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FM SECSTATE WASHDC
TO WHITE HOUSE

Dept. of State, RPS/IPS, Margaret P. Grafeld, Dir.
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S E C R E T STATE 102718

NODIS
WHITE HOUSE FOR AARON

FOLLOWING REPEAT TAIPEI 2646 ACTION SECSTATE MAY 6.

QUOTE S E C R E T TAIPEI 2646

NODIS

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E.O. 11652: XGDS 1-3
TAGS: ENRG, MNIC, TW
SUBJECT: VISIT OF CAEC SECRETARY GENERAL -- DR. VICTOR CHENG

REFS: (A) TAIPEI 2607, (B) TAIPEI 2576, (C) -

1. DR. VICTOR CHEN, SECRETARY-GENERAL OF THE CHINESE ATOMIC ENERGY COUNCIL (CAEC), INTENDS TO BE IN THE U.S.
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FROM 16-22 MAY 1977, TO ARRANGE FOR THE LICENSING OF TAIPOWER'S FIRST NUCLEAR POWER REACTOR, TO DISCUSS ROC NUCLEAR POLICIES AND TO EXPEDITE THE EXPORT OF ENRICHED

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FUEL FOR NATIONAL TSING HUA UNIVERSITY'S SMPEN-POOL REACTOR (THOR). DEPARTMENT IS AWARE WE HAVE RECENTLY MADE STRONG REPRESENTATIONS AGAINST ROC ATTEMPTS TO ACQUIRE A REPROCESSING CAPABILITY AND WITH REGARD TO THE GENERAL DIRECTION OF THEIR NUCLEAR RESEARCH AND DEVELOPMENT PROGRAMS CONDUCTED AT THE INSTITUTE OF NUCLEAR ENERGY RESEARCH (INER). TO DATE WE HAVE RECEIVED THE ASSURANCES SOUGHT IN THESE REPRESENTATIONS. ADDITIONALLY, [] AND THE OBSERVATIONS OF OUR OWN OFFICERS INDICATE THAT THE GROC LEADERSHIP HAS MADE AN HONEST ALBEIT RELUCTANT, EFFORT TO COMPLY WITH OUR DEMANDS. THE REPROCESSING DEAL WITH COMPRIMO SEEMS TO HAVE BEEN TERMINATED, THE REPROCESSING LABORATORY AT INER HAS BEEN DISMANTLED, THE TAIWAN RESEARCH REACTOR'S OPERATION HAS BEEN SUSPENDED, AND THE ACTIVITIES OF A VARIETY OF QUESTIONABLE RESEARCH PROGRAMS FORMERLY UNDERWAY AT INER HAVE BEEN TEMPORARILY SUSPENDED PENDING THE ARRIVAL OF A TEAM OF U.S. EXPERTS. NONE OF THESE CHANGES HAS BEEN WELCOME TO THE SCIENTISTS ENGAGED IN THE INER PROGRAMS, AND THERE ARE RUMORS OF DISCONTENT AMONG SOME MEMBERS OF THE "NUCLEAR LEADERSHIP" THAT THEY ARE MERELY THE VICTIMS OF EITHER A POLITICAL POLICY OF THE U.S. RELATED TO ACCOMMODATION WITH THE PRC, OR OF AN ENERGY POLICY THAT WILL GUARANTEE OUR CONTINUED MONOPOLY OVER ENRICHED URANIUM FUEL FOR ROC POWER REACTORS.

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2. CONSIDERING THE ABOVE, IT SEEMS TO US THAT THE CURRENT VISIT OF DR. CHENG MAY AFFORD US AN OPPORTUNITY TO STRENGTHEN THE HAND OF MODERATE ELEMENTS IN THE ROC WITH REGARD TO ITS PEACEFUL USES OF NUCLEAR ENERGY. THIS MAY BE DONE IN SEVERAL WAYS. FIRST, SINCE HE HAS ASKED FOR THE OPPORTUNITY TO "DISCUSS ROC NUCLEAR POLICIES WITH RELEVANT PEOPLE," AND ESPECIALLY WITH KRATZER'S REPLACEMENT AT OES/NET, IT MIGHT BE USEFUL TO PROVIDE DR. CHENG THE AUDIENCE HE IS SEEKING. THIS WOULD GIVE US THE OPPORTUNITY

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TO REINFORCE OUR OWN NUCLEAR POLICY VIEWS WHILE GIVING HIM THE CHANCE TO EXPRESS HIS OWN VIEWS -- A "FACE BUILDING" EXERCISE SO APPRECIATED BY THE CHINESE. SECOND, WE COULD RESPOND SYMPATHETICALLY TO ANY REQUEST FOR ASSISTANCE IN THE LICENSING OF THE TAIPOWER REACTOR. THIRD, AND PERHAPS MOST IMPORTANT, WE COULD EXPEDITE THE EXPORT LICENSING OF THE ENRICHED URANIUM FUEL FOR THE THOR. DR. CHENG IS A PROFESSOR AT TSING-HUA, AND HAS BEEN INTIMATELY INVOLVED WITH THE THOR FOR MANY YEARS. IN RECENT MONTHS HE HAS REPEATEDLY EXPRESSED CONCERN THAT THEY WILL NOT BE ABLE TO GET THE FUEL THEY NEED; AND HE IS AFRAID THE

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REACTOR WILL NOT BE ABLE TO OPERATE MUCH LONGER. THE THOR IS A TRAINING VEHICLE FOR STUDENTS AT THE UNIVERSITY, AND HAS NOT BEEN INVOLVED WITH ANY QUESTIONABLE ACTIVITIES LIKE THE TRR.

3. IT SEEMS THAT HERE IN PARTICULAR WE HAVE AN OPPORTUNITY TO PROVIDE THE MODERATE ROC ELEMENTS IN THE NUCLEAR FIELD WITH A FEW "CARROTS," AS A SIGNAL THEY CAN USE WITH THEIR COLLEAGUES TO ARGUE THAT CONTINUED US/ROC COOPERATION IN THE PEACEFUL USES OF NUCLEAR ENERGY IS DEMONSTRABLY IN THEIR INTEREST. CONVERSELY, IF DR. CHENG'S TRIP IS NOT A SUCCESS, AND HE RETURNS TO THE ROC EMPTYHANDED, THIS MIGHT BE INTERPRETED AS A VERY NEGATIVE SIGNAL AT A TIME WHEN OUR U.S. EXPERTS WILL BE ATTEMPTING TO REDIRECT THE WHOLE ROC NUCLEAR RESEARCH AND DEVELOPMENT PROGRAM. THEREFORE, WE ASK THAT EVERY CONSIDERATION BE OFFERED DR. CHENG DURING HIS VISIT TO MAKE IT A SUCCESSFUL ONE BECAUSE WE BELIEVE THAT, AT THIS PARTICULAR JUNCTURE, HIS SUCCESS MAY BE VIEWED AS BEING IN OUR OWN INTEREST AS WELL. UNGER UNQUOTE CHRISTOPHER.

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