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Declassified Case:  
NW# 60542 Date:  
06-02-2023

Margaret P. Grafeld  
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EO Systematic Review  
05 JUL 2006

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TO SECSTATE WASHDC 027  
INFO AMEMBASSY PARIS  
AMEMBASSY TAIPEI  
AMEMBASSY TOKYO  
USMISSION IAEA VIENNA

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C O R R E C T E D C O P Y (TO TEXTS NBRD PARA TWO)

DEPT PASS ERDA GERMANTOWN

TOKYO PASS ERDA

E.O. 11652: GDS  
TAGS: ETRD MNUC TECH PARM KS

SUBJECT: ROK REGIONAL NUCLEAR FUEL REPROCESSING PLANS AND PURCHASE OF FRENCH PILOT FACILITY

REFS: A SEOUL 2743, B STATE 105611

SUMMARY: AMBASSADOR MET WITH KEY ROK GOVERNMENT NUCLEAR OFFICIALS ON MAY 1, 1975, FOR DISCUSSION AND BRIEFING BY LATTER ON ROK'S PLANS TO PURCHASE FUEL CYCLE PROCESSING TECHNOLOGY AND EVENTUALLY BECOME SITE FOR REGIONAL FUEL CYCLE PROGRAM. ROK OFFICIALS EMPHASIZED ECONOMIC NECESSITY AND POLITICAL LOGIC OF SUCH A REGIONAL FACILITY, INTER-NATIONALLY SAFEGUARDED AND COMMERCIALY SIZED, FOR THE ROK. DURING DISCUSSION, WHICH CONTAINED FIRST FACTUAL DETAILED DESCRIPTION OF PILOT FUEL FACILITY, ROKS GENERALLY ATTEMPTED TO CLEAR UP PREVIOUS ROK-US MISUNDERSTANDINGS AND MISCUES ON THIS PROGRAM IN WHAT WE JUDGE WAS SINCERE

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ATTEMPT TO REGAIN US TRUST AND ASSISTANCE. EMBASSY BELIEVES DISCUSSION RE REGIONAL REPROCESSING SHOULD BE PURSUED. END SUMMARY.

1. IN TWO-HOUR DISCUSSION HOSTED BY ROK MINISTER OF SCIENCE AND TECHNOLOGY CHOI HYUNG-SUP WITH ASSOCIATES KOREA ATOMIC ENERGY RESEARCH INSTITUTE (KAERI) PRESIDENT YUN YOUNG-KU AND ATOMIC ENERGY BUREAU DIRECTORY LEE BYOUNG-WHITE, ROK GOVERNMENT OUTLINED ITS PROJECTED NUCLEAR ENERGY NEEDS IN THE COMING DECADES AND REAFFIRMED ITS COMMITMENT TO THE ROK'S INVOLVEMENT IN FUEL CYCLE ACTIVITIES. PRESIDENT YUN MADE A STRONG CASE FOR THE PURCHASE OF PILOT FUEL FABRICATING AND REPROCESSING TECHNOLOGY AND TIED THE REQUIREMENT TO ROK DESIRE TO EVENTUALLY PLAY KEY ROLE, INCLUDING LOCAL SITING, IN REGIONAL FUEL CYCLE PLANT OF COMMERCIAL SCALE. ROK ENVISIONS CONSTRUCTION IN 1980'S OF REPROCESSING FACILITY OF 1500 TONS CAPACITY COSTING ABOUT US DOLS 300 MILLION. FOLLOWING POINTS IN FAVOR OF REGIONAL APPROACH WERE ADVANCED:

A. FUTURE WORLDWIDE AVAILABILITY OF COMMERCIAL-SCALE REPROCESSING FACILITIES IS IN DOUBT. EXISTING CONTRACTS NOW REQUIRE CUSTOMER TO REASSUME RESPONSIBILITY FOR REPROCESSED WASTES. THUS PROCESSING OF ASIAN WASTES BY EUROPEAN NATION FAILS TO SOLVE PROBLEM OF END WASTE DISPOSAL WHILE AT THE SAME TIME INCREASES BOTH THE OVERALL COST (TWO-WAY TRANSPORTATION) AS WELL AS THE DANGER OF A SPILL INCIDENT.

B. GEOGRAPHICAL SITING PROBLEMS IN TAIWAN AND JAPAN, NOT TO MENTION POLITICAL OPPOSITION TO PLANT SITING, MAKE ROK BEST CHOICE AS REGIONAL SITE. DIRTY END PRODUCTS OF REPROCESSED FUEL WOULD BE STORED ON ISOLATED ROK ISLAND.

C. REGIONAL COMMERCIAL FACILITY WOULD BE IAEA SAFEGUARDED AND THUS PREVENT PARTICIPANTS FROM GOING THEIR OWN WAY WITH

THE ACCOMPANYING RISK OF DIVERSION AND PROLIFERATION.

2. IN RESPONSE TO AMBASSADOR'S QUERY WITH REGARD TO CURRENT ROK ACTIVITIES IN PURSUIT OF A BASIS FOR ABOVE PROJECT, PRESIDENT YUN STATED THAT ROK RECENTLY HAD CONTRACTED FOR A 20 KG DAY PILOT REPROCESSING FACILITY FROM FRANCE, WHICH HE CLAIMED WOULD NOT PRODUCE WEAPONS GRADE PLUTONIUM.

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YUN EXPLAINED FACILITY WOULD BE TRILATERALLY SAFEGUARDED AMONG ROK-FRANCE-IAEA AND THAT GROUND WORK FOR PLANT WOULD BEGIN THIS SUMMER. NO DELIVERY OR PLANT START-UP DATES WERE PROVIDED.

3. AMBASSADOR USED THIS OCCASION TO EXPRESS REGRET THAT USG HAD LEARNED OF SO SENSITIVE A DECISION AFTER THE FACT AND ELICITED ROK COMMENTS ON HOW THIS MISUNDERSTANDING WITH INHERENT SUSPICIONS CAME ABOUT. ROK CLAIMED THEY HAD, SINCE AT LEAST 1972, APPROACHED US FIRMS (NUCLEAR FUEL SERVICES CORP. AND GENERAL ELECTRIC) ON POSSIBILITY OF REGIONAL COMMERCIAL-SIZED FACILITY IN ROK WITH NO RESPONSE. TEXT OF 1973 PROSPECTUS FOR THIS PROJECT AS SUBMITTED TO US FIRMS WAS PROVIDED TO AMBASSADOR. SINGULARLY ROKS STATED THAT THEY HAD FOUND US AEC UNRECEPTIVE TO THEIR REQUESTS FOR FUEL CYCLE TRAINING AND HAD CONCLUDED THAT US HAD DECIDED NOT TO ASSIST ROK IN THIS AREA. DEGREE OF ROK PRE-OCCUPATION WITH ENTIRE FUEL CYCLE WAS BROUGHT OUT BY MINISTER CHI'S COMMENT THAT CANADIAN GUARANTEE OF 15 YEARS' SUPPLY OF YELLOW CAKE FUEL FOR RECENTLY PURCHASED CANDU HEAVY WATER UNIT HAD FIGURED HEAVILY IN ROK DECISION TO GO WITH CANDU SYSTEM.

4. COMMENT: ALTHOUGH WE HAD BEEN AWARE OF THIS FRENCH DEAL FOR SOME TIME, THIS WAS FIRST OFFICIAL, DETAILED ACKNOWLEDGMENT OF ROK DECISION. THE ROK NUCLEAR GROUP ARGUED THAT FRENCH DEAL WAS NOT INTENTIONALLY KEPT FROM US BUT RATHER HAD FALLEN THROUGH CRACKS IN US-ROK EXCHANGE. EMBASSY FINDS SOME JUSTIFICATION FOR THIS POSITION. FOR EXAMPLE, A SEPT 1974 KOREA ATOMIC ENERGY BUREAU PUBLICATION IN ENGLISH CLEARLY INDICATED THAT NUCLEAR FUEL TECHNOLOGY INCLUDING REPROCESSING WILL BE SUBJECT OF MAJOR RESEARCH EFFORT IN ROK.

5. CONVERSATION ALSO SERVED TO POINT UP LOGIC IN ROK DESIRE TO PARTICIPATE IN FUEL CYCLE. WISH STRESS THAT ROK AMBITION TO BECOME NUCLEAR SERVICES SUPPLIER APPARENTLY IS BASED ON THEIR DESIRE TO GARNER AS LARGE A PIECE OF FUTURE NUCLEAR BUSINESS AS POSSIBLE. ROK THUS HOPES TO FINANCIALLY OFFSET VIA FOREIGN EXCHANGE EARNINGS PART OF HEAVY EXPENDITURE IT ANTICIPATES FOR ITS EXTENSIVE NUCLEAR POWER PROGRAM WHILE GAINING SOME POLITICAL LEVERAGE AND PRESTIGE IN THE PROCESS.

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6. WHILE AS MATTER OF POLICY WE CONTINUE TO OPPOSE ACQUISITION OF AN INDEPENDENT REPROCESSING CAPABILITY BY THE ROK, EMBASSY JUDGES FRENCH PILOT PLANT DEAL TO BE FAR ENOUGH DOWN THE ROAD SO AS TO MAKE REVERSAL VERY DIFFICULT. ONE POSSIBLE QUID PRO QUO APPROACH WOULD BE USG COMMITMENT TO ASSIST ROK FUEL CYCLE VIA LONG-TERM GUARANTEES ASSURING ROKS ENRICHMENT, FUEL FABRICATION, REPROCESSING, AND WASTE DISPOSAL SERVICES. GUIDANCE ON THIS POINT REQUESTED.

7. IN SHORT, WE FEEL NOW THAT ROK DECISION IS ON THE TABLE COMPLETE WITH ITS RATIONALE, KOREANS ARE PREPARED TO TALK MUCH MORE OPENLY ABOUT THE MULTIPLE PROBLEMS INVOLVED IN THIS DECISION

AND THE DISCUSSION RE OUR SUPPORT TO OR ADVICE ON THE REGIONAL APPROACH TO FUEL CYCLE MANAGEMENT, PARTICULARLY REPROCESSING, WOULD BE WELCOME.

8. AIRGRAM PROVIDING ADDITIONAL DETAILS ON ABOVE CONVERSATION WITH ROK-PREPARED 1973 PROSPECTUS FOR NUCLEAR FUEL REPROCESSING JOINT VENTURE PROJECT ATTACHED TO FOLLOW.  
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