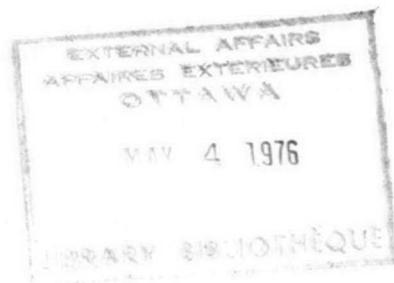


STATEMENT DISCOURS



STATEMENT BY THE SECRETARY
OF STATE FOR EXTERNAL
AFFAIRS, THE HONOURABLE
ALLAN J. MACEachEN,
IN THE HOUSE OF COMMONS,
MARCH 23, 1976

"CANADIAN NUCLEAR SALES POLICY"



Mr. Speaker, I appreciate the opportunity provided by the motion to comment on Canadian policy with respect to nuclear sales abroad and to underline the dedication and interest of the Canadian government in the cause of non-proliferation. As Honourable Members have said, nuclear proliferation is a danger in the world. It is a broad, political problem which arises from the transfer of one state's nuclear technology to another and also from the vertical proliferation in the arsenals of the superpowers of the world. It seems to me Honourable Members took a limited view of Canada's role in coping with the problem, particularly of the reasons for Canada's transferring nuclear technology in certain cases to other countries of the world in discharge of treaty obligations.

The subject is extensive. I should like to deal with it under the following headings: first, why are we in the business of transferring nuclear technology, nuclear material and nuclear equipment; second, what effect would the moratorium which has been advocated by all previous speakers have internationally and domestically; third, there is the safeguard system, what it can do and what it cannot do; fourth, what is Canada's role in the London club and what were the recent conclusions of the suppliers' group; and, finally, there is the special case of India.

As a country and as a signatory to the non-proliferation treaty we have undertaken to transfer technology to other countries for peaceful purposes. We all know that at present throughout the world nuclear power is the major alternative to hydro resources and fossil fuels. We also know that a number of developing countries and developed countries require nuclear power to further their economic and social development. So far in this debate not one speaker has mentioned the cry of the world's developing countries for access to nuclear technology. Most developing countries have adhered to the non-proliferation treaty. They say, "We have undertaken these obligations but developed, industrialized countries of the world are failing in their responsibilities to make available to us nuclear technology." That technology is urgently needed in certain developing countries as a source of power. It is not urgently needed in all of them, though it is in some.

When the Honourable Member for Nanaimo-Cowichan-The Islands recited our association with countries such as India, Pakistan, the Republic of Korea, and Argentina, he failed to underline that each of those countries is a developing country urgently in need of additional power resources in order to maintain their development and inch forward a bit in humanity's struggle for an improved standard of living. About this aspect not one word was said. Every spokesman on the other side ignored it totally. The Prime Minister (Mr. Trudeau) put the matter clearly when he said in his speech to the Nuclear Association, in Ottawa on June 17, 1975:

"It would be unconscionable under any circumstances to deny to the developing countries the most modern of technologies as assistance in their quest for higher living standards. But, in a world increasingly concerned about depleting reserves of fossil fuels, about food shortages, and about the need to reduce illness, it would be irresponsible as well to withhold the advantages of the nuclear age - of power reactors, agricultural isotopes, cobalt beam-therapy units."

In Canada we have developed this high technology. It is one of the show pieces of Canadian industry and has application throughout the world. This afternoon honourable gentlemen are saying, "Sit on it. Look inward. Keep this technology in Canada because we do not want to be as other countries and take risks." We take some risks, admittedly. They say, "We prefer to withdraw than to confront the dilemma proposed by our policy, namely, how can we share this technology with the rest of the world and at the same time avoid the proliferation of nuclear weapons?" That is the dilemma.

The Honourable Member said it was a moral issue, but he ignored the moral question which we, as a rich, developed country would face if we did as he proposed and refused to take risks which other developed countries take - and there are risks - in sharing this technology with the rest of the world. The Honourable Member mentioned trouble spots. Of course there are trouble spots in the world. I wonder which parts are trouble free. Is there any part - The United Kingdom included, which has troubles with Northern Ireland - of which it could not be said that because of internal difficulties our most cautious policy would be to withdraw entirely from participating with that part of the national community.

Honourable Members spoke about a moratorium. They were explicit: we should stop making available nuclear power reactors, nuclear materials including uranium, the fuel for power reactors and nuclear technology. Previously I presented the position to the House honestly. It was a statement of fact. The Honourable Member for Nanaimo-Cowichan-The Islands said it was an indictment. If we were to cease our participation, sales of the CANDU reactor would be picked up by other countries. That is a fact. It is also a fact that whatever influence Canada has exercised, and continues to exercise - and it is considerable - in upgrading standards among the nuclear suppliers of the world would be less. The policy advocated by the Honourable Member would totally eliminate the considerable influence which Canada possesses at the present time.

I wonder whether honourable gentlemen opposite have thought through their proposals. They would affect indiscriminately the power programs of both industrialized and developing countries. Accepting the proposal they advance would constitute an abrogation of Canada's responsibility both in the field of international co-operation and in the area of adequate nuclear safeguards that would be part of our obligation under the NPT. Honourable Members asked why this country did not join the NPT and take on these responsibilities.

We have taken on these responsibilities, and one of them is to share our expertise and materials in this field with other countries of the world. Such a policy as advocated by the opposition would not only mean the cessation of sales of the CANDU reactor; it would have grave consequences domestically and internationally.

The power requirements of Canada's nuclear partners would be seriously jeopardized in the case of CANDU which in each instance is an integral part of the power program of those states. Pakistan is a good example. The Honourable Member for Northumberland-Durham (Mr. Lawrence) would presumably want us to throw our weight around in Pakistan. That is a possibility; we could cease co-operation and we could black out the city of Karachi by denying them their power source. That is a possibility which could be considered. In the case of uranium sales, the vital energy situation of some of Canada's most important trading partners, such as Japan, the Federal Republic of Germany, and the United Kingdom, among others, would be jeopardized. I suggest, too, that a moratorium, if it is said we exclude uranium, would bring about a radical dislocation of Canada's uranium mining industry which, following the downturn demand over the past decade, is only now able to develop its full potential and play the important role in the economy of which it is capable.

I was in the House of Commons in the sixties when the bottom fell out of the international uranium market, resulting in the dislocation of the industry at Elliot Lake and a consequent need for immediate compensatory action on the part of the federal government. So if we cease to participate in these developments, if we cease to supply equipment, technology and fuel, the consequences would be both domestic and international. In addition, we would lose whatever influence we have as a partner in this business of upgrading general nuclear standards. It is a policy which I do not recommend to the House of Commons, and I doubt whether anyone on this side of the House will find much difficulty in voting against the ill-conceived motion put forward by the Honourable Member for Northumberland-Durham.

Honourable Members opposite have been complaining about secrecy; they say they have been kept in ignorance and do not know what is going on. Mr. Speaker, on January 30 I tabled the agreements we signed with the Republic of Korea and with Argentina. I have also tabled a comprehensive statement on Canada's nuclear safeguards policy, the total background for the benefit of Honourable Members who wanted to be enlightened, who wanted to be in possession of more facts, who wanted to dispel the ignorance in which they have been so deeply immersed by members of the government. I notice that in the three speeches made, not a word was said about the safeguards policy; not a word was said about the agreements. No suggestion was made as to ways in which we might improve, if possible, the system of safeguards we have in effect.

The safeguards as reflected in those two agreements are extremely important. Honourable Members clamoured for those agreements; they were clamouring for an opportunity to study them. Today we find ourselves engaged in a debate on the subject, and I have been waiting for some enlightenment as to means by which those safeguard agreements might be improved. None was forthcoming. Maybe Honourable Members across the way would like a moratorium on those, too.

Perhaps they believe we should stop making these agreements and get out of the international field entirely. I want to tell them that safeguards are an extremely important aspect of the international non-proliferation system. There are others, of course. It must be recognized that proliferation is a political problem, one which stems from inequalities and imbalance within the international community.

If we want to succeed in the task of ensuring non-proliferation, we must cast the net wider. We must consider the causes of international tension and do something about the disparities which exist in the world. We must do something to bring about a better and more equitable international economic system. The safeguards constitute a system of legal commitments and a system of verification. The recipient state undertakes, legally, to observe certain pre-conditions and in particular commits itself not to undertake any explosive activity. In every negotiation in which we engage we attempt to add to the strength of this legal commitment.

As Honourable Members know, adherence to this legal commitment is verified by an international inspection system. Unfortunately, that system was downgraded by the Honourable Member in his speech. It is being constantly improved. It is implemented not only by personnel but by mechanisms. No one has ever said - and the Prime Minister made this clear in the speech to which I referred a few minutes ago - that it is 100 per cent foolproof. But the degree of statistical certainty is high and there is a high level of inhibition against diversion. We have recently completed a series of meetings with other nuclear suppliers in an effort to improve our system of international safeguards.

International standards, as Honourable Members will realize, are not static. They have been in evolution since the first agreements for co-operation in the peaceful application of nuclear energy were concluded in the 1950's. The trend in safeguards evolution has been one toward increased stringency both in the legal commitments and verification mechanisms which are required.

The most significant development, of course, that has taken place in the evolution of the safeguards system was the entry into effect of the non-proliferation treaty in 1970. Nuclear suppliers, who have certain generally defined obligations under the NPT, met for a number of years in order to define these obligations to a satisfactory working level. In August, 1974, countries that shared or were about to share these obligations, including the United Kingdom, the U.S.S.R., the United States, the Federal Republic of Germany, Japan and Canada, reached a basic consensus, one which was notified to the International Atomic Energy Agency on August 22 of that year, setting out their interpretation in some detail.

The policy of the countries which accepted this consensus required, as a minimum, that in transfers of certain nuclear equipment and materials to non-nuclear weapons states not party to the NPT the safeguards system of the IAEA applicable to individual projects be applied. The participating countries, which were later joined by others, also started an undertaking by the recipient not to use the supplied items for any explosive or other non-peaceful purposes as a prerequisite for the transfer. Recognizing the non-proliferation tre

as the keystone for international safeguards, Canada participated in these discussions and accepted the norms which were already consistent with Canadian policy as a basic standard for the safeguards it required. We did, as a country, go further than this particular consensus to which I refer; we went beyond the breadth of the "trigger list", which is fully outlined in the background paper that I tabled in the House on January 30. The details of that policy are clearly set out in that document.

In line with the argument that has been made today by the Honourable Member for Nanaimo-Cowichan-The Islands, the government was acutely conscious of the fact that one supplier cannot succeed unilaterally in raising the international safeguards standard and that Canada's forward position on safeguards and exports would only have real value and significance if the other major, significant suppliers also agreed to a similar set of policies.

Accordingly, a number of bilateral discussions have been initiated by Canada since the end of 1974 both on the level of officials and in the context of meetings held by the Prime Minister and myself. In part - and I think in significant part - as a result of these initiatives meetings among the officials of a number of countries have been held over the past year to examine the question of safeguards in great detail. There were diplomatic discussions of a sensitive nature, as the Honourable Member pointed out earlier, and in such cases it is up to the participants, if they wish to do so, to outline their role and policy. I should like to do that today on behalf of the government of Canada. I might say that all major suppliers presently on the international market shared these consultations, and more may do so. Let me only say this, that as a result of these international meetings Canada has notified certain other interested countries of the standards of safeguards required under its national policy pursuant to the consensus. This was also done by other participants.

This position reflects much, though not necessarily all, of the policy set out in the background paper I have tabled. It is, however, fully consistent with that policy, stipulating, as it does, that transfers of certain equipment, materials and technology will only be authorized on the basis of a formal governmental assurance from recipients to exclude uses which would result in any nuclear explosive devices. These transfers would also trigger the application of the safeguard system of the IAEA, and their retransfer to any third country could only be done on the basis of the consent of the government of Canada.

It is also stipulated that safeguards should apply to the items covered for their useful life as well as to the subsequent generation of nuclear material produced. It refers to the desirability of imposing provisions for mutual agreement between supplier and recipient on arrangements for reprocessing, storage, alternative use, transfer or retransfer of any plutonium and highly-enriched uranium that is covered. The observance of recommendations and standards for the physical protection of nuclear materials and facilities forms

part of this undertaking. The standards also call for safeguards to be triggered by the transfer of technology for heavy-water production enrichment and reprocessing. Canadian policy, I should say parenthetically, places safeguards as well on reactor technology, which, as I understand it, was not agreed to for various reasons by the group suppliers.

It also sets out some of the areas where the government considers progress necessary for promoting non-proliferation, such as the promotion of regional fuel cycles. These are described in the background paper. The standard does not, as Canada would have wished, stipulate that safeguards be applied to the full nuclear program of the recipient country. Such a requirement is not, however, precluded and achievement of a consensus on this question may be a future result of efforts in the suppliers' group.

I have just given an exposition of Canada's position. This position, or policy is, of course, shared by the other supplier countries concerned about the problem. As the Prime Minister has stated, however, there has been no secret agreement or binding international treaty enforcing this standard. What there has been, as a result of consultation among senior technical officials, is a consensus decision expressed in unilateral form by a number of countries to accept certain safeguards principles in all cases of nuclear exports to non-nuclear weapon states, whether party to the NPT or not. More countries are likely, on the basis of review, to make such a decision.

The Canadian government has pressed, in its discussions, for the highest possible level of safeguards to be applied to all nuclear transfer. We are satisfied that much progress has been made as a result of this effort and that further progress can be made. It is one further stage in the evolution of the international safeguards system. The London club conclusions, as the suppliers' meetings have been called, have been a success. We have covered one of the difficulties that is encountered by a single country acting alone.

I have been invited to come clean in my explanation, and indeed I will be quite prepared to oblige because the situation with regard to India, or the question posed by our negotiations with India at the present time is a clear and easily understood question. The basic attitude I have taken in these negotiations is, in effect, what policy to be pursued by the government of Canada is in the best interests of non-proliferation in respect of India? I was going to make a political comment, but I had better not do so as my time is short. I will keep to the substance of the subject by saying that following the explosion in May, 1974, discussions have been held with the Indian government to ensure that existing safeguards on the RAPP reactor be strengthened, that the withdrawal of Canada from nuclear co-operation with India should not produce a collapse of the safeguards, and that India should carry out a responsible policy as a potential exporter of nuclear technology, material and equipment.

Following the explosion that occurred in India in May, 1974, Canada suspended its nuclear co-operation with India. It did so because in our view the carrying out of that explosion was in clear violation of the understanding that had been reached between Canada and India. In my view, no amount of argumentation can conceal the fact that the Indian government knew perfectly well that any kind of explosion would be contrary to the understanding that had been reached between Canada and India. That is clear to me.

The other argument has been put by India to the effect that you can have an explosion for peaceful purposes. We claim that the technology required for a so-called peaceful explosion is the same technology that leads to nuclear weaponry. No valid distinction can be drawn between an explosion for peaceful purposes and an explosion for weapons' purposes. That is our position, and it has continued to be our position up to the present time, although studies apparently have been launched, or are proposed to be launched under the auspices of the NPT respecting the suggestion that you can have an explosion for peaceful purposes.

We suspended our nuclear co-operation with India. The power reactor is not completed, but the shipment of materials has been suspended. Under the agreement with India that we entered into, we have an obligation to complete the shipment to the reactor, both of material and fuel. That is the obligation that is now in suspense. It is suggested, I believe, by the Honourable Member very clearly, that at this stage Canada should put into a permanent state its suspension of co-operation with India. That is a possible line of policy. But I ask the Honourable Member, has he considered the risk that might result if India then allowed the safeguard system at that reactor to disappear entirely?

They have, at the present time, on that reactor a safeguard system and part of our objective, if we continue our relationship with India, would be to upgrade the existing safeguards on the RAPP reactor. That is a question Honourable Members have to consider, and it is a question that I am presently considering. We have no intention of staying permanently in India. The purpose of our negotiations is to get out, and get out we will. The question is, do we get out now, or do we get out when we complete our current obligations; and in completing our current obligations, are we doing more for the non-proliferation system; and if we do get out now, do we leave that RAPP reactor unsafeguarded? Basically, this is one of the main questions that is now under consideration.

The Honourable Member has asked me to come clean with the House. I should like to put before the House some of the questions I am presently considering before making a final recommendation to my colleagues as to whether we ought to complete this particular aspect of our co-operation with India prior to terminating it altogether, because that is the total objective of our policy in the long-run.

What would be the consequences of making permanent the suspension of supplying nuclear co-operation to India? What would be the consequences on the safeguard system? Would the Indian government consider that the co-operation obligations of Canada had been breached, and that the safeguards - which are an integral part of the co-operation agreement - should be removed? To what extent should co-operation be resumed in order to permit an upgrading of existing safeguards on the RAPP reactor? Is the proposed agreement effective in ensuring that spent fuel from the RAPP reactor will never be used for explosions? To what extent does the proposed agreement represent new and significant safeguard obligations for India which would bear on the development of its nuclear policy? How would any upgraded system relate to this particular reactor about which we are concerned? How would such an upgraded system compare with Canadian and other suppliers' standards? Would our completing this single, particular program by which we might upgrade the safeguard system, lead to an over-all upgrading in the situation which other suppliers could accept and respect?

Other questions are: Would the completion of our particular project with India be an inhibiting or delaying factor regarding a further explosion in India? Would we have any effect or, indeed, would a second explosion be delayed or be out of bounds in India? These are some of the main questions that are now before me. They are questions which have been considered by the negotiators in India who have been acting under my instructions and have reached an understanding with their India counterparts.

I have not reached any conclusion on these understandings because there are further questions I want to ask and further refinements I want to achieve in respect of the interpretations of various terms that are being employed. But the simple test, really, is which is best for non-proliferation? Is it to get out, as the Honourable Member for Northumberland-Durham suggests, or to complete our particular single project and thereby achieve an upgrading of the safeguards system on an important nuclear reactor which, in the absence of the completion of our program, might be left unsafeguarded long into the future? That is the basic issue we face in so far as the India situation is concerned.

It has been a great disillusionment for Canada and the Canadian people that this unhappy and tragic explosion did take place in India. It certainly was against the understandings that we had reached and it had a serious effect upon all of us, I believe, in an attempt to reassess and reorganize over the dangers in respect of proliferation which exists in any transfer of nuclear technology, nuclear materials or nuclear equipment. We have reached the conclusion that even though there is a very difficult balancing to be made between the objective of sharing and the objective of non-proliferation, those two objectives can be pursued simultaneously and, as a responsible supplier, we probably, as a country, will do more to reach the objectives put forward this afternoon by participating energetically with principles rather than by withdrawing within a Canadian cloister.

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Mr. Allan Lawrence, MP (Northumberland-Durham): Mr. Speaker, I wonder whether the Minister would add a few questions to the list he is asking his officials.

Mr. MacEachen: I am asking myself.

Mr. Lawrence: Then I will ask the Minister right now whether the safeguards, for instance, in respect of the original reactor we provided for India are retroactive? Will the safeguards, for instance, cover the new reactors near Madras in which Canada will have very little input? A third question might well be: If, for instance, India exported some of its own technology and material to a country, let us say like Iran, and the deal is being made now, do these safeguards cover the whole nuclear industry in Iran, rather than just the small portion which may come from India? There is one other thing: Would the Minister please remember the old saying, "Once bitten, twice shy"?

I believe these are extremely pertinent questions. The Honourable Member asks whether the original reactor, the research reactor Cirus, would be subject to safeguards.

Mr. Lawrence: One even before that.

Mr. MacEachen: This is the one from which the plutonium was produced, the RAPP reactor. These are questions we are now examining. I would ask the Honourable Member, if I may, rhetorically, whether he would prefer to have all of them, or would one or two be better than none?