INCOMING TELEGRAM Department of State F5 E 13 Chinat

CONFIDENTIAL 83 Action NNNNTRFVV FHE847LA 974 RR RUEHC RUUEPXG RUALOT RUASTP DE RUFHOL 673 1051625 EUR ZNY CCCCC Info R 151600Z APR 66 FM AMEMBASSY (BONN) G TO RUEHC/SECSTATE WASHDC (3292) FE INFO RUFHBS/AMEMBASSY BRUSSELS USEC (\$52 5 1 1 .RUFNCR/AMEMBASSY PARIS 1183 IO RUASTP/AMEMBASSY TAIPEI SIX INR ENTIALAPRIL 15. X92 KSE 13 Oh 3000; TOKYO. E 6 chinas RUALOT/AMEMBASSY TOKYO 55 CIA RUEPXG/AEC GERMANTOWN NSA STATE GRNC ACDA BT SCI AID REF: EMBTEL 3000; TOKYO'S 3470, TAIPEI'S 1088, BRUSSELS ECBUS 898 E WHB SUBJ: GERMAN NUCLEAR REACTOR FOR TAIWAN RSR FOLLOWING IS AN ACCUNT OF FRG-GRC NUCLEAR DISCUSSIONS AS GIVEN

TO THE EMBASSY BY A GERMAN OFFICIAL.

GRC REPRESENTATIVES APPROACHED SIEMENS REQUESTING A REACTOR STUD

GRC REPRESENTATIVES APPROACHED SIEMENS REQUESTING A REACTOR STUDY, INDICATING APURCHASE WOULD FOLLOW IF THE STUDY RESULTS WERE SATISFACTORY. SIEMENS ASKED THE OPINION OF THE FONOFF ON POSSIBLE REACTOR EXPORT RESTRICTIONS. THE FONOFF ATTITUDE WAS NEGATIVE IN VIEW OF POSSIBLE EFFECTS ON FRG RELATIONSHIPS WITH THE USSR AND RED CHINA.

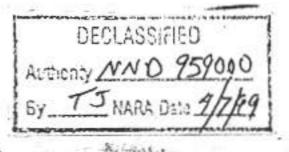
SIEMENS THEN APPROACHED THE SCIENCE MINISTRY, WHICH FAVORS THE SALE AS GERMANY'S FIRST MAJOR NUCLEAR EXPORT. HOWEVER, THE MINISTRY WOULD ONLY SUPPORT THE PROJECT IF THE GRC PLACES THE REACTOR UNDER IAEA SAFEGUARDS. THE GRC IS APPARENTLY AGREEABLE.

THE SCIENCE MINISTRY UNDERSTANDS THAT THE PROCEDURE FOR LAFA SAFEGUARDS CAN CONSIST SIMPLY OF A BILATERAL AGREEMENT BETWEEN IAEA AND GRC, WITHOUT INVOLVING A DIRECT FRG-GRC SAFEGUARDS RELATIONSHIP OF ANY KIND. THE SCIENCE MINISTRY THUS WISHES TO PRESS THE FONOFF TO INFORM THE GRC THAT EXPORT APPROVAL WILL BE GIVEN AFTER SIGNING OF A GRC-LAFA SAFEGUARDS AGREEMENT COVERING THE REACTOR. THE NEXT STEPS WOULD BE 10 COMPLETION OF THE DESIGN STUDY BY SIEMENS; 1) SIGNING OF THE CONTRACT BETWEEN GRC AND SIEMENS FOR CONSTRUCTION OF THE REACTOR; 3) REACTOR CONSTRUCTION:

4) SUBCONTRACTING OF FUEL ELEMENT CONSTRUCTION BY SIEMENS.

PERHAPS TO NUKEM, AND 5) OPERATION BY THE GRC.

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-2- 3292, APRIL 15, FROM: BONN

THE REACTOR IN QUESTION IS NATURAL URANIUM OXIDE-FUELED, AND THE GRC OR NUKEM WOULD NOT BE RESTRICTED TO DEALING WITH SUPPLIERS OF ENRICHED URANIUM FOR FUEL.

THE OFFICIAL REITERATED THAT IF THE US GOVERNMENT HAS SERIOUS OBJECTIONS (NOT OF A COMMERCIAL NATURE) TO SUCH A SALE, THE SCIENCE MINISTRY WOULD LIKELY NOT PRESS FOR A FAVORABLE DECISION BY THE FONOFF.

EMBASSY HAS NOT COMMUNICATED CONTENTS OF REFTELS TO MINISTRY, BUT IS AWAITING DEPARTMENT GUIDANCE.