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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

Deputy Director for National Foreign Assessment

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9 April 1981

MEMORANDUM FOR: [redacted] 25X1
 Chief, Political Military Issues Branch, OPA

[redacted] 25X1
 Chief, Nuclear Programs Branch, OSWR

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 Deputy Chief, Eastern Forces Division, OSR

FROM: [redacted] 25X1
 Special Assistant for Nuclear Proliferation
 Intelligence

SUBJECT: Request for Review of Draft Paper on the
 Security Dimension of Non-Proliferation

1. Attached is a paper drafted by State/PM that it wishes to submit to State/OES as part of what eventually will be the basic paper on US nonproliferation policy. The draft follows an outline prepared earlier by State/PM (also attached). Section I.A.1. of the draft was furnished by JCS/J-5.

2. This is to request your review of, and comments on the draft by COB, Wednesday, 15 April 1981.

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Attachments:
 As Stated

[redacted]

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Nonproliferation Policy

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NFAC 2043-81

SUBJECT: Request for Review of Draft Paper on the
Security Dimension of Non-Proliferation

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2. Political Destabilization

The emergence of additional nuclear weapon states could have a significant destabilizing effect upon the international political order. One result could be a gradual unravelling of the Non-Proliferation Treaty and the IAEA safeguards which constitute the foundation of the global non-proliferation regime. If new states join the nuclear club, significant holdouts to the NPT may be confirmed in their resolution not to adhere to the NPT or the Treaty of Tlatelolco, and certain NPT parties might feel tempted to abrogate the NPT. Others may choose to follow the path of Iraq and Libya - undertaking an explosive option as NPT members - significantly weakening the treaty regime.

As more nations obtain nuclear explosives, there could be added strains on US alliance systems. If radical Third World states develop nuclear weapons, neighboring countries friendly to the U.S. may feel coerced and perhaps compelled to seek at least a partial accommodation or equivalency. This would be particularly true if a Third World state had enough capability so that there were a perception that it would be difficult for the U.S. to come to the aid of its Allies and friends. In cases involving Middle East oil supplies, even Japan and our NATO Allies could be subjected to pressure from strategically placed countries with even a modest nuclear capability.

Proliferation would also adversely affect regional arms control prospects and regional balances, especially since many threshold states are neighbors and rivals; e.g. Argentina/Brazil; India/Pakistan; and Israel/Iraq. If a state in a chronically unstable area or one of unresolved conflict such as the Middle East achieves nuclear explosives

- 2 -

or appears about to do so neighboring states with the requisite technical capability would be tempted to develop their own weapons or strike out preemptively at the proliferator. Under the threat of proliferation it would be more difficult to seek restraint in conventional arms or to maintain a stable political/military balance of power.

In a more proliferated world, the Soviets and the U.S. might have less control over the global nuclear balance than is true now. The smaller nuclear forces of the UK, France, or the PRC are less destabilizing than nuclear weapons controlled by radical states or those with only regional concerns. If a state friendly to the USSR became involved in conflict with a pro-American state and one or both possessed nuclear weapons, the danger of superpower involvement and possible confrontation could be increased. Furthermore, the Soviets could feel threatened by the emergence of new nuclear weapons states in contiguous areas such as the Middle East and South Asia and possibly wish to take countermeasures.

Finally, nuclear proliferation could become a North-South issue of contention. Some developing nations see the NPT as inherently discriminatory and a potential abridgement of their sovereignty. The inconclusive results of the 1980 NPT Review Conference indicate the depth of Third World dissatisfaction with the way that the nuclear weapons states carry out non-proliferation policies. An attempt by the U.S. or other industrial states to act against a Third World proliferating state would probably not have the backing of large segments of opinion, and would be condemned by many or most developing countries.

3. Further and More Dangerous Proliferation

If additional states begin overt tests of nuclear explosives or moving from crude test devices to nuclear weapons, a new and more dangerous stage in proliferation would begin. Thus far, no "Nth" country (including India) has proceeded to the systematic separation of special nuclear materials, or the assembly and deployment of nuclear weapons. Additional proliferation however, could begin a chain reaction of these activities. If a number of countries move toward developing nuclear weapons, we can also expect some loss of control, and possible diversion of nuclear materials and even the weapons themselves. It might not be extraordinarily difficult for terrorists or other subnational groups to obtain nuclear materials, a task which would be facilitated by an absence of regular accountability and functioning IAEA safeguards. It would be impossible for the U.S. and its Allies to guard against crude terrorist devices using diverted SNM.

As more nuclear weapon states emerge, there would be increased chances of diplomatic pressures or economic (including petroleum) blackmail against the industrial states. Under these circumstances, some nuclear suppliers might further relax their controls on exports of sensitive materials and technology, leading to accelerated and more sophisticated proliferation.

Fortunately, only a handful of non-nuclear weapons states would have the industrial and technological base to move to thermonuclear weapons and advanced long-range inertially guided ballistic missiles. A thermonuclear weapons program would require far more resources and highly trained manpower than is available to all but a few developing nations (the U.S. should monitor foreign inertial confinement fusion

research closely, however). While the inability to develop adequate miniturization of nuclear warheads would prevent most threshold states from launching ICBMs with high yield weapons, there might be some proliferation of the technology for shorter range suborbital rockets which could carry low yield fission warheads.

C. Trends and Threats in Threshold States, Non-Proliferation Policy Costs

The acquisition of sensitive facilities and material, while not itself proliferation, raises some of the same political and security problems - even if these facilities are safeguarded. Despite attempts to justify these acquisitions on economic, energy, or technology grounds, such actions may be perceived by others as an indicator of possible intentions of developing nuclear weapons option. The emergence of such "incipient states" could initiate a process of destabilizing counteractions. During the highly asymmetrical and unstable period of transitional vulnerability, those states which wish to retain regional superiority or fear a neighboring state's nuclear intentions would have an incentive to remove nascent threats. Preventive "surgical" strikes against the nuclear facilities of proliferating states are possible. Similarly, countries may be tempted to engage in covert operations against the nuclear programs of suspected proliferator states; this is already happening to Iraq.

Awareness of vulnerability to another country's nuclear explosives could polarize affected countries in a region to form regional alliances against the proliferator and to seek outside (perhaps superpower) protection. These alliances might be contrary to U.S. interests (e.g. "front line" African states entering into relationships with the Soviets to protect them from South Africa).

As proliferation develops cooperation between nuclear "pariahs" would be likely to become more common, further reducing U.S. influence over the actions of these countries. There already is some degree of nuclear cooperation between such politically isolated states as Israel, Taiwan, and South Africa.

- 2 -

Acquisition of sensitive facilities could also bring into play U.S. legislative restrictions on security and economic assistance to states acquiring unsafeguarded enrichment or reprocessing facilities, a step which could affect the area's security balance adversely and increase the incentive to proliferate.

Thus, an actual test of an explosive device is only the last step in a process which throughout poses significant foreign and security policy problems, not only in the proliferation context, but for important regional security concerns.

Iraq is a current example of this process. It is an NPT party, and we have no direct evidence that it intends to develop a nuclear explosive option. However, the fact that it is acquiring (generally safeguarded) sensitive technology and equipment in the absence of a nuclear power program, when taken with its petroleum reserves, which cast doubt on the need for nuclear power for development for the foreseeable future, and its radical political orientation, has begun the same kind of regional and international counter reaction that would be expected if its imminent intention to proliferate were established. As could be predicted, the reaction has been strongest from Israel - the state with the greatest political/security concern over an incipient Iraqi explosive capability, and secondarily from ourselves as guarantors of Israeli security. Long before Iraq is actually capable of a nuclear explosion we may have an Israeli counter action that poses grave regional problems. In the longer term, it is probably safe to predict Iranian concern, and possibly an Iranian perception of the necessity to insure itself with its own explosive option on the Pakistan-Indian model. Likewise, because of the political dynamics of the eastern

Arab region, Egyptian reactions to the Iraqi program will have to be carefully watched.

The Iraqi case also indicates some of the possible difficulties in dealing with incipient states. It has leverage over potential suppliers (oil in the Iraqi case), political backing for the acquisition of technology from other "non-aligned," and a regional framework which would be generally favorable to such ambitions because of the area's preoccupation with a regional conflict. It may be difficult to identify and deal with the incipient state early on; obviously a primary indicator will be the acquisition of sensitive facilities in an area of unresolved conflicts. This seems self evident, but the cases of Iraq, Pakistan, and the ROK indicate that it is not universally so.

The threat of proliferation, while reflecting changing technological capabilities, particularly the industrialization of the Third World, and the diffusion of technology, is largely (but not wholly) a product of political insecurity, and the decision to pursue or keep open a nuclear explosive option, is primarily a political/security decision. Such decisions will reflect not only regional circumstances, but also any perceived shift in the overall US-Soviet force balance, as well as the emergence of radical Third World regimes. No state is likely to take the nuclear option because of a direct Soviet threat, but it well may do so if it feels threatened by a Soviet client and perceives it does not have adequate US or other support. Likewise, unstable international security situation offers more scope for manuevare in a regional context of radical regimes more or less

- 4 -

independent of the Soviets. The technology of the decision may be dual purpose, but it is neutral; there is no necessary connection between technological capability and an explosive option. There is no doubt, however, that the spread of technological capabilities is continually making the political decision easier to implement. This argues for a continued "activist" US non-proliferation policy, not only in regard to the means of proliferation, sensitive materials and equipment, but also toward the perceptions of insecurity. Thus a basic component of a non-proliferation strategy, the most important one in the long term, must be to alleviate perceptions of insecurity, and we will need a comprehensive strategy toward each specific threat to deter or delay a decision to go nuclear.

It should be added that some proliferation threats do not fit this general pattern. Brazil, Argentina, and to a large extent India seem to fall into a different category. Brazil and Argentina seem locked into a rivalry for continent wide prestige and leadership, as well as rivalry for status as a world power, where security is less of a factor, that impels them to keep open the nuclear explosive option. The security related tools available to us in dealing with Brazil and Argentina may be less important in dealing with the problem than the political/diplomatic ones. The case of India is of another type. By the time of its test it had overwhelming conventional military industrial superiority over Pakistan. It is predominant in its region. Presumably while its options are open, it would long since have embarked on weaponization, if it felt a major threat from China. Its explosive test may therefore have been more related to prestige and non-aligned leadership, as well as confirming its superiority

over Pakistan. It may also be largely beyond our ability to effectively influence the Indian program, except insofar as we are able to affect that of Pakistan.

While non-proliferation policy has obvious benefits, it should be recognized that there are political and material costs as well, and a comprehensive strategy which attempts to alleviate the perceived insecurity which is at the root of proliferation decisions will require the most "tools" to make it effective. Some of these possible costs are:

- Friction with our major allies over supply of sensitive facilities and materials to Third World countries.
- Continued charges of "discrimination" on the provision of nuclear technology by the Third World which could eventually have adverse effects on the NPT, IAEA or other international regimes.
- The necessity to provide some form of security assurances, economic assistance or military assistance where we might not otherwise do so, or not do so to such a degree. In some cases, this could be perceived as our being "blackmailed" by the threat of proliferation.
- Spill over from bilateral nuclear issues into general bilateral relations. Our attempt to stop the sale of sensitive facilities to Brazil and the Tarapur issue are perhaps the foremost examples. But even with modified policies, we will have legal and political constraints

in the pursuit of non-proliferation objectives which will affect relations in general (e.g. Symington-Glenn Amendments).

- Use of intelligence assets. Much of our active pursuit of non-proliferation relies on the intelligence community.
- Maintenance of a cooperative posture on nuclear arms control. Whatever the reality and the possibilities, the US needs to be seen as being ready to discuss nuclear arms control. This opens us to various pressures in the CD, UN and other international fora.

These costs present a special problem in relation to some of our friends who are potential proliferators - Korea, Taiwan and Israel. In the case of Korea, maintenance of a troop presence and US nuclear weapons, desirable as it may be for other reasons, may in part be necessary to prevent a nuclear option. An attempt to proliferate would require the use of US leverage which could be harmful to our relationship in general. To assure non-proliferation in both Korea and Taiwan we may have to decline some military cooperation (rockets, etc.) which might otherwise be advisable. In the case of Taiwan, a continued military supply relationship, although also desirable for other reasons, is a part of non-proliferation policy, but has costs vis-a-vis the PRC.

The case of Israel could be particularly difficult. An Israeli explosive test, or other overt evidence of a nuclear explosive capabilities, given the legal constraints, would present us with very serious problems. It would undermine all non-proliferation policy for the region, and perhaps set off a nuclear arms race with the gravest implications for regional security and stability.

II. Suggested Strategy

We need an integrated approach of direct political incentives and security measures, together with the non-security measures elsewhere considered, in order to dissuade potential threshold states from the explosive option. This is especially important since denial of sensitive technology and equipment, while still fundamental, is not fool proof. Since every country is different both in the forces that determine its nuclear policies and its susceptibility to US influence, it is impossible to formulate and execute a generalized non-proliferation policy. Measures that produce desired results in one situation may not even be available in another.

With nuclear recipients (mainly in the Third World), we should focus on the handful of countries of near to medium term proliferation concern (e.g., India, Iraq, Israel, Pakistan, Libya, and South Africa). Toward the "threshold state" with generally friendly relations with the U.S., we could seek to build a broader bilateral relationship to help increase their sense of security and make nuclear weapons seem less necessary to them. We would have to rely on more negative methods of dissuasion with states which whom we have strained or inimical relations.

Obvious methods of leverage are economic and security assistance, and conventional arms sales. These tools might bolster the confidence of insecure states which might otherwise seek nuclear weapons. Generally, we do not recommend linking economic or military assistance directly to nuclear policy. We should avoid even an implicit link with countries which are not already friendly with the U.S. or have an alliance with us.

Bilateral military security guarantees and assurances could be useful part of the confidence-building process which might lessen the incentive to build nuclear explosives. Our willingness to create an enhanced security relationship could include specific assurances, joint exercises, basing, increased U.S. naval ship and military aircraft visitations, etc. We must be careful to ensure that an expanded military relationship with a particular country does not spur a rival state to initiate or accelerate a nuclear explosives program of its own. On the other hand, vigorous conventional military support by the U.S. may be an effective way of dissuading a state from developing nuclear weapons to answer a beginning nuclear explosives program of a neighboring state.

We must also consider the proliferation implications of U.S. overseas force deployments. We must maintain our ability to project our military power abroad, since a perceived decline in U.S. military power might be an incentive for states to develop nuclear explosives. The USG should play close attention to the legitimate security concerns of threatened Allies which depend on U.S. forces to maintain a conventional warfare equivalence.

The U.S. should also encourage multinational security-building agreements. Promoting additional NPT adherence, and expanding IAEA safeguards and international controls on sensitive nuclear facilities can reduce the perception of a potential nuclear threat from a regional adversary. Promotion of nuclear weapon free zones if feasible might also help. Promoting peaceful settlement of regional disputes can also indirectly be a major contribution to non-proliferation.

For states which depend on the US, we may need to underline the relationship between US military and economic assistance and observance of non-proliferation commitments. In extreme cases, denial of US military protection to states violating the Non-Proliferation Treaty, cancellation of economic assistance or eligibility for Exim Bank credits would be possible. Negative pressures such as these can be effective if a potential proliferator has no readily available alternative means of support. Where dependence is not so great, however - as in the case of Pakistan - the termination of arms shipments or economic assistance may not change nuclear policies.

With industrial states, the primary aim is to achieve better cooperation with our West European allies and other nuclear suppliers only in achieving restraint in transfer of sensitive nuclear technology, but also in gaining an improved political coordination of our mutual non-proliferation goals. We will need to work with Western Europe, Japan, and the USSR to put political pressure on and consider sanctions for would-be proliferators.

Mutual nuclear restraint and non-proliferation cooperation with the USSR is both important and difficult in light of our overall strained relationship. While the Soviets have generally supported US non-proliferation objectives, deteriorating East-West relations have helped increase the global instability which spurs proliferation attempts.

Maintaining scrupulously our conventional and nuclear security commitments to NATO, Japan, and other key Allies is an essential contribution to non-proliferation. The presence of US forces in West

- 4 -

Europe and the US "nuclear umbrella" help to prevent any consideration of nuclear weapons in Germany, Italy, or other non-nuclear weapons countries. Similarly the US-Japanese defense Treaty and strong American naval and Air Forces in Western Pacific play a major role in preserving Japan as a non-nuclear weapon state.

III. Specific Proliferation Threats

A. South Asia

1. Regional Implications of Proliferation

India's demonstrated nuclear explosives capability and the advanced state of Pakistan's nuclear program could have significant consequences for our interests in South and Southwest Asia. The heightened tension resulting from the presence of Indian and Pakistani nuclear explosives could spur a greater conventional arms buildup, and perhaps a race for weaponization (India would be certain to win such a race with its superior technological and industrial base). There would be a risk that a future Indo-Pakistani conflict could result in the use of nuclear weapons. A nuclear arms race in South Asia might spur such states as Iraq to emulate the Pakistani program; in the longer run, Iran might also consider nuclear explosives. Saudi Arabia, Oman, and other friendly Gulf states would feel even more insecure. Our bilateral relationships with both India and Pakistan would be hurt; we might be unable to assist Pakistan further, and our stable relationship with India would be damaged. Finally, Israel might become nervous at the possible transfer of technology from Pakistan to other Islamic countries.

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