

June 25, 1977

**Ministry of External Affairs, (AMS Division), 'The
Nuclear Issue in Latin America'**

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Summary:

Nuclear proliferation in Latin America.

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Ministry of External Affairs
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The Nuclear Issue in Latin America

□ Mounting pressure by the US to have the Brazil-West German reactor deal cancelled, has brought into focus the larger question of the present state of nuclear development in Latin America. Since the nuclear issue has wide ramification for countries such as India and is also likely to be a major irritant in the evolving relationship between the US and Latin American countries, I have attempted to put together the position as it exists presently.

2. Of all the Latin American countries, perhaps, Argentina is the most advanced in this field. Nuclear research in Argentina has been going on since the mid-1950s and presently Argentina's 300 mwt. West German reactor, which opened in early 1975 near Buenos Aires, remains the only nuclear energy producing facility on the Latin American continent. A second power reactor, twice the size of the first one, is being purchased from Canada and is scheduled for commission in 1981. In addition to this, the Argentine Atomic Energy Commission announced that 65 percent of the basic engineering work of a pilot heavy water plant will also be completed by the end of 1977.

3. Apart from the present programme, it has been known for some time that Argentina is capable of undertaking a nuclear explosion. In a recently public interview, the Head of the Argentine Atomic Energy Commission Admiral Medro has said that his country is in a position to undertake a nuclear explosion and that the decision not to do so is "a political one and not a technological one." However, in spite of such claims, Argentina's nuclear program has seen several setbacks lately. Firstly, there has been a minor brain drain of trained scientists who have left because of higher salaries elsewhere and also because of victimization by government which has tended to let politics interfere with research. Thus, for example, the well known Argentine Admiral Oscar Quihillat left Argentina to become the Chief Nuclear Advisor to the Shah of Iran. Apparently the financial inducements offered by Iran proved to be too much. (This is a point we should be careful about). Secondly, an important reason has been a technological one, for were Argentina to go in for a nuclear explosion, it would not only have to violate safeguards purchase agreements with West Germany and Canada, but would have to develop some extensive new facilities of its own to build a bomb. Both the nuclear plants presently available are designed to operate with natural uranium and a heavy water moderator. This would require an extensive reprocessing procedure to turn them into explosives. Argentina, of course, has avowed it has no such intention. Additionally there have been recent indications of a desire on the part of Canada to slow down its cooperation with Argentina.

4. Nuclear research in Argentina has not only led to a programme of its own, but in May this year Argentina agreed to supply Peru with a lower power training reactor. Argentina has also committed itself to providing limited nuclear technology to Ecuador and Uruguay, neither of which currently has a significant nuclear program.

5. However, Latin America's most ambitious nuclear program is currently being developed in Brazil. The rivalry with Argentina coupled with the fact that Brazil has been nearly bled dry by the enormous cost of importing foreign oil, to the extent of \$3 billion annually, has made it step up its nuclear program. Plans are underway for not only importing the controversial plant from West Germany, but also for a further import of 8 West German reactors by which Brazil hopes to take care of 25 percent of its power needs by 1990.

6. Brazil has till to-date resisted strong pressure from the U.S. for cancelling this type of technology transfer from West Germany, i.e., reactors using enriched uranium. Both Brazil and West Germany have gone ahead and only in the last week of May ratified the nuclear agreement they signed in 1975. In spite of President Carter's insistence that the U.S. would not supply enriched uranium to any country that refused to sign the NPT, Brazil remains adamant. Brazil's refusal to do so is a result of a combination of factors. Firstly, there is the strong resentment as to what is viewed as U.S. imposed rules and a sense of insult that Brazil would not honour its commitments. In addition, there is always the psychological fear that Argentina might one day achieve a decisive weapons superiority. As a result of such fears, both Argentina and Brazil have refused to ratify key portions of Latin America's own nuclear agreement, the 1967 Tlatelolco Treaty prohibiting nuclear weapons. Additionally, neither Argentina nor Brazil have signed the nuclear non-proliferation treaty.

7. As far as other countries in Latin America are concerned, it is estimated that by the end of the 20th century at least three would have simple nuclear research reactors. In this regard, both Chile and Venezuela already have operating research generator facilities which are primarily being used for medical purposes. Both these countries as well as Mexico are well on their way to having their own nuclear energy plants. Venezuela, which fears its oil money will run out before long, plans to have at least 14 nuclear power plants by the end of the century. Colombia, which is believed to be rich in uranium, recently, signed a contract with a French company to explore for radio-active material deposits. Colombians are also developing a feasibility study for a nuclear energy plant and hope to begin construction in 1990.

8. Thus the implications are fairly clear. Rising oil prices and a desire for asserting themselves on the world stage is beginning to encourage Latin American countries to bring out a flurry of plans for atomic facilities. Since mutual jealousies between Latin American countries are not only deep, but of a historical nature, we might see the beginnings of a nuclear race in that region. For the time being, however, the race is like to be of very modest dimensions. But given the historical struggles for supremacy between Argentina and Brazil some interesting developments are likely in the near future.

FROM: R.S. Kalha, Deputy Secretary, AMS

TO: JS(AMS)

DATE: June 25, 1977

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