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Ric Armitage

CAP
12/7

Prime Minister

CAP

My Private Secretary wrote to your's on 27 April before your meeting with Chancellor Kohl, concerning a Joint Declaration issued after the Kohl-Mitterand summit. This gave support to an agreement between the German energy concern VEBA, and the French company COGEMA, which would have excluded BNFL from the German reprocessing market.

These developments came as the Germans were moving towards their decision last month to abandon plans for their own reprocessing plant at Wackersdorf. Not all German utilities were in favour of an exclusive arrangement with the French however and commercial negotiations were opened up with BNFL. I also met Prof Topfer, the Federal German Minister for the Environment, and secured assurances from him that the Federal German Government shared our view that the best interests of the nuclear industry in Europe would be served by a fully competitive market in reprocessing and other fuel cycle services.

BNFL's negotiations have gone well since then. They are proposing a 15 year deal for up to half German arisings. This will utilise a third of THORP's capacity from 1999 onwards and be worth over £1.6 billion. They hope to reach Heads of Agreement in September.

My officials have also been negotiating a framework agreement with the Federal German Government on collaboration in the nuclear fuel cycle field, similar to a Franco-German Agreement which was signed by Prof Topfer and M. Faroux, the French Industry Minister, earlier this month. This is an important



issue for the Germans, and good news for us. I believe it is important that I should myself attend the signing ceremony. I am therefore proposing to pay a very brief visit to Bonn for this purpose on Tuesday 25 July.

I am copying this minute to Geoffrey Howe, Nicholas Ridley, Nigel Lawson and to Robin Butler.

C.P.

Secretary of State for Energy

11 July 1989

GERMANY: pur. mgs with Kohl is

Germany

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