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*Note du chef de la 1<sup>ère</sup> Direction économique  
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Economic (1) Division,  
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], July 29, 1960

## IAEA SAFEGUARDS: "COLLATERAL ACTION" PROPOSED BY THE UNITED STATES

The United States officials who came to Ottawa on June 14 for a discussion of safeguards tactics at the Fourth General Conference of IAEA opening on September 20 informed us that the United States planned to take certain "collateral action" which it was hoped would serve as earnest of their intentions to support Agency safeguards and would encourage others to do the same. Four specific types of action were mentioned and it was suggested that Canada might be prepared to follow suit in all or some of them. They are: firstly, to pledge in private conversations that the United States will apply Agency procedures as set out in the safeguards document; secondly the Agency; thirdly, to ascertain whether they would be prepared to accept the administration of safeguards in bilateral agreements through the Agency, and to join in a declaration to that effect. In the fourth place the United States is also considering whether it should declare that it would be prepared to open some of its facilities to Agency inspection. We have been told to expect a Note on this subject shortly.

2. The proposal that administration of safeguards in our bilateral agreements should be entrusted to the Agency would, if we decided to follow it up, require consultation with the other parties to our bilaterals. All our bilaterals, except that with Germany, provide at least for consultation on this subject, though the Euratom Agreement (Article IX) refers to consultations to assure that the safeguards system developed is "reasonably compatible" with that of IAEA, and to determine "whether there are any areas of responsibility with regard to safeguards and control in which the Agency might be asked to assist." At the other end of the scale, the Agreement with Japan states by Article I C iii that it is the intention of the Contracting Parties to avail themselves as soon as practicable of the safeguards facilities created by the IAEA and provides that consultations looking to such an outcome shall take place at the request of either Contracting Party. At last year's General Conference the Japanese delegate, speaking in the general debate, reaffirmed his hope that Japan would soon be in a position to request the Agency — in agreement with the other countries concerned — to take over the application of safeguards under bilateral agreements. We have been informed by Atomic Energy of Canada Limited that they are ready to accept Agency administration of safeguards and would moreover see some advantages in delegating this task to an international organization. In fact, we have always foreseen this as a possibility and have considered that it would have many advantages, including the financial.

3. The second proposal, to encourage the United States' bilateral partners to seek further cooperation through the Agency, would presumably extend to the use of the Agency as a broker in international trading of nuclear materials and equipment. The first step in this direction taken by the United States has been to suggest to the signatories of a number of its bilateral agreements which were due to expire in 1960 or early 1961, that they should in future channel their requests through the Agency. Only one, Lebanon, has agreed to this suggestion. Ten other countries have preferred to accept a two-year extension of their bilateral agreements, though each extension is "specifically related to a provision in the amendment under which the parties concerned affirm their intention of availing themselves, as soon as practicable, of the facilities and services of the International Atomic Energy Agency." None of the Canadian