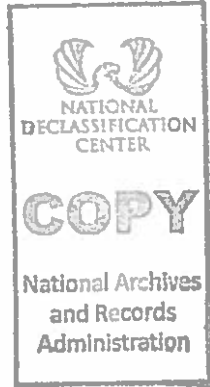


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By: Monica Oyola-Coeur Date:  
14-01-2014



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FOLLOWING REPEAT SEOUL 6989 ACTION SECSATE 08 SEPT

QUOTE

SECRET SEOUL 6989

EXDIS

EO 11652: GDS  
TAGS: MNUC, PARM, KS, RF, CA  
SUBJECT: NUCLEAR REPROCESSING PLANT

REF: A. STATE 195214 B. SOUL 6495 C. SEOUL 6549 D. SEOUL 6859

1. SUMMARY: ROKG HAS REJECTED OUR REQUEST TO CANCEL FRENCH REPROCESSING PLANT CONTRACT AND PROPOSED US INSPECTION OF REPROCESSING PLANT'S OPERATIONS AS COMPROMISE SOLUTION TO CURRENT IMPASSE. END SUMMARY.

2. AMBASSADOR CALLED ON ACTING FOREIGN MINISTER  
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LHO SHIN YONG SEPTEMBER 8, 1975, AT LATTER'S REQUEST TO RECEIVE ROKG RESPONSE TO OUR REPRESENTATIONS REFS A AND B REGARDING ROKG PURCHASE FRENCH NUCLEAR REPROCESSING PLANT. LHO BEGAN MEETING BY TURNING IT OVER TO DR. YI PYONG-HWM, DIRECTOR, BUREAU OF ATOMIC ENERGY, MINISTRY OF SCIENCE AND TECHNOLOGY WHO DESCRIBED BASIC RATIONALE AND HISTORY OF PURCHASE.

3. ACCORDING, DR. YI ROKG INITIATED STUDY OF LONG RANGE NUCLEAR ENERGY POLICY IN 1973 AND COMMISSIONED KAISER ENGINEERS TO DO COMPREHENSIVE EXAMINATION OF ALL QUESTIONS INVOLVE. (WE WERE GIVEN COPY KAISER REPORT FOR FIRST TIME AT COLOSE OF MEETING.) KAISER CONCLUDED THAT NUCLEAR POWER GENERATION WOULD PLAY LEADING ROLE IN ROKG ENERGY PICTURE FOR NEXT TWENTY-FIVE YEARS, AND THAT CAPITAL INVESTMENT OF 32 BILLION DOLLARS IN FOREIGN EXCHANGE PLUS ADDITIONAL TEN BILLION DOLLARS FOR FUEL CYCLE INPUTS WOULD BE REQUIRED. THIS TOTAL SAID YI WOULD FAR EXCEED ROK ABILITY TO FINANCE. ACCORDINGLY, ROKG INITIATED TECHNICAL PROGRAMS TO REDUCE THESE COSTS. REACTOR TECHNOLOGY WAS TOO COMPLEX FOR KOREA; THEREFORE ROKS PLANNED TO EXPLORE DEVELOPMENT POSSIBILITIES IN RELATED SECTORS INCLUDING SPECIFICALLY THE FUEL CYCLE, WHIUH YI NOTED WITH EMPHASIW, MANY OTHER DEVELOPING COUNTRIES WERE ALSO EXPLORING. (HE CITED JAPAN AND SPAIN SPECIFICALLY.) AS RESULT STUDIES ROKG HOPED TO BE ABLE TO REDUCE TOTAL FOREX COSTS OF NUCLEAR ENERGY PROGRAM BY AS MUCH AS TWENTY-ONE BILLION DOLLARS. SAVINGS INVOLVED IN DEVELOPMENT THEIR OWN FUREL CYCLE TECHNOLOGY LED ROKKS TO PURCHASE RESERCH REPROCESSING FACILITY.

4. DR. YI SAID ROKG HAD CONTACTED SEVERAL UNITED STATES ORGANIZATIONS IN 1972, INCLUDING ATOMIC ENERGY COMMISSION, NATIONAL ACADEMY OF SCIENCES AND ARGONNE LABORATORY AND REQUESTED ASSISTANCE IN DEVELOPING FUEL REPROCESSING PILIT PLANT. WHEN U.S. ORGANIZATIONS FAILED TO RESPOND, ROKG PURSIED CONTACTS WITH FRENCH ALSO INITIATED IN 1972 AND BETWEEN FEBRUARY AND APRIL THIS YEAR CONCLUDED CONTRACTS FOR PILOT REPROCESSING PLANT.

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5. AT PRESENT TIME YI SAID KOREANS HAVE ALREADY PAID THE FRENCH 15 PERCENT OF THE DOWN-PAYMENT AND INTEREST ON THE FRENCH LOAN. THE PLANT ITSELF WAS SMALL-SCALE RESEARCH FACILITY WITH REPROCESSING CAPACITY UP TO TEN KILOGRAMS PER DAY, AND CONSTRUCTION WAS ALREADY UNDERWAY AT TAEJON.

6. DR. YI ALSO INCLUDED IN HIS PRESENTATION A FULL REVIEW OF IAEA SAFEGUARDS WHICH WOULD BE APPLIED TO REPROCESSING PLANT. HE SAID FACILITIES WILL ALSO BE OPENED FOR INSPECTION TO U.S. EXPERTS. HE CONCLUDED THAT AT THIS STAGE IT WOULD BE IMPOSSIBLE TO CANCEL FRENCH CONTRACT, THEN GAVE AMBASSADOR PARTIAL OUTLINE PRESENTATION BEING FORWARDED SEPTTEL.

7. ACTING FOREIGN MINISTER LHO UNDERLINED SEVERAL POINTS. FIRST, HE SAID, USG MUST UNDERSTAND REPROCESSING PLANT WAS PURELY FOR STUDY AND RESEARCH PURPOSES IN PURSUIT ROK PLANS FOR PEACEFUL USES NUCLEAR ENERGY. KOREA, HE SAID, HAD NO OTHER OPTION BUT TO DEVELOP ITS OWN CAPABILITIES IN THE NUCLEAR FIELD THROUGH THIS KIND OF STUDY. OTHER COUNTRIES SUCH AS JAPAN WERE DOING SAME THING DESPITE FACT THEY HAD NOT SIGNED NPTCXUHFRENCH CONTRACT WAS IRREVOCABLE. WHEN AMBAS ADOR INDICATED HIS UNDERSTANDING THAT FRENCH MIGHT BE PREPARED TO CANCEL IT, LHO REITERATED THAT IT WOULD BE IMPOSSIBLE TO CANCEL CONTRACT AND STILL MAINTAIN ROKG CREDIBILITY WITH FRENCH. LHO URGED THAT BEST POSSIBLE SOLUTION WOULD BE FOR USG TO ACCEPT FRENCH CONTRACT AND MAKE ARRANGEMENTS FOR AMERICAN INSPECTION OF REPROCESSING FACILITY, OFFERING SUFFICIENT SAFEGUARDS TO U.S.

8. AMBEHSADOR REVIEWEDMAOCFS FOR U.S. REQUEST TO CANCEL PURCHASE OF FRENCH REPROCESSING PLANT. HE EMPHASIZED THAT AS A MATTER OF PRUDENCE, ROKG SHOULD HAVE DISCUSSED PROPOSED PURCHASE WITH USG BEFOREHAND, GIVEN OUR MAJOR ROLE IN ROKG NUCLEAR ENERGY PROGRAM. HOWEVER, ROKG IS NOW JEOPARDIZING LOAN FOR KORI II AND POSSIBLE FUTURE U.S. SUPPORT FOR KOREAN NUCLEAR ENERGY PROGRAM, GIVEN VIEWS EXPRESSED IN CONGRESS AND WELL-KNOWN TO ROKG. HE POINTED OUT

ATTRACTIVENESS OF REGIONAL REPROCESSING AND  
TECHNICAL AND ECONOMIC PROBLEMS NOW FACED IN THIS  
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AREA, ARGUING FOR DELAY IN ROKG MOVING INTO  
THIS FIELD AT PRESENT TIME.

9. LHO REITERATED THAT ROKG CONSIDERED PURCHASE OF  
FRENCH RESEARCH FACILITY FAIT ACCOMPLI, BUT ROKG  
PREPARED WORK OUT SAFEGUARD ARRANGEMENTS ASSURING USG  
RE CONCERNS ON PROLIFERATION. AMBASSADOR SAID HE WOULD  
CONVEY ROKG RESPONSE TO USG. HE URGED AT SAME TIME ROKG  
RECONSIDER ITS POSITION.

10. COMMENT: LHO APPROACH MADE ONLY FOLLOWING HIGH  
LEVEL CONSULTATIONS WITH PRIMIN KIM CHONG PIL AND  
DEPUTY PRIMIN NAM DUK WOO. [REDACTED] NAM  
ARGUED FOR CANCELLATION OF FRENCH CONTRACT GIVEN RISKS  
TO U.S. PARTICIPATION IN ROKG NUCLEAR ENERGY PROGRAM.  
NEVERTHELESS, ROKG HAS CLEARLY DECIDED TO SEEK COMPROMISE  
INVOLVING CONTINUATION OF FRENCH RESEARCH REPROCESSING  
PLANT WITH SPECIAL USG SAFEGUARDS ARRANGEMENT.

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11. REQUEST INSTRUCTIONS.  
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