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**EXDIS** 

E.O. 11652: XGDS-3

TAGS: UC, PARM, KS, FR, CA

SUBJECT: ROK NUCLEAR FUEL REPROCESSING PLANS

REFS: (A) STATE 195214, (B) SEOUL 6495, 6608, 6859,6900, 6989.7186.7187.6990

1. WE HAVE CAREFULLY REVIEWED ROKG RESPONSE TO YOUR APPROACH ON NUCLEAR REPROCESSING PLANT AND YOUR EARLIER RECOMMENDATIONS. THE NEGATIVE ROK REACTION WAS NOT UNEXPECTED AND WE ARE NOT SURPRISED THAT KOREANS HAVE TAKEN TOUGH INITIAL SECRET

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POSITION. GIVEN CENTRAL IMPORTANCE OF REPROCESSING PLANT TO THEIR NUCLEAR WEAPONS PROGRAM, IT IS REASONABLE FROM THEIR POINT OF VIEW TO PROBE FOR MIDDLE GROUND WHICH THEY MAY HOPE WILL MEET OUR OBJECTIONS WHILE PRESERVING DEAL WITH FRANCE. GIVEN APPARENT INTERNAL ROKG DIVISIONS ON THIS ISSUE, WE ARE HOPEFUL THAT MAINTAINING OUR POSITION, EMPHASIZING THE IMPORTANCE OF ROK AGREEMENT FOR OUR OVERALL RELATIONSHIP, AND OFFERING FACE-SAVING DEVICES (FORMAL SUPPORT FOR LOW-ENRICHED FUEL FABRICATION AND FOR A REGIONAL REPROCESSING ALTERNATIVE) WILL OFFER OPPORTUNITY TO PRESIDENT PARK TO REVERSE THE INITIAL DECISION.

2. OUR ASSESSMENT OF PILOT-SCALE REPROCESSING PLANT AS DESCRIBED BY FRENCH AND TO YOU BY KOREANS INDICATES THAT

ITS PRODUCTION CAPABILITY IS SUFFICIENT TO ENABLE THE ROK TO DEVELOP NUCLEAR WEAPONS OVER TIME IF PRODUCED PLUTONIUM IS DEVOTED TO THIS PURPOSE IN ABROGATION OR VIOLATION OF SAFEGUARDS AGREEMENT. (HOWEVER, ROK WOULD HAVE TO DEPEND ON FUEL DERIVED FROM US REACTORS AT THIS STAGE, AND US RECENTLY REAFFIRMED APPROVAL RIGHTS TO THIS REGARD.) ADDITIONALLY, WE ARE CONCERNED THAT ROK ACQUISITION OF PILOT FACILITY WOULD DIMINISH OUR CAPABILITY TO PREVENT DEVELOPMENT OF LARGER-SCALE REPROCESSING FACILITIES IN ROK, TO DEVELOP REGIONAL ALTERNATIVES TO SUCH NATIONAL FACILITIES, AND TO ENCOURAGE RESTRAINT IN OTHER SENSITIVE GEOGRAPHIC AREAS. AT THIS POINT WE CONTINUE TO BELIEVE THAT DETERRING KOREAN NATIONAL FACILITY IS MOST DESIRABLE AND EFFECTIVE WAY OF REMOVING THESE RISKS.

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3. WITH RESPECT TO KOREAN CONTENTION THAT FACILITY HAS NO SIGNIFICANT PRODUCTION CAPABILITY, WE HAVE REEXAMINED POSSIBLE PLUTONIUM OUTPUT AND CONTINUE TO BELIEVE IT CONSTITUTES MORE THAN AMPLE BASIS FOR OUR CONCERN. IN PRUDENCE, WE HAVE TO JUDGE THE PROLIFERATION IMPLICATIONS OF THE PLANT BY ASSUMING THAT IT COULD OPERATE ALMOST YEAR-ROUND. THE FRENCH HAVE ESTIMATED SPENT FUEL OUTPUT AT FIVE TONS PER YEAR IN DISCUSSIONS WITH US, WHICH COULD TRANSLATE INTO ENOUGH PLUTONIUM TO BUILD AT LEAST SEVERAL NUCLEAR BOMBS PER YEAR IN THE EVENT OF SAFEGUARDS ABROGATION. IN CONTRAST, FOR AT LEAST A FEW DECADES ROK SECRET

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PEACEFUL REPROCESSING REQUIREMENTS REMAIN MARGINAL AND THE DIFFICULTIES OF ACHIEVING A VIABLE COMMERCIAL OPERATION FORMIDABLE.

- 4. ACCORDINGLY, YOU SHOULD AGAIN FORMALLY APPROACH ROKG AT FOREIGN MINISTER AND DEPUTY PRIME MINISTER LEVELS TO CONFIRM OUR APPROACH REGARDING REPROCESSING ASPECTS OF CONTRACT WITH FRANCE. YOU MAY ALSO PURSUE APPROACH WITH OTHER LEVELS OF ROKG WHICH YOU BELIEVE PRODUCTIVE AND SHOULD BE CERTAIN BLUE HOUSE STAFF IS FULLY AWARE OF OUR POSITION. WE AGREE WITH YOUR DISINCLINATION TO APPROACH PRESIDENT PARK DIRECTLY ON THIS ISSUE AT THIS TIME. FOR THE MOMENT WE DO NOT WANT TO FORCE PARK TO ENGAGE HIMSELF FORMALLY WITH US IN WHAT WE RECOGNIZE IS DIFFICULT DECISION FOR ROKG.
- 5. IF YOU BELIEVE IT USEFUL AND WOULD NOT BREACH CON-FIDENTIALITY OF DISCUSSION, YOU SHOULD NOTE IN YOUR APPROACH THAT OUR OBJECTIONS TO REPROCESSING PLANT WERE RAISED BY SECRETARY SCHLESINGER WITH PRESIDENT PARK.
- 6. IN MAINTAINING OUR APPROACH, YOU SHOULD DRAW ON THE FOLLOWING TALKING POINTS, AS WELL AS THOSE PREVIOUSLY APPROVED:
- -- THE USG IS DEEPLY CONCERNED ABOUT THE POTENTIAL NEGATIVE EFFECTS OF A KOREAN NATIONAL REPROCESSING FACILITY ON OUR MUTUAL INTERESTS. AS THE ROKG IS AWARE, A PERCEPTION THAT KOREA, IN SPITE OF ITS ADHERENCE TO THE NPT, WAS IN A POSITION TO PRODUCE AND SEPARATE PLUTONIUM INDEPENDENTLY COULD SERIOUSLY AFFECT OUR POLITICAL AND SECURITY RELATIONSHIPS AND HAVE UNSETTLING REPERCUSSIONS IN THE REGION. WHILE WE HAVE BEEN GIVEN ASSURANCES BY PRESIDENT PARK THAT KOREA WILL LIVE UP TO ITS NPT OBLIGATIONS, WE MUST BE FRANK IN INFORMING YOU OF OUR JUDGMENT THAT ACQUISITION OF A NATIONAL REPROCESSING FACILITY, EVEN ONE RESTRICTED TO EXPERIMENTAL USES AND APPROPRIATELY SAFE-GUARDED, COULD SERVE TO REINFORCE DOUBTS ABOUT ROK NUCLEAR INTENTIONS.
- -- THE USG HAS CAREFULLY EXAMINED THE POINTS MADE BY

## **SECRET**

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ROKG AUTHORITIES. WHILE REGRETTING THE INCONVENIENCE WHICH OUR REQUEST MAY CAUSE, IT IS OUR UNDERSTANDING THAT THE PROJECT IS ONLY IN ITS INITIAL STAGES. MOREOVER, THE FRENCH GOVERNMENT CONFIRMED TO US RECENTLY THAT IT WOULD NOT OBJECT TO A DECISION ON YOUR PART TO CANCEL UPON PAYMENT OF TERMINATION COSTS. WE MUST THEREFORE REITERATE OUR STRONG REQUEST THAT YOU NOT PROCEED WITH YOUR REPROCESSING AND RELATED PLUTONIUM PROJECTS UNDER YOUR FRENCH CONTRACT.

- -- THERE ARE SIGNIFICANT DIFFERENCES BETWEEN KOREAN AND JAPANESE NUCLEAR PROGRAMS IN TERMS OF BOTH SIZE AND SENSITIVITY. WE ARE CONCERNED THAT THE SECURITY SITUATION IN KOREA IS SUCH THAT MOVEMENT TOWARD SENSITIVE PLUTONIUM PRODUCING FACILITY COULD HAVE DESTABILIZING EFFECTS IN THE REGION. OUR GENERAL POLICY IS TO ENCOURAGE RESTRAINT IN THE TRANSFER OF SENSITIVE ENRICHMENT AND REPROCESSING EQUIPMENT AND TECHNOLOGY AND TO ENCOURAGE MULTINATIONAL ALTERNATIVES. IN FACT, THE US DOES NOT MAKE SUCH SENSITIVE EXPORTS TO ANY COUNTRY.
- -- WE HAVE STUDIED THE POTENTIAL PLUTONIUM OUTPUT OF YOUR PLANT AND PERCEIVE IT AS A SIGNIFICANT AMOUNT. EVEN KOREA'S AMBITIOUS NUCLEAR POWER PROGRAM WILL REMAIN TOO SMALL FOR MANY YEARS TO WARRANT A COMMERCIAL SCALE REPROCESSING PLANT, WHICH IS PARTICULARLY FRAUGHT WITH TECHNICAL DIFFICULTIES AND ECONOMIC UNCERTAINTIES. GIVEN THE SPECIAL SENSITIVITY OF THIS STAGE OF THE NUCLEAR FUEL CYCLE, WE ARE FRANKLY CONCERNED THAT EVEN A PILOT PLANT OF

THE KIND YOU PROPOSE COULD RAISE QUESTIONS WHICH WOULD DIMINISH OUR ABILITY TO ASSURE CONTINUED TECHNICAL AND FINANCIAL US SUPPORT FOR THE KOREAN NUCLEAR PROGRAM.

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SCIENTIFIC AREAS. WE FRANKLY QUESTION, HOWEVER, OUR ABILITY TO MOVE IN THIS DIRECTION AND TO OBTAIN REQUIRED CONGRESSIONAL AGREEMENT TO EXTENDING FINANCIAL CREDITS FOR KORI II AND FUTURE US-SUPPLIED REACTORS IF YOU DECIDE TO PROCEED WITH YOUR PROPOSED REPROCESSING PLANT.

-- THERE ARE OTHER IMPORTANT OPPORTUNITIES, BESIDES

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RE-PROCESSING, WHERE YOU COULD ENHANCE KOREA'S ENERGY INDEPENDENCE AND COMMERCIAL POSITION IN A LESS SENSITIVE MANNER. A MUCH MORE ECONOMICALLY SIGNIFICANT OPPORTUNITY IS THE FABRICATION OF LOW-ENRICHED FUEL FOR DOMESTIC AND EXPORT PURPOSES. WE WOULD STATE AT THIS POINT OUR SUPPORT FOR KOREAN ACQUISITION OF SUCH TECHNOLOGY FROM EUROPEAN, AMERICAN OR OTHER SOURCES. WE HAVE NO OBJECTION TO ANY PARTS OF THE CONTRACT WITH FRANCE WHICH DO NOT INVOLVE THE HANDLING OF WEAPONS-USABLE MATERIAL.

- -- WE ARE PREPARED TO FURTHER SUPPORT KOREAN INTERESTS IN A MULTINATIONAL PLANT IN THE FAR EAST BY STATING THAT AS A MATTER OF POLICY THE UNITED STATES WOULD BE PREPARED TO ASSIST SUCH A PLANT DESIGNED TO SATISFY KOREA'S NEEDS AND THE NEEDS OF OTHER NATIONS IN THE AREA. (FYI: THIS MIGHT INCLUDE ACTIVE USG COOPERATION OR PARTICIPATION BY US INDUSTRY ONCE A SUITABLE ENTITY IS FORMED.) OUR ABILITY TO FORM SUCH AN ASSOCIATION WOULD BE IMPAIRED SHOULD YOU DECIDE NEVERTHELESS TO BUILD A NATIONAL FACILITY.
- -- IN GENERAL, WE RECOGNIZE AND SUPPORT ROK ACCESS TO NON-SENSITIVE NUCLEAR TECHNOLOGY AND ARE PREPARED TO CONSIDER AND DISCUSS COMMENSURATE TRAINING OPPORTUNITIES FOR KOREAN SCHIENTISTS. WE ARE ALSO PREPARED TO HELP OBTAIN ENRICHMENT AND REPROCESSING SERVICES FOR KOREA IN A SAFE AND ECONOMICAL MANNER.
- -- WE WOULD BE PREPARED TO PURSUE THESE DISCUSSIONS WITH YOU IF YOU AGREE WITH OUR POSITION. FYI: IN THE EVENT OF POSITIVE ROKG RESPONSE TO THE REQUEST, WE WILL BE PREPARED TO UNDERTAKE TECHNICAL DISCUSSIONS. NATURALLY SUCH DISCUSSIONS WOULD NOT ENTAIL ANY US ASSISTANCE FOR NATIONAL REPROCESSING FACILITY IN ROK. HOWEVER, PREMATURE COMMITMENT TO SUCH DISCUSSIONS SHOULD BE AVOIDED BECAUSE SECRET

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IT COULD REMOVE PRESSURE ON KOREANS TO PROVIDE EARLY, POSITIVE RESPONSE TO OUR APPROACH AT HIGH POLITICAL LEVEL. END FYI. INGERSOLL

## -SEGRET

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