



PRIME MINISTER

GR please type
message for PM's sign.

AUSTRALIA: TRANSFER OF ENRICHMENT TECHNOLOGY

In consultation with Foreign Office Ministers I have agreed that the UK should be willing to support the transfer of Urenco's Uranium Enrichment technology to Australia, under appropriate non-proliferation conditions. This proposal also has the support of our partners (West Germany and the Netherlands) in the enrichment collaboration. There is strong competition (especially from the French) to supply Australia and I am convinced that Urenco's position would be greatly enhanced if you were to send a personal message of support to Malcolm Fraser.

The tripartite collaboration was set up 10 years ago, and has developed a successful, commercial process for producing enriched uranium by the centrifuge method. Australia has very substantial uranium reserves and it seems likely that an enrichment plant will eventually be built there so that at least part of Australia's production can be exported in upgraded form. Urenco technology is highly appropriate to Australia's needs and it is important to the collaboration's future that the French should not persuade the Australians to build a very large diffusion plant, and greatly exacerbate the problem of world over-capacity. M. Giraud is visiting Australia at the end of August to promote the French proposal; your message could have a significant effect in helping URENCO to counter that proposal.

The Australian Government has a very forward-looking non-proliferation policy and is a party to the NPT. Any transfer of sensitive technology will have to be subject to appropriate non-proliferation conditions and this will have to be made clear at the outset to the Australians. This is however unlikely to prove a problem.



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The Australians are currently examining the commercial feasibility of setting up an enrichment plant in Australia and I think the time is right to indicate tripartite support at the political level for Urenco's efforts in Australia. The UK has a special part to play in this, this year, as we hold the chair for the Joint Committee of the collaboration. I hope therefore that you will agree and will be prepared to send a message, along the lines of the attached draft to Malcolm Fraser. If so, the message would be delivered personally by Peter Blaker who, after attending the New Hebrides Independence celebrations, is taking the opportunity to visit Canberra to put across the willingness of the centrifuge collaboration to transfer the technology.

Peter Blaker is leaving for the New Hebrides at short notice on Friday (25 July) at noon. It would be better if he could take your message with him, but if this is not possible, we could telegraph it or send it by the diplomatic bag to Canberra. This compressed timescale also means that I have to put the draft message forward to you before we have the formal agreement of Chancellor Schmidt to this approach on behalf of the three Governments. FRG officials have assured us that this will be forthcoming, but if for any reason it was delayed, your message would be held in reserve and we should have to find another suitable occasion on which it could be delivered.

DA.
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SECRETARY OF STATE FOR ENERGY

24 July 1980