.

The new agreement is a continuation of the agreement signed in 1965, and it provides for the sale of two new reactors to the Republic of China. The reactors are to be used for the production of electricity, and they are to be financed by the United States. The agreement also provides for the sale of related equipment, including fuel rods and control rods. The agreement is a significant development in the field of atomic energy, as it shows that the United States is continuing to provide nuclear technology to the Republic of China.

In addition, the United States has announced that it will provide technical assistance to the Republic of China in the field of atomic energy. This assistance will include the provision of training for Chinese technicians and the provision of technical information on the design and construction of nuclear reactors.

These developments are of interest to the United States because they show that the Republic of China is continuing to develop its nuclear energy program, and that the United States is continuing to provide support for this program.

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RENEWAL OF THE UNITED STATES/SOUTH AFRICA
ATOMIC ENERGY CO-OPERATION AGREEMENT
(JULY 1957 TO JULY 1967).

In Policy Review No. 160 of June 1966, the Department reported on the negotiations for the renewal of the Atomic Energy Co-operation Agreement with the United States.

It will be recalled that SAFARI I reactor at Pelindaba which is fuelled with 90 per cent enriched uranium is obtainable only from the United States and that it is provided to South Africa by the United States of America pursuant to its Atomic Energy Co-operation Agreement (entered into in 1957) with the Republic and which is due to expire on the 8th July, 1967.

It will also be recalled that at the time it was evident that the American tactics were clearly to refuse a renewal of the bilateral except on condition that South Africa aligns its safeguards policy with that of the United States and Canada in that all future contracts for sales of uranium to whatever quarter would be subject to International Atomic Energy Agency or equivalent safeguards.

In practice South Africa has supplied uranium to the United States of America and the United Kingdom without any restrictions whatever on the end use of uranium. South Africa has also supplied France with uranium on the same basis and this in fact was what stuck in the gullet of the Americans. Their argument was that France had not signed the Test Ban Treaty and if and when the stage was reached where the draft Agreement would be submitted to a

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Congressional Committee, searching questions would be asked about our sales to France etc.

As a result of the deadlock over our sales policy in connection with the sale of uranium and to place France in the same category as the United States of America and the United Kingdom without requiring safeguards, South Africa decided to approach France for 25 per cent enriched fuel. This was approved by France at the highest level and negotiations have now reached a final stage for an agreement with that country under which enriched fuel will be provided to SAFARI I which, with ~~the~~ same modifications, will be able to operate at full capacity.

In December 1966 the South African Embassy reported on the expressed willingness of the State Department at departmental level to extend the 1957 Agreement for a period of two years. The Embassy was requested to inform the Americans that our tentative response at departmental level (i.e. Department of Foreign Affairs and the Atomic Energy Board) was, inter alia, that an extension for a period shorter than normal would not be conducive to a spirit of mutual trust and that we await the formal decision of the United States of America regarding the period of extension of the bilateral before the issues involved were submitted to the South African Government.

This was the state of play when at the end of April, 1967, we were informed by the Embassy in Washington that "State Department and the United States Atomic Energy Commission were prepared to recommend to the United States of America President the renewal of the bilateral for 10 years, subject to certain changes to the existing Agreement.

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The text of the telegram from Washington reads as follows:-

"US-SA Atomic Energy Co-operation Bilateral.

Zook of State Department today informed us that at State Department and U.S.A.E.C. level they are now prepared to recommend to President renewal of bilateral for ten years.

2. We were given draft text of amendment to existing agreement. In addition to providing for renewal it also amends existing articles (following roman numerals) VI, VII, VIII, IX, XI and XII. Proposed amendments differ from and replace those handed to Sole in London last year and already informally agreed upon (see your 137/10/2 of 30th March, 1966) and are said to correspond to provisions in U.S. Bilateral with Australia. Zook says they are in line with latest bilateral formula and 'contain no hookers'.

3. They expect renewal agreement will encounter heavy passage in Congress in view of non-proliferation furore complicated by elements unfriendly to S.A. To assist them in piloting agreement through congress they urge that South Africa's uranium sales policy as already stated informally by Roux and Sole be formally communicated to U.S. so that they can use it in Congress if necessary (see page 5 paragraph 3 of record of discussions with State Department on 7th June, 1966). They asked specifically that no public announcement of this policy be made for time being since it might evoke speculation.

4. They expressed hope agreement can be initialled before end May to allow for submission to President for his approval and subsequent formal signature before end June. After that agreement must still lie with Congress for thirty days.

5. As to Trilateral they propose that present agreement can be replaced by completely new one along lines of Australian Trilateral rather than

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that our Trilateral be simply extended. Main reason for this is that they wish to avoid drawing attention to renewal of Bilateral with S.A. They hope that new Trilateral can slip through unnoticed at June Board Meeting together with Trilaterals with Turkey, Indonesia etc. They fear that simply extending present Trilateral might raise questions for Agency as to why material differences between latest model of Trilaterals and one with S.A. should be allowed to continue.

6. In order to meet deadline for June Board discussion they would want to notify Agency Secretariat by mid May.

7. We pointed out that it might not be possible for us to clear entirely new Trilateral by mid May and suggested as alternative that present Trilateral be extended either for currency of Bilateral or for one year. Trilateral can thereafter be amended at leisure.

8. Draft text amendment to agreement and new Trilateral in Friday's bag together with full report.

9. They expressed wish that no publicity be given to renewal of Bilateral."

The agreements were carefully studied at this end and on the 15th May, the following telegraphic reply was dispatched to Washington:

"1. Please convey to U.S. authorities orally our pleasure that they have found it possible to recommend a ten year extension.

2. Terms of proposed bilateral and trilateral agreements are acceptable and Americans may proceed to prepare text of bilateral for initialling. Executive Council authority for initialling by you on behalf of Government is being obtained. Will telegraph shortly.

So far as trilateral is concerned, draft may be submitted to Agency for translation and distribution in preparation for discussion by the

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Board at its June Session.

3. Statement on uranium sales policy is in preparation and will be conveyed to you shortly.*
Would merely mention at this stage that we do not feel that much will be gained by adding a proviso concerning our ability to continue adherence to our sales policy while it may well evoke suspicion and doubt on the part of State Department and Congress."

As regards the trilateral Agreement to which the telegrams refer: The bilateral Agreement between South Africa and the United States (as amended in 1962) provides for the parties to consult with each other to determine in what respects and to what extent they desire to arrange for the controls and safeguards exercised in terms of the Agreement by the United States over equipment and materials transferred to South Africa to be administered by the International Atomic Energy Agency.

In 1964/65 consultations took place between the South African and United ^{States} Governments, as a result of which it was agreed that arrangements be made for the transfer to the International Atomic Energy Agency of the administration of the safeguards which culminated in the trilateral Agreement between the United States of America, South Africa and the Atomic Energy Agency, signed in February 1965 in Vienna, Austria and valid until 14th August, 1967.

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* Subsequently sent.

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CO-OPERATION WITH ARGENTINA IN THE
ATOMIC ENERGY FIELD

It will be re-called that following on a despatch addressed to our Ambassador in Buenos Aires, he informed the Department that the Chairman of the Argentine Atomic Energy Commission, Admiral Quihillalt, suggested that two South Africans visit Argentina for three weeks and that two Argentinians should also visit the Republic.

The Board subsequently authorised the Director-General and the Department of Foreign Affairs to go ahead with arrangements on the basis proposed by Admiral Quihillalt.

The arrangements subsequently agreed on were conveyed to Buenos Aires and in a telegraphic reply our Ambassador there advised that, [“]Argentinians had suggested the second half of May for the visit of the two South African experts (it was envisaged that Dr. Roux himself and Dr. Robinson, Director of the National Institute for Metallurgy, who is South Africa's leading expert in the fields of Special interest to Argentina, would undertake the visit).

However, in the interim period the Americans revived the question of the renewal of the bilateral with us and as this matter, as also the question of the proposed contract with the French CEA for the supply of SAFARI's fuel requirements, called for priority, Buenos Aires was telegraphed to the effect that as matters of an urgent nature not foreseen earlier had arisen, the visit to the Argentina of the South African Team would

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have to be delayed until after next September/October.

The Ambassador was requested to convey in suitable terms our regret to Admiral Quinlan and express the hope that this would not jeopardize visit at later date.

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Co-operation with France in the Field of
Atomic Energy - Re-supply of Fuel Elements
to Pelindaba by France.

It will be re-called that the Department of Foreign Affairs sent letters addressed to Dr. Goldschmidt and Mr. Goure of the French Atomic Energy Commission by the Atomic Energy Board to the Embassy in Paris for transmission to these officials, concerning the proposed contract between the AEB and CEA for the supply of fuel elements required by SAFARI I.

In the letter to Dr. Goldschmidt, Dr. Roux indicated that there were one or two aspects which he wanted to discuss on a personal visit and with that in mind he intended to pay a visit to Paris in about the second week of May.

The Ambassador subsequently telegraphed that the CEA would be happy to hold discussions with Dr. Roux around the 22nd May and they were in agreement with minor changes proposed by the Board and were preparing a new contract on that basis.

The visit took place as planned from the 20th to the 24th May.

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Sale of Uranium to Israel.

It will be re-called that we informed the Israeli representative in Vienna earlier the year that the Atomic Energy Board was in a position to supply 100 tons of U_3O_8 at $\text{£}5.35$ per lb. f.o.b. Durban, and that the offer would be open until 31st March, 1967.

The Israeli representative indicated that he was unhappy about the price as he was under the impression that it would be $\text{£}4.60$.

After having been advised that the price of $\text{£}5.36$ was final (and after obtaining an extension until 17th April to arrive at a decision), the Israeli's accepted the option.

Presumably in view of the tense situation in the Middle East, the Israelis have now requested a postponement of deliveries for another year.

South Africa's Redesignation to the IAEA
Board of Governors, June Meeting of Board

At its Session commencing 13th June the Board of Governors of the IAEA will again be required to designate members to the Board for the period 1967/68.

Every year since the establishment of the Agency, South Africa has been designated to the Board as "the member most advanced in the technology of atomic energy agency, including the production of source materials", in the area Africa and the Middle East.

In the light hereof and since opposition to our candidature, which will be politically motivated, may materialise, we have requested ~~and~~ missions to seek the support of the Governments to which they are accredited for South Africa's re-designation to the Board.

Our Missions have also been requested to follow the same line as that which applied the previous two years in the event of the question being raised by the local authorities in regard to South Africa's reaction in the event of a challenge to our redesignation should lead to a decision by the Board of Governors to set up an ad hoc committee to determine the degree of advancement of South Africa and the UAR and possibly Israel (if the Israelis decide to present their candidature in response to the UAR challenge), namely:

Not to raise this aspect themselves in any way in conversation with the local authorities,

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but if they should be asked how South Africa was likely to react to such a proposal, to state that from background briefing made available to them on the general issue of re-designation, their conclusion was that the Republic was not likely to react favourably since there can be no doubt about South Africa's superiority in the technology of atomic energy etc, and that such a proposal was bound to be interpreted by her as an evasion of duty on the part of the Board. However, strictly for the Missions' own information, South Africa was likely to agree if no other course was open to her but it would be against her interests if that became known in advance of the Board discussions or to give the Western countries any ground for believing that she could be coerced into accepting such a proposal.

As in past years, a memorandum on South Africa's progress in the atomic energy field was drawn up by the A E B and copies thereof sent to our Missions for transmission to the local authorities.

PRETORIA.

May, 1967.

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