



SECRETARY OF STATE FOR ENERGY

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27th April 1989

Dear Charles,

I am writing about a recent development on the nuclear front which could be raised by the Germans and which you may wish to draw to the Prime Minister's attention before her meeting with Chancellor Kohl at the weekend.

Earlier this month the Federal German energy concern VEBA announced that they had come to a preliminary agreement with COGEMA, the French nuclear fuel reprocessing company, to reprocess a substantial proportion of the total German spent fuel arising from around 1999 onwards. COGEMA already has contracts for the first ten year's capacity in its new reprocessing plant which is due to come into operation next year at La Hague, and like BNFL, whose THORP plant is due for completion in 1992, is now beginning actively to look for customers to secure the longer term commercial future of the plant.

This is a sensitive issue for the Federal German Government. The proposed VEBA-COGEMA agreement has been widely perceived as a setback to German Government plans, as part of an independent national nuclear waste treatment and disposal plan, to build their own reprocessing plant at Wackersdorff, and it was agreed that it should be on the agenda for the Kohl-Mitterand discussions in Paris on 19-20 April. The attached Joint Declaration was issued after the Summit. If the VEBA-COGEMA agreement were to go ahead on the basis proposed, it would undoubtedly be damaging to BNFL's hopes for further business from their German customers in THORP. There are, however, reports of reservations in German Government and industry circles about VEBA's plans, and a number of German utilities are in discussion with BNFL about the possibility of further reprocessing in THORP.



My Secretary of State would not wish to suggest that this is a matter which the Prime Minister should seek to raise with Chancellor Kohl. If the subject were to be alluded to by the Chancellor, however, the Prime Minister might say that she hopes the Federal German Government welcomes the contacts which are taking place between German utilities and BNFL, and seek an assurance from Chancellor Kohl that he does not support French attempts to corner the market.

I am sending a copy of this to the Foreign Secretary's office.

*Yours ever,
Stephen.*

S HADDRILL
Principal Private Secretary

Franco-German Summit Talks

Joint Declaration on Cooperation in the Peaceful Use of Nuclear Energy

The two Governments have expressed their interest in collaborative projects in the field of the nuclear fuel cycle.

After confirmation by the Federal Government, in agreement with the French Government, of its intention to adhere to its nuclear fuel cycle policy, which includes the existence of two sites for reprocessing plants in France and the Federal Republic of Germany, the two Governments have agreed to place the declaration of intent between VEBA and COGEMA in a larger framework:

- the peaceful use of nuclear energy
 - . nuclear fuel cycle (manufacture, reprocessing, treatment of waste)
 - . nuclear power plants;
- energy policy in all its aspects and possibilities for coordinating the political objectives of the two countries,
- energy technologies.

A working group headed by M. FAUROUX, Minister for Industry and Regional Planning, and Herr TÖPFER, Minister for the Environment, Nature Conservation and Reactor safety, will examine the declaration of intent between VEBA and COGEMA in this extended framework within the next two months. The same working group will present initial ideas on cooperation in the above-mentioned areas at the next Franco-German Summit.

Paris, 20 April 1989