

No 10 A.F. 48 Prime Minister (1) 5/

Ref: A08661

SECRET - ATOMIC

Agree to proceed

as recommended in para 7

MR. WHITMORE

Yes not

of Sir R Armstrongs minute?

MCS 14/6

Special Nuclear Materials (SNM) for the Defence Programme
(MISC 7(82) 3)

The Secretary of State for Defence has circulated this memorandum on which he is seeking the agreement of his colleagues out of Committee.

2. With the decision to acquire a 4-boat Trident force, the defence programme requires:-

Passage deleted and retained under Section 3(u).

Wayland

18 September 2012

3. In his earlier paper, MISC 7(82) 2, the Secretary of State for Defence proposed to purchase all the SNM (except some tritium for existing warheads up to 1995 at least) from the United States. He now proposes to purchase 1 1/4 tonnes of plutonium from British Nuclear Fuels Limited (BNFL) (which is as much as is practicable), and to acquire HEU for both propulsion and weapon requirements from Low Enriched Uranium (LEU) produced in the United Kingdom in a new plant whose capital cost would be funded by BNFL, and the LEU being then shipped to the United States for final enrichment to HEU. The Destiny project for producing HEU in the United Kingdom for propulsion only would be cancelled, but employment in BNFL (at Capenhurst in Cheshire) would be safeguarded by the new LEU plant: 60 per cent of the total work involved in producing the HEU would be given to BNFL.

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4. These new proposals have the advantage of preserving our domestic capability and employment in the production of LEU and affirming our commitment to the URENCO gas centrifuge enrichment project (in which we are collaborating with the Germans and the Dutch), while relieving the defence budget of the capital costs of the Destiny project.

5. The original purpose of the Destiny project when it was approved in July 1979 was to reduce our dependence on the Americans. We had been unable to obtain a long-term guarantee of supply from the Carter Administration. Last year President Reagan informed you that the United States would be willing to meet our SNM needs, subject only to the requirements of the United States defence programme, and to amend the 1958 United States/United Kingdom Defence Agreement to authorise supplies until 1995, without precluding at a later date a further extension beyond 1995. Under the Secretary of State for Defence's new proposals we should remain dependent on the United States for nearly half our plutonium, all our HEU and some tritium. We have, however, always relied on the United States for most of our SNM. Of warhead material, only tritium decays significantly and that is why we shall retain domestic production to keep our existing warheads going, despite its extra cost. HEU for warheads does not decay, though HEU for propulsion is used up. As the Secretary of State for Defence pointed out in MISC 7(82) 2, if the Americans denied us supplies of SNM at some future date we could revive domestic production, at a price.

6. The Secretary of State for Defence's new proposals have been worked out in consultation with Treasury and Department of Energy officials; the Chancellor of the Exchequer, in his minute of 2nd June to the Prime Minister, has recorded his agreement subject to certain conditions, which I understand are acceptable to the Secretary of State for Defence. The Foreign and Commonwealth Secretary (his minute of 7th June) and the Secretary of State for Energy (his minute of 5th June) are content. I understand also that the Home Secretary is content. That being so, if the Prime Minister agrees, no meeting of MISC 7 will be necessary.



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7. I recommend that the Prime Minister agrees with the Secretary of State for Defence's recommendations in paragraph 12 of MISC 7(82) 3, subject to his acceptance of the Chancellor of the Exchequer's conditions as set out in his minute of 2nd June; and authorises him, in consultation with the Chancellor of the Exchequer, the Foreign and Commonwealth Secretary and the Secretary of State for Energy, to announce the cancellation of Destiny and the new arrangements for purchasing plutonium and LEU from BNFL.

Robert Armstrong

CONQUEROR

14th June 1982