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Energy Policy: Pt 3

PRIME MINISTER

CIVIL NUCLEAR COLLABORATION

There have been indications that at the Summit on 19/20 November President Giscard d'Estaing and M. Giraud, the French Minister of Industry, will want to discuss co-operation in the nuclear field, particularly the fast reactor and the PWR.

I thought it might be helpful to summarise the present position as further background to the brief which will be coming forward.

FAST REACTOR

The UK Atomic Energy Authority (UKAEA) and the Nuclear Power Company (NPC) have made useful progress in their discussions with the French and Germans about fast reactor collaboration. They aim to put to us before Christmas their proposals for the future development of the fast reactor in the UK and these will cover collaboration. Discussions so far have been without prejudice to Government policy.


There is no doubt that collaboration on the fast reactor has considerable attractions as a way of limiting risks, co-ordinating research and development and designs, and giving access to the experience of others.

We shall, however, have to look carefully at what is put to us to ensure that it is the best deal we can obtain. I understand that the French have shown reluctance to give us a full role and status in the European partnership and that this has influenced their attitude on issues such as finance where they would prefer to regard us as applicants for a license for their technology rather than as equals. The Germans have been much more favourable to our interests.

There are other issues which will also need careful consideration such as the extent, if at all, to which the European partnership should be able to pass British technology to third parties without our agreement and the scope for arrangements on the fast reactor fuel cycle where the UKAEA believe we currently have a lead.

We shall also need to bear in mind the alternative of collaboration with the United States where political attitudes to the fast reactor are unclear but the UKAEA are nonetheless having interesting discussions. Following a brief discussion which I had with Secretary Duncan on this, he has encouraged US officials to explore possible collaboration with the UKAEA as a matter of urgency.

In the forthcoming Summit, therefore, I believe we should limit ourselves to expressing interest in European collaborative arrangements and to saying that we look forward to considering the UKAEA's proposals in a constructive spirit. To go further might prejudice our future ability to achieve better terms. But at the highest level I believe


← President Giscard should be pressed hard on whether the French really want to have us with them in full collaboration or not. Perhaps our strongest card is that the French are committed and feel lonely in a world where anti-nuclear pressures have grown.

PRESSURISED WATER REACTOR

The French would prefer us to take a PWR license from them rather than Westinghouse and may link this with collaboration on the fast reactor.

We should resist this. As my paper to E Committee (E(79)54) made clear, the advice from industry strongly points to maintaining the NPC's existing relationship with Westinghouse. The French themselves are not yet free from their own license agreement with Westinghouse though they hope to be so soon. They are not going to build in France the same size of PWR as is being contemplated for the UK whereas Westinghouse have substantial operating experience which we could benefit from. The French have no experience of licensing PWR technology to third countries, and negotiating an agreement with them would take time and delay our programme. The NNC would also still have to pay royalties to Westinghouse under their existing agreement even if they took the technology from France.

None of this, however, rules out the possibility of joint arrangements between the UK and France for the procurement and perhaps manufacture of components for PWRs after we have activated our license agreement with Westinghouse. This is a matter for discussion between French and British industries but I think we should encourage them to explore it. The CEGB should also be able in due course to benefit from exchanges with their opposite numbers about operating experience on PWRs. The point at the end of para 9 applies here too.

CONCLUSION

To sum up, therefore, I believe collaboration within Europe in the nuclear field may turn out to be a valuable element in our nuclear power programme. But we must be prepared for businesslike negotiations if we are to achieve satisfactory arrangements and at this stage it would be wrong to do more than show a constructive interest in the possibilities and reserve our negotiating position. This suggests to me that, at the Summit, any discussion between you and President Giscard should be in general terms, but you might press hard the question whether they really want us with them fully in the broad political as well as the economic scheme rather than in a minor role to support French nuclear domination. (I will be able to explain our position more fully to M. Giraud).

I am copying this to other members of E Committee, Sir Robert Armstrong and Sir Kenneth Berrill.

SECRETARY OF STATE FOR ENERGY

11 NOVEMBER 1979

JG.
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