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L-03 NSAE-00 NSC-10 RSC-01 SCI-06 SCEM-02 AEC-11 PA-04

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R 230925Z NOV 73 FM AMEMBASSY TAIPEI TO SECSTATE WASHDC 0297 INFO AMCONGEN HONG KONG USLO PEKING AMEMBASSY TOKYO

S-E-C-R-E-T TAIPEI 7052

E.O. 116S2: GDS

TAGS: PARM, PFOR, MCAP, OTRA, TECH, TW

SUBJECT: ATOMIC ENERGY GROUP STUDY TEAM VISIT TO TAIWAN

REF: A. STATE 223316; (B) TAIPEI 7051

TOKYO FOR HELFRICH AEC

1. BEGIN SUMMARY: EMBASSY BELIEVES AEC STUDY TEAM VISIT TO TTAIWAN WAS WORTHWHILE AND SUCCESSFUL IN UNDERSCORING USG'S DETERMINATION TO DETER ROC FROM MILITARY NUCLEAR PROGRAM. DESPITE PROTESTATIONS FROM ALL QUARTERS THAT NUCLEAR PROGRAM WAS LIMITED TO PEACEFUL USES, STUDY TEAM FOUND ROC HAS FAIRLY ADVANCED PLANS AND FACILITIES FOR FULL FUEL CYCLE WHICH, WHATEVER ITS REAL PURPOSE, WOULD KEEP OPEN MILITARY OPTION. IN EXTENSIVE DISCUSSIONS TEAM TODL ROC OFFICIALS AND SCIENTISTS THAT US OPPOSES CHEMICAL REPROCESSING PLANT. FONMIN ACCEPTED Page 2

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THIS POSITION AND REITERATED ASSURANCES ROC WILL NOT
PROCEED IN FACE OF US OPPOSITION. ALTHOUGH WE EXPECT
CONTINUED PULLING AND HAULING WHICH MAY NUDGE ROC FURTHER
TOWARD MILITARY PROGRAM, STUDY TEAM HAS AT LEAST EXPOSED
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MORE KEY PEOPLE ON TAIWAN TO WHAT COST WOULD BE. END SUMMARY.

- 2. ATOMIC ENERGY STUDY TEAM COMPLETED TAIWAN VISIT ON NOVEMBER 20 AFTER FIVE DAYS OF CALLS ON ROC OFFICIALS AND INSPECTION OF NUCLEAR AND RELATED INSTALLATIONS. DELEGATION MEMBERS CONDUCTED THEMSELVES SKILLFULLY, AND EMBASSY BELIEVES THEIR VISIT WAS IMAGINATIVE WAY TO UNDERSCORE USG'S DETERMINATION TO DETER ROC FROM MILITARY NUCLEAR PROGRAM. ROC OFFICIALS AND SCIENTISTS WERE UNDER NO ILLUSIONS AS TO PURPOSES OF VISIT; ALL BRIEFINGS WERE PREFACED BY PROTESTATIONS THAT ROC'S PROGRAM WAS LIMITED TO PEACEFUL USES. WE DOUBT STUDY TEAM WAS SUFFICIENT TO STOP ALL EFFORTS BE CERTAIN ROC ELEMENTS WHO FAVOR MILITARY PROGRAM IN TAIWAN, BUT WE ARE CERTAIN MANY MORE KEY PEOPLE NOW APPRECIATE WHAT THE COST WOULD BE.
- 3. DURING FINAL MEETING WITH FONMIN SHEN, IN WHICH AMBASSADOR PARTICIPATED (REFTEL B), WE NOTED THAT DESPITE AFFIRMATIONS TO THE CONTRARY WE HAD IMPRESSION THAT SOME INDIVIDUALS AND SEGMENTS OF GOVERNMENT MIGHT VIEW FULL FUEL CYCLE AND CHEMICAL REPROCESSING PLANT AS WAY TO KEEP OPEN MILITARY OPTION AND THAT IT WAS NOT IN ROC'S BEST INTERESTS TO PROCEED ANY FURTHER IN THIS DIRECTION. GIVEN ITS SPECIAL CIRCUMSTANCES WE WISHED ROC TO GO OUT OF ITS WAY TO REMOVE ANY AMBIGUITY ABOUT OBJECTIVE OF ITS DEVELOPMENT PROGRAM BECAUSE WE COULD NOT OTHERWISE ENSURE KING OF COOPERATION NECESSARY FOR TAIWAN'S NUCLEAR POWER PROGRAM. ROC SHOULD NOT ONLY DESIST FROM SEEKING REPROCESSING CAPABILITY BUT ALSO CEASE MINOR ACTIVITIES IMPLYING CONTINUING INTEREST IN THIS DIRECTION.
- 4. FONMIN REAFFIRMED ROC'S INTENT TO LIMIT NUCLEAR PROGRAM TO PEACEFUL USES, STATING ROC HAD NO INTENTION OF PROCEEDING WITH REPROCESSING PLANT IN FACE OF US OPPOSITION. HE EMPHASIZED ROC WOULD NOT JEOPARDIZE US NUCLEAR COOPERATION ON WHICH TAIWAN CRITICALLY DEPENDENT, AND HE INDIRECTLY ASSOCIATED PREMIER WITH HIS VIEWS. IN EARLIER DISCUSSION AEC SECGEN CHENG SUGGESTED WE NOT FLATLY FORECLOSE APPROVAL OF PROCESSING SECRET

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PLANT, AS PASSAGE OF TIME AND CHANGING CIRCUMSTANCES MIGHT LATER WARRANT SUCH FACILITY. WE REJECTED THIS SUGGESTION STATING USG'S OPPOSITION REFLECTED POLICY DECISION ABOUT WHICH THERE COULD BE NO AMBIGUITY.

 VISIT AFFORDED STUDY TEAM A CHANCE TO PROBE IN DETAIL Page 3

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Untitled PRESENT AND PROJECTED COURSE OF ROC NUCLER R&D. IN ADDITION TO FORMAL REPRESENTATIONS, TEAM MEMBERS AND EMBASSY OFFICERS ALSO HAD NUMBER OF OPPORTUNITIES TO EXPRESS TO LEADERS OF SCIENTIFIC COMMUNITY AND GOVERN-MENT OFFICIALS US CONCERN OVER DIRECTION OF ROC APPLIED RESEARCH PROGRAM. US POSITION WAS THUS MADE CLEAR BOTH TO THOSE DIRECTING R&D EFFORTS AND TO THOSE FORMULATING NATIONAL POLICY. ONE STRIKEING EXCEPTION WAS GENERAL TANG, DIRECTOR DIRECTOR CHUNG SHAN SCIENCE INSTITUTE (CSSI) AND KEY OFFICIAL, WHO FAILED TO ATTEND DINNER AT THE RESIDENCE AND WAS ABSENT WHEN TEAM VISITED CSSI.

- 6. TEAM LEFT WITH FOLLOWING IMPRESSIONS AND CONCLUSIONS: A) DESPITE PROTESTATIONS OF INNOCENCE RE NUCLEAR R&D PROGRAM INSTITUTE OF NUCLEAR ENERGY RESEARCH HAS AN EXPLICITLY AVOWED DESIRE TO DEVELOP SELF-SUFFICIENCY IN ENTIRE FUEL CYCLE INCLUDING REPROCESSING, AND ACHIEVEMENT OF THIS GOAL WOULD OBVIOUSLY BENEFIT NUCLEAR WEAPONS DEVELOPMENT.
- B) TEAM MEMBERS WERE BRIEFED IN DETAIL ON R&D PROGRAMS WITH NO CRUDE EFFORTS TO CONCEAL OR OBFUSCATE INTERMEDIATE GOALS. PRESENTATIONS AT INER REFLECTED PROBABLE DECISION THAT BEST WAY TO GAIN US ACTIVE OR TACIT APPROVAL FOR INTEGRATED FUEL CYCLE R&D PROGRAM WAS TO OPEN FACILITIES FOR INSPECTION AND LAY MOST CARDS ON TABLE. TEAM FELT THEY SAW ALL THERE WAS TO SEE AT INER AND WERE SATISFIED THAT CURRENT RESEARCH PROGRAMS WERE ACCURATELY DESCRIBED.
- C) INER SEEMINGLY HAS UNLIMITED FUNDS AT ITS DISPOSAL. EXTREMELY EXPENSIVE SOPHISTICATED EQUIPMENT OFTEN SEEMED PURCHASED WITHOUT CLEAR CUT PROGRAM FOR UTILIZATION. WASTEFULNESS WAS IMMEDIATELY APPARENT.
- D) ECONOMIC JUSTIFICATION FOR OVERBLOWN FABRICATION PLANT APPEARED DUBIOUS, AND RATIONALE FOR REPROCESSING SECRET

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CAPABILITY DOES NOT REPRESENT CONSENSUS WITHING ROC. TAIPOWER, FOR EXAMPLE, REMAINS COOL IF NOT OPPOSED TO SCHEME WHICH MILITARY/SCIENTIFIC COMMUNITY PORTRAYED AS LONG TERM KEY TO ENSURE SUCCESSFUL NUCLEAR POWER PROGRAM.

- ACTION REQUESTED: BELIEVE WE SHOULD:
- A) AMEND BILATERAL AGREEMENT AS QUICKLY AS POSSIBLE
- TO PERMIT ROC TO PROCEED WITH NUCLEAR POWER PROGRAM.
 B) CARRY THROUGH WITH PLANS FOR USAEC TO SUPPLY CRITICAL APPRAISAL OF PRESENT ROC PROJECTS AND SUGGEST NEW AVENUES OF RESEARCH.
- C) KEEP IN MIND ROC'S POST 1985 REPROCESSING REQUIREMENTS AS US REVIEWS AND FORMULATES POLICY ON PROVIDING REPROCESSING SERVICES AND AS ANY POTENTIAL EMERGES FOR ASIAN REGIONAL REPROCESSING SCHEME. MCCONAUGHY

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