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Authority NND 967016

By JW MAPA Date 8-12

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UNITED STATES GOVERNMENT

Memorandum

SECRET

TO : EA - Mr. Green
Thru: Mr. Sneider

(3)

DATE: December 14, 1972

FROM : EA/ROC - Leo J. Moser *JLM*

MR. GREEN HAS SEEN

SUBJECT: Nuclear Materials Reprocessing Plant for ROC - INFORMATION MEMORANDUM

*FSE 13 China
X-AE 13 IDEA*

We recently learned that the ROC is considering the purchase of the essential parts for a nuclear materials reprocessing plant from commercial sources in the Federal Republic of Germany. Such a plant reprocesses spent reactor cores and also produces significant quantities of plutonium, an essential component of nuclear weapons. The German Embassy approached the Department to inquire whether the USG would agree to safeguard this plant as most reprocessed reactor cores would in any case be of US origin. The German Embassy considered that safeguards for the plant could be provided under the terms of existing US-ROC agreements which provide for pursuit of nuclear materials of U.S. origin.

At a meeting on December 4 of interested USG offices and agencies it was concluded as follows: (a) that the Germans should be informed that construction of a reprocessing plant creates problems for us; that US safeguards would apply only when US materials were being reprocessed; hence, full safeguards coverage of the plant on a 24 hour a day basis could only be secured through conclusion of a separate project safeguards agreement; (b) that Secretary General Cheng of the ROC Atomic Energy Commission, who was coming to Washington on another matter should be informed that we knew of the ROC interest in a reprocessing plant, but that on economic grounds we think it inadvisable for the ROC to procure such a plant at this time; (c) that any frank discussion with the ROC regarding the basic reason for our lack of enthusiasm -- i.e., that the plant might be used to manufacture nuclear weapons materials or might be interpreted as having that objective -- should be done, if at all, through an approach by Embassy Taipei to senior GRC officials.

Secretary General Cheng was advised during discussions December 8 with AEC officials along the lines stated in (b) above. The AEC officials also pointed out that the need to arrange for IAEA safeguards for the reprocessing plant could create a situation in which the IAEA-ROC safeguard arrangements would be placed in serious jeopardy. The German Embassy was advised December 12 of the US position as stated in (a) above, and told that the general subject had been raised with Secretary General Cheng.

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EA/ROC - Leo J. Moser

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In his discussions with Department and AEC officials Secretary General Cheng described the proposed reprocessing plant as a small scale laboratory exercise designed to develop experience in the reprocessing field. The value of the equipment, Cheng said, would be about \$250,000 and the resultant facilities would be large enough to reprocess small amounts of spent reactor cores on an experimental basis. Cheng added that there were plans for a full size reprocessing plant which would be constructed at a later date when all six of Taiwan's nuclear power plants were in operation. (Comment: The Secretary General was clearly trying to play down the size of the facility they currently wish to construct; we will be seeking more information.)

An information telegram on this subject is being prepared for transmission to interested posts.

An additional point which may complicate the reprocessing plant problem in future, and which will not appear in the telegram, should be noted: The AEC is apparently under pressure to promote export sales of nuclear materials. While the AEC is willing to help discourage German interest in selling a reprocessing plant, it may not be so enthusiastic if the prospect of a substantial American sale is involved.

cc: EA - Mr. Barger
EA - Mr. Sneider
AmEmbassy, Taipei
SCI - Mr. Brewster

EA/ROC: *JW*boyle:lp

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