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PRIME MINISTER

Export of Plutonium to France and the United States

The Secretary of State for Energy's minute of 28th July, covering a note by officials prepared under Cabinet Office auspices, seeks approval for two prospective deals for the supply of plutonium to France and the United States.

2. The French want to build up their contribution of plutonium to the Super Phenix fast breeder programme, avoiding as far as possible the use of their material of United States origin which is obligated, i.e. subject to American conditions of supply. British Nuclear Fuels Limited (BNFL) are able to supply 500 kilogrammes of unobligated reactor grade plutonium by mid-1982 as required by the French, and are keen to do so for financial reasons and because this would help preserve their access free of charge to French reprocessing technology. The French want to borrow the material, for five years, rather than buy it outright; as the note by officials explains (paragraph 6), the French are likely to become self-sufficient in plutonium within a few years. Although BNFL would have preferred an outright sale, this is not acceptable to the Ministry of Defence because a defence requirement for the material might arise in due course.

3. The French are prepared to agree to the customary conditions of supply (paragraph 10 of the note by officials) except that they are not at present willing to place the material under International Atomic Energy Agency (IAEA) safeguards (see paragraph 11 of the note). We are not bound to insist on the application of IAEA safeguards. The French are treating this as a make or break point for the deal. The view of officials, which is endorsed by the Secretary of State for Energy, is that the balance of British interests lies in not insisting on IAEA safeguards. The Foreign and Commonwealth Secretary is expected to concur.

Prime Minister

Agree that the plutonium should be supplied, as proposed in para 19 of the Officials paper (Flag D), that the Americans should be informed about the deal with France?

Amul

Yes

Yes

but I believe we shall be criticised for not

Flag A. Flag B. supply up 100% side hands mb

He has done so.

Flag C.

I assume that President Mitterand is aware of this? mt.

head 17

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4. The French have not disclosed to us what they intend to do with plutonium bred in Super Phenix. But it has to be assumed that they may use some of it in their nuclear weapons programme, and the quantities of material concerned could be significant. This does not mean that by supplying them with unobligated plutonium we should be making an indispensable contribution to that programme: it seems highly unlikely that the French nuclear weapons programme is dependent on British supplies of plutonium. Nevertheless, we clearly ought to inform the Americans about the deal under the terms of the

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* This consideration is alluded to in the second paragraph of the Secretary of State for Energy's minute and in paragraph 17 of the note by officials (in general terms only because the Treasury and the Department of Energy are not privy to * ~~~~~ * at official or Ministerial level). * ~~~~~ *

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5. As to timing, there is on the one hand no reason to suppose that the Americans would wish to object, but on the other there would be the risk of a damaging reaction from the French if the Americans were to object and the deal fell through. So it seems on balance preferable to tell the Americans after the French have signed a contract. We would use the direct link between my office and the United States official responsible for all the top-level Anglo-American defence nuclear understandings, \* ~~~~~ \*

6. The possible sale to the Americans of up to 5 tonnes of reactor grade plutonium raises none of the problems posed by the French request. The only problem is whether the Central Electricity Generating Board (CEGB) and the United States Department of Energy (USDOE) can negotiate a mutually

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satisfactory price, given that the Americans put a much lower value on plutonium than we do. If the CEGB were to refuse to accept what may well be a low bid from the Americans, not only would CEGB risk losing a valuable contract, but there is also some risk that the prospects of obtaining United States plutonium for defence use could be affected. It is too early to say how real the latter risk is, and whether the Ministry of Defence will need on these grounds to consider making resources available to the CEGB to enable them to lower their price. The recommendation therefore is that the CEGB should be authorised to negotiate with the USDOE on a commercial basis keeping our own Department of Energy closely informed so that if things go wrong the Ministry of Defence can consider their position.

7. None of your colleagues is expected to oppose either deal. Subject to this, I recommend that you should agree to both, in the terms proposed at paragraph 19 of the note by officials. I should also be grateful for authority to inform the Americans at the appropriate time about the loan to the French,

\* ~~~~~ \*

RA

Robert Armstrong

31st July, 1981

\* ~ \* Passages deleted in paragraphs 4, 5 and 7 and retained under Section 3(4).

Wayland

18 September 2012

Agreement from M NOK has not arrived in the shape of his minute or reply.