

Ref: B06275

MR WHITMORE

c Sir Robert Armstrong o/r

Special Nuclear Materials

In his minute of 1st September, the Defence Secretary invites the Prime Minister to send President Reagan a letter designed to elicit the President's support for a programme of special nuclear materials procurement from the United States, in quantities to be agreed later. The Prime Minister's agreement, in principle, to do this at the appropriate time was conveyed in your minute of 4th August to Mr Norbury.

2. The letter needs to be sent now (rather than, for example, when decisions on quantities have been taken) because of the timing of internal United States procedures. It is designed to make it easier for our friends in the United States Administration to be as helpful as they would like to be. Its specific purpose is not simply to impale President Reagan on the hook which we got President Carter to take last year (a copy of the Carter undertaking was attached to Sir Robert Armstrong's minute to you of 6th August); indeed one could argue that asking for reconfirmation suggests an undesirable lack of faith in the undertaking we already have. What we are now seeking is

- a. to remove the qualification 'beyond your own capacity to provide' in President Carter's letter, which reflected the Americans' insistence at the time that we should do as much for ourselves as possible;
- b. an assurance that the 1958 Agreement between the United States and United Kingdom Governments for Co-operation in the Uses of Atomic Energy for Mutual Defence Purposes will be extended for some 10 years beyond its present expiry date of 31st December 1984. The Agreement, which has been renewed periodically with the approval of the United States Congress (but for only 5 years on the last occasion), governs the provision of materials, components and technical assistance for our defence nuclear programme.

Prime Minister. 36

Mr Nott in his minute of 1st Sept
wishes you to write to President
Reagan in terms of the draft of 1st Sept.
I have checked with Lord Carrington
is content. The Cabinet Office's advice is that
you should write as Mr Nott proposes.

Agree to do so?

Agreed not. tell
Fig 8.



If we succeed we shall have a much more copper-bottomed guarantee of long term supply than the Carter Administration was ever willing to give us. You may recall that it was our inability to obtain long term guarantees which led to our 1979 decision to proceed with Project DESTINY (for the production of highly enriched uranium for submarine propulsion) and to leave open the possibility that further such projects would need to be launched for the production of other materials.

3. As Mr Nott's minute and the draft letter to the President make clear, decisions on quantities will be taken later in the light of Ministers' conclusions on how best to meet our requirement and of the United States Department of Energy's capacity to meet them. It has been the case all along that we would need to procure some of each of the main materials from the United States; the question for decision when Mr Nott circulates the costed options will be how much of each would we want or need to produce in the United Kingdom. So sending the letter now will not prejudice the outstanding Ministerial disagreement about the future of DESTINY, which the Foreign Secretary would be reluctant to see cancelled as the Defence Secretary is likely to suggest (Lord Carrington's minute to the Prime Minister of ²4th August and Mr Nott's of 31st July). Neither the Foreign Secretary nor the Secretary of State for Energy (who shares Lord Carrington's concerns over the future of DESTINY) are expected to raise any objection to sending the letter as proposed. Nor is the Chancellor of the Exchequer.

4. Action to extend the 1958 Agreement beyond the end of 1984 would not normally be set in hand until late 1983 or early 1984. But provided President Reagan is content to give the assurance sought, that the Agreement will be renewed for a 10 year period, the renewal process might usefully be brought forward by a year or 18 months - which would keep it clear of the run up to the next United States presidential election. This would still leave an interval of a year or more between the time when Ministers will need to take decisions on the pattern of special nuclear materials procurement and the time when the Agreement will be renewed. But past experience suggests



that this need not be a cause for anxiety; if the Administration make us a promise in a matter of this sort, the Congress would be most unlikely to frustrate it.

5. I therefore recommend that the Prime Minister should write to President Reagan as proposed by the Defence Secretary.

A handwritten signature in blue ink, appearing to read 'R L Wade-Gery'. The signature is stylized and written in a cursive hand.

4th September 1981

R L WADE-GERY