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MO 18/1/1

Prime Minister
To note at this stage

PRIME MINISTER

MT Andy

SPECIAL NUCLEAR MATERIALS (SNM)

When my predecessor minuted you on 3rd July 1979 about supplies of highly enriched uranium (HEU), he undertook to put before Cabinet colleagues a comprehensive picture of the procurement capacity required to support our nuclear weapons policy. It was, however, agreed at that time that we should proceed with a facility (codename DESTINY) for the production of HEU for submarine propulsion.

2. A major argument for the DESTINY programme was the potential risk inherent in continued reliance on the United States in this key area. The same argument applies to a greater or lesser extent to the procurement of other special nuclear materials - plutonium, tritium and warhead HEU - where current UK facilities for domestic production are becoming obsolescent.

3. Ministry of Defence studies have identified the full programme of capital works which would be necessary for the UK to pursue a policy of maximum independence from the US for SNM procurement. The capital costs would be about £800M with the bulk falling in the period between now and 1990. Even with this level of investment we should not be able to manage without some further assistance from the Americans to enable us to meet the requirements of the Trident programme. I believe we need to consider the full circumstances very carefully before committing ourselves irrevocably to expenditure on this scale. Studies set in hand by my predecessor suggest that maximising domestic production may not



be the most cost-effective solution to our SNM requirements in either UK or wider Alliance terms. We should be duplicating US facilities - where there are grounds for believing some spare capacity exists. The costs would be a considerable drain on our already hard-pressed budget and could only be met by a reduction in our efforts elsewhere.

4. The issue of how far we can afford to accept dependence on the US for SNM is a difficult one. Our studies show however that the possible problems are no greater - and may well be less than - the degree of risk we have already accepted with Polaris in the decision to replace it with Trident, and under the present agreement for propulsion HEU. The risks could be reduced if we were to continue to maintain domestic tritium production and if we could during the latter part of the 1980s build up a stockpile of HEU for submarine propulsion thus reducing the period of dependence.

5. Under the previous US Administration, senior US Department of Energy officials advised us that American assistance with SNM would be dependent on our doing all we could to meet our own needs. The attitude of the present Administration on this issue remains something of an unknown quantity. They are, however, aware of the need to make the best use of Alliance resources and our relations in the nuclear weapons field have grown distinctly closer since the Trident decision. They may therefore be receptive to the argument that it would make sense for us to devote our resources to areas where they can be of most benefit to Alliance security policy across the board, rather than duplicating facilities in this specific area.

6. The first step must be to consult the Americans at official level to see what might be possible on SNM. I have therefore written to Caspar Weinberger setting our ideas in the context of the overall defence effort and asking him to raise the matter with James Edwards, the Energy Secretary, to forewarn him of our approach at official level. I will let you know the outcome. In the meantime, I have



put work on the DESTINY project on a tickover basis; I hope that we shall very soon be in a position to decide whether or not to proceed.

7. Copies of this minute go to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Energy; and to Sir Robert Armstrong.

CONFIDENTIAL Jw.

Ministry of Defence

17th June 1981

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