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PRIME MINISTER



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~3367825~~

218 2111/3

Context, subject to

the views of
colleagues?

Yes *and*

Cabinet Office advice is
attached

MS

14th December 1979

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A letter from Foreign Commonwealth
Secretary.

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Dear Sir,

HIGHLY ENRICHED URANIUM FOR SUBMARINE PROPULSION

The Prime Minister agreed in August my Secretary of State's proposal that he should proceed with plans to build and operate a centrifuge enrichment plant to produce highly enriched uranium in this country for our nuclear submarines (Bryan Cartledge's letter to Roger Facer of 24th August in response to Mr Pym's to the Prime Minister of 6th August refers). We must now consult the relevant local authorities about planning clearance for the selected site at the Capenhurst Works of British Nuclear Fuels Ltd, and the plans, which are a matter of public interest, will thus become generally known. Mr Pym proposes to anticipate this by making a public announcement, and writing to local MPs in confidence shortly before the announcement.

The Foreign and Commonwealth Secretary will, we understand, wish to give our Urenco partners (the Netherlands and the Federal Republic of Germany) 48 hours advance notice in confidence of our intention to build a defence centrifuge plant. The purpose of the plant is to provide fuel for submarine reactors and not weapons material; the project is quite separate from the collaborative Urenco programme for the production of low enriched uranium for civil purposes; the construction in no way breaches any undertakings entered into with our Urenco partners (or anybody else); and it is entirely consistent with the Treaty of Almelo and our stance on non-proliferation.

/ We ...

C A Whitmore Esq
10 Downing Street

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We have, however, on the advice of our Embassy in The Hague deferred an announcement beyond the NATO decision in Brussels on Wednesday on the modernisation of theatre nuclear forces in order to avoid having the subject drawn, however illogically, into Dutch consideration of this.

The timetable is already uncomfortably tight. My Secretary of State's minute of 3rd July explained that the available stock of highly enriched uranium for naval fuel is limited, and that we plan to fill the gap until 1984 by extending the US/UK agreement on toll enrichment. Because of various, unexpected, delays, we are several months behind schedule in letting the contract for the new plant; it is impossible to say how long planning clearance will take; and British Nuclear Fuels Ltd have to fit the work in with their civil commitments. Any project of this size carries the risk that an accumulation of unforeseen delays will prejudice the operational date. Subject to the agreement, therefore, of the Prime Minister, and of the Ministers to whose Private Secretaries I am copying this letter, my Secretary of State would like to make an early public announcement after confidential notification of our Urenco partners, local MPs and the planning authorities. If time allowed this would be by answer to a Parliamentary Question, but if not by Press Release. Drafts for both are attached.

I am copying this minute to the Private Secretaries to the Chancellor of the Exchequer, the Home Secretary, the Foreign and Commonwealth Secretary, and the Secretaries of State for Employment, Energy and the Environment, the Minister of Agriculture; a copy also goes to Martin Vile (Cabinet Office).

*Yours truly,
Bacon*

(B M NORBURY)

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Q: To ask Secretary of State for Defence what arrangements are being made to procure supplies of nuclear materials for fuelling the Royal Navy's nuclear submarines in the 1980s and if he will make a statement

A: The Royal Navy has substantial long-term needs for fuel to be consumed in its nuclear propelled submarines. The development of gas centrifuge technology provides the opportunity to resume indigenous production of highly enriched uranium, obtained from the now outdated Capenhurst diffusion plant until 1963 and currently from the United States. Planning clearance is being sought from the relevant local authorities to provide modern facilities at Capenhurst. Subject to this, the Ministry of Defence will place a contract with British Nuclear Fuels Ltd with the aim of starting construction in 1980 and bringing the plant into service in the mid-1980s. The Ministry of Defence will pay for the project, which is separate from the collaborative programme with the Netherlands and the Federal Republic of Germany for the production of low enriched uranium for civil purposes.

As with all nuclear plants at Capenhurst, the safety and environmental aspects of the new facility will be assessed and approved, as appropriate, by the Nuclear Installation Inspectorate of the Health and Safety Executive and the relevant authorising Government Departments. Design, construction and operating procedures will be to the same high standards as have hitherto been applied to all nuclear sites to ensure that there will be no significant hazard to either the work force or the local community.

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~~CONFIDENTIAL~~ PRESS RELEASE

It is proposed to resume production of Highly Enriched Uranium in the United Kingdom for nuclear propulsion purposes for the Royal Navy. Subject to the granting of planning clearance by the Cheshire County Council and the Chester City Council following appropriate consultation, and to the agreement of terms, the Ministry of Defence will be placing a contract with British Nuclear Fuels Ltd. for the production of highly enriched uranium at the Company's Capenhurst Works. On the Ministry's behalf the Company will construct and operate a new enrichment facility to replace that which was operated at Capenhurst for defence purposes up until 1963. The plant will be totally funded by the Ministry of Defence and will be separate from the tripartite collaborative programme with the Netherlands and West Germany for the production of low enriched uranium for civil purposes. It is expected that construction work will start in 1980 and that the plant will become operational in the mid-1980s. Eventually the programme will provide about 200 permanent new jobs at Capenhurst in addition to the construction effort.

As with all existing nuclear plants at Capenhurst, the environmental and safety aspects of the new enrichment facilities will be monitored and subject to approval, as appropriate, by the Nuclear Installations Inspectorate of the Health and Safety Executive and by the Department of the Environment in collaboration, where appropriate, with the Ministry of Agriculture Fisheries and Food before they are brought into operation. These actions will provide assurances both for the workforce and the local community that the design, construction and operating procedures of the new facility will meet present high standards of health and safety at Capenhurst.

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17 DEC 1979

