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From the Principal Private Secretary

8 April 1982

Dear David,

SPECIAL NUCLEAR MATERIALS

The Prime Minister has seen your Secretary of State's minute of 1 April 1982 about special nuclear materials and she agrees that the discussion in MISC 7 should be postponed until officials have been able to assess BNFL's new proposals.

I am sending copies of this letter to the Private Secretaries to other members of MISC 7, to Julian West (Department of Energy) and to David Wright (Cabinet Office).

Yours ever,

Clive Whitmore.

David Omand Esq.,
Ministry of Defence.

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Prime Minister. Defence

In view of these developments it is obviously sensible to postpone discussion. Agree?

MO 18/1/1

PRIME MINISTER

SPECIAL NUCLEAR MATERIALS

In my paper for MISC 7 on Special Nuclear Materials (SNM), I recommended that all our weapons SNM needs be met from the US (bar some tritium) and that, for highly enriched uranium (HEU) for naval nuclear propulsion, DESTINY should be cancelled in favour of US procurement. Following circulation of that paper, British Nuclear Fuels (BNFL) have come forward with revised proposals.

2. On uranium * ~~~~~ * BNFL have produced an outline proposal to create facilities to produce low enriched uranium (LEU - the first step towards HEU) for sale to us at competitive prices. This LEU would then be enriched to the higher level in the US. Since the low enrichment process accounts for some 60% of the total work involved in producing HEU, this would provide BNFL with an acceptable share of the work while avoiding the high capital costs of DESTINY (which was intended to produce HEU). It could also be seen to reduce our dependence on the Americans. On the face of it this seems a promising, if tardy, proposal. It does represent a new departure however, and the feasibility and costs must be very carefully examined before we commit ourselves.

3. On plutonium for weapons, BNFL have suggested that they may be able to supply us at a price lower than that originally quoted - using some marginal cost scheme rather than the normal full shared cost basis. But BNFL would have to reach agreement with other existing customers - notably the CEGB - before they could offer us such a marginal pricing arrangement. This is being explored urgently.

* ~ * Passage deleted and retained under Section 3(4). CWayland, 18 September 2012

4. I would like to suggest therefore that we postpone discussion of special nuclear materials until officials have been able to assess BNFL's new proposals on uranium and plutonium. In the meantime we are taking steps with BNFL to minimise expenditure on DESTINY.

5. I am copying this to other members of MISC 7, to the Secretary of State for Energy and to Sir Robert Armstrong.

Ministry of Defence

1st April 1982