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THE PRIME MINISTER

1 July 1981

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Thank you for your letter of 9 June about the Israeli raid on Iraq's nuclear facilities. I understand Israel's legitimate concern for her security. But I stand by my statement that the attack on Iraq's nuclear facilities was unjustified and in contravention of international law.

You suggested that the OSIRAK reactor could operate on low enriched "caramel" fuel and that the supply of highly enriched fuel could not be condoned. Clearly there are dangers in trading in highly enriched uranium, and a number of countries are studying ways of reducing the need to use HEU in civil nuclear research. But signatories of the Non Proliferation Treaty like Iraq should be free to embark on nuclear power programmes, and it is the case that at present quite a number of research reactors only operate successfully on highly enriched fuel.

We understand that after they had originally contracted to sell HEU fuel to Iraq, the French offered them the newly-developed lower enrichment caramel fuel which was designed for use in the French OSIRIS reactor. This was rejected by the Iraqis because the French could offer only extremely limited experience of reactor operation with it, while the HEU which they had contracted to sell had been tried and tested for over 20 years. I doubt whether it is right to say that the OSIRAK reactor can 'operate perfectly well on caramelised fuel', since our understanding of it is that by September 1980 (i.e. after the

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caramel fuel had been rejected by the Iraqis), the OSIRIS reactor in France had still not operated with it at full power.

It is also not quite right to say that caramel fuel ' could not be used for weapons applications'. Although the caramel fuel itself could not be so used, once irradiated in reactor operation it would produce significant quantities of plutonium which could be reprocessed in a small facility. This is because the caramel fuel contains a large percentage of natural uranium. The irradiation of HEU, which has a small proportion of natural uranium, does not produce so much plutonium.

I accept of course that all nuclear suppliers must exercise care over the supply of sensitive nuclear items. French nuclear exports are made in accordance with guidelines agreed with 16 other countries, including the UK and US, which, among other things, require assurances that the export is for peaceful non-explosive use and will be subject to IAEA safeguards. Furthermore, Iraq, as a party to the Non-Proliferation Treaty, accepts the international inspections procedures and IAEA safeguards on all its nuclear activities. I do not therefore believe that we should take issue on this with the French.

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