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Authority NND 969016

By JW NARA Date 8-12

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FSE13 Chinat

012137

XRAE13 IAEA

FORM DS 322 (OCR)

20 JAN 73 00 15Z

| 012137 | 200015Z JAN 73 | ROGERS

SECRET

EA/ROC:MEMCDONNELL:LP
1/19/73 EXT. 21321
EA:MGREEN

EA/ROC - MR. MOSER
ACDA - MR. VAN DOREN
SCI/AE - MR. BREWSTER
IO/SCT - MR. TREVITHICK

EA/ACA - MR. SULLIVAN
AEC - MR. YEOMANS
PM/AE - MR. TURRENTINE
L/SCI - MR. MAURER

*12137
3 B*

ROUTINE TAIPEI, BONN

ROUTINE BRUSSELS, LONDON, OTTAWA, EC BRUSSELS, IAEA VIENNA,
HONG KONG

SUBJ: PROPOSED REPROCESSING PLANT FOR REPUBLIC OF CHINA

REF.: A. STATE 002051; B. TAIPEI 0248, C. TAIPEI 0338
D. BONN 0311

1. DEPARTMENT FEELS ROC MAY NOT FULLY APPRECIATE DEGREE OF
USG CONCERN ABOUT PROPOSED REPROCESSING PLANT. COMMENTS
BY FOREIGN MINISTER SHEN THAT VIEWS OF USG ARE QUOTE VERY
USEFUL REFERENCE FOR ROC IN MAKING ITS DECISION UNQUOTE AND
QUOTE WOULD BE GIVEN FULL CONSIDERATION UNQUOTE ARE POLITE
BUT HARDLY REASSURING. WE ARE PARTICULARLY TROUBLED BY
REPORT FROM BONN (REF D) THAT ROC HAS ALREADY SIGNED CON-
TRACT WITH UHDE-LURGI, A FACT THAT WAS EITHER NOT KNOWN OR
DELIBERATELY NOT MENTIONED BY SHEN. WE ARE ALSO CONCERNED
BY DISCREPANCY BETWEEN INFORMATION FROM BONN (REF D) THAT
PROPOSED PLANT WOULD BE DESIGNED TO REPROCESS 50 TONS OF
IRRADIATED FUEL PER YEAR AND CLAIM MADE IN WASHINGTON BY
VICTOR CHENG, SECRETARY GENERAL OF ROC/AEC, THAT PROPOSED
PLANT IS INTENDED AS SMALL-SCALE LABORATORY FACILITY FOR
PURPOSE OF GAINING EXPERIENCE IN REPROCESSING FIELD.

*MG mg
MEM ^{was}
LJM ^{by}
RS ^{was}
VAN DOREN ^{was}
YEOMANS ^{was}
BREWSTER ^{was}
TURRENTIN ^{was}
TREVITHIC ^{was}
MAURER ^{was}
SKOUG ^{was}
DEWILDE ^{was}
RS*

2. FOR TAIPEI:

A. AMBASSADOR IS REQUESTED TO MAKE FOLLOWING POINTS IN
FURTHER REPRESENTATION TO FOREIGN MINISTER SHEN AS SOON
AS POSSIBLE:

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SOING TELEGRAMS

FORM DS 322A(CCR)

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{1} AMBASSADOR HAS REPORTED TO DEPARTMENT CONVERSATION OF JANUARY 15 WITH FOREIGN MINISTER SHEN.

{2} USG PLEASSED TO LEARN THAT ROC HAS NOT YET DECIDED TO PROCEED WITH CONSTRUCTION OF REPROCESSING PLANT.

{3} BECAUSE POSSIBILITY IS NOT FORECLOSED THAT ROC MAY LATER PROCEED, USG HAS REQUESTED AMBASSADOR TO RETURN TO FOREIGN MINISTER SHEN TO MAKE CERTAIN THAT ROC FULLY UNDERSTANDS DEGREE OF USG CONCERN.

{4} USG NOTES THAT UNDER ARTICLE VIII (F) OF AGREEMENT FOR COOPERATION CONCERNING CIVIL USES OF ATOMIC ENERGY SIGNED APRIL 4, 1972, SPECIAL NUCLEAR MATERIAL RECEIVED FROM US CANNOT BE REPROCESSED UNLESS USG DETERMINES THAT IT CAN BE EFFECTIVELY SAFEGUARDED. PROVISION READS:

BEGIN QUOTE WHEN ANY SPECIAL NUCLEAR MATERIAL RECEIVED FROM THE UNITED STATES OF AMERICA, PURSUANT TO THIS AGREEMENT OR THE SUPERSEDED AGREEMENT REQUIRES REPROCESSING, OR ANY IRRADIATED FUEL ELEMENTS CONTAIN"

ELEMENTS CONTAINING FUEL MATERIAL RECEIVED FROM THE UNITED STATES OF AMERICA PURSUANT TO THIS AGREEMENT OR THE SUPERSEDED AGREEMENT ARE TO BE REMOVED FROM A REACTOR AND ARE TO BE ALTERED IN FORM OR CONTENT, SUCH REPROCESSING OR ALTERATION SHALL BE PERFORMED IN FACILITIES ACCEPTABLE TO BOTH PARTIES UPON A JOINT DETERMINATION OF THE PARTIES THAT THE PROVISIONS OF ARTICLE XI MAY BE EFFECTIVELY APPLIED - END QUOTE

{5} IN OUR JUDGMENT, DRAMATIC INCREASE IN AMOUNT OF SAFEGUARDING ACTIVITY WITHIN ROC THAT WOULD BE MADE NECESSARY BY CONSTRUCTION OF A REPROCESSING PLANT WOULD BE ALMOST CERTAINLY BRING TO A HEAD QUESTION WHETHER IAEA COULD CONTINUE ANY SAFEGUARDS ACTIVITIES IN ROC. PROBABLE RESULT WOULD BE THAT EVEN CURRENT, MODEST ACTIVITIES OF IAEA THERE WOULD BE TERMINATED.

{6} USG, QUITE FRANKLY, IS APPREHENSIVE THAT IF ROC PROCEEDS WITH REPROCESSING PLANT AND ADEQUATE INTERNATIONAL SAFEGUARDS CANNOT BE APPLIED, SOME GOVERNMENTS MIGHT BELIEVE ROC TO HAVE OBJECT OF ACQUIRING NUCLEAR WEAPONS CAPABILITY. FYI: USG CONCERNED SUCH ATTITUDE MAY PREVAIL WHETHER OR NOT ADEQUATE INTERNATIONAL SAFEGUARDS OBTAINED BECAUSE OF QUESTION THAT EXISTS AS TO HOW LONG IAEA SAFEGUARDS CAN BE MAINTAINED ON TAIWAN. END FYI.

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B. EMBASSY IS ENCOURAGED TO MEET WITH VICTOR CHENG PROMPTLY, REPEATING POINTS IN PARA 1&2A OF REF A AND PARA 2A ABOVE. EMBASSY IS REQUESTED TO TRY TO DETERMINE FROM HIM FURTHER FACTS REGARDING NATURE OF ROC PLANS AND INTENTIONS WITH RESPECT TO REPROCESSING PLANT. EMBASSY MAY NOTE TO CHENG THAT WE UNDERSTAND ROC HAS SIGNED CONTRACT FOR PLANT PARTS WITH GERMAN FIRM.

3. FOR BONN:

E&DEPARTMENT CONCERNED WITH INFORMATION IN REF D THAT GERMAN FIRM HAS CONTRACTED WITH ROC TO SUPPLY PARTS FOR PLANT. TO COUNTER PRESSURE PROBABLY BEING PUT ON FRG BY THAT COMPANY FOR APPROVAL OF SALE, DEPARTMENT SUGGESTS THAT AMBASSADOR MAKE SECOND AND HIGHER-LEVEL REPRESENTATION, IF HE PERCEIVES NO OBJECTION. AMBASSADOR SHOULD USE TALKING POINTS PROVIDED FOR BONN IN REF A. HE SHOULD ALSO GIVE GERMANS ORAL SUMMARY OF OUR REPRESENTATIONS OF JANUARY 15 IN TAIPEI (REF C) AND GIST OF ADDITIONAL POINTS WE INTEND TO MAKE AS SET OUT IN PARA 2 ABOVE. GDS. YY

SECRET