

SECRET

17
Prime Minister

Agree 'X'?

Yes not, 17/8

Ref. A0151

MR. CARTLEDGE

Supplies of Highly Enriched Uranium

[A]

You asked for advice on the Secretary of State for Defence's letter to the Prime Minister of 6th August, in which he sought agreement to go ahead and arrange for British Nuclear Fuels Ltd. to include the construction of an HEU plant for defence purposes in their commercial programme, as he had been unable to extract a copper-bottomed American assurance about the availability of long term supplies for our defence nuclear programme.

2. When MISC 7 discussed this subject on 10th July, it was agreed that there were "very strong arguments for seeking national self-sufficiency of HEU" but no final decision was taken as it was considered to be important to discover first the American attitude.

3. The Chancellor of the Exchequer will not be able to deal with Mr. Pym's letter until he returns from France in the last week of August. Other Treasury Ministers are not cleared to deal with this subject. He will be advised that he can agree to the proposal, subject to the Secretary of State for Defence's assurance that the costs of the new plant will be contained within the existing limits of the planned defence budget. The Chancellor is also likely to stress the importance of the Secretary of State for Defence seeking the agreement of his colleagues to the whole of his plan for manufacturing and reprocessing various nuclear materials before decisions are taken on individual elements in it such as this one. (Of these various elements, however, the Treasury recognise that a national supply of HEU has probably the strongest justification.)

X | 4. Against this background the Prime Minister can be advised to agree to the Secretary of State for Defence's proposal subject to any points of detail which colleagues may raise.

h.

(S. F. J. Whittle)

14th August, 1979