

MEMORANDUM

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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By dal NARA, Date 9/15/09

SECRET - XGDS

ACTION
July 8, 1975

MEMORANDUM FOR: SECRETARY KISSINGER
FROM: *by Jan* JAN M. LODAL/DAVE ELLIOTT
SUBJECT: Approach to South Korea on Reprocessing

As a result of growing concerns over South Korea's nuclear weapons intentions and specifically over their intention to purchase a pilot reprocessing plant from France, there is a bureaucratic concurrence at the staff level on a guidance cable (Tab A) that would authorize the Embassy in Seoul to approach the Koreans directly and:

-- Point out that the Korean reprocessing plans could jeopardize US peaceful nuclear assistance, particularly a pending Export-Import Bank loan for the KORI-II, their second US-built power reactor;

-- Ask them not to proceed with their planned reprocessing plant; and

-- Offer support for ROK participation in an eventual multinational regional reprocessing plant in East Asia.

Ambassador Sneider supports such an approach (Tab C).

Bureaucratic Factors

Recognizing the inevitable potential for leaks and for resulting difficulties with the French and Koreans, as in the case of the FRG-Brazil affair, and the intimate relationship between the ROK's nuclear weapons plan and our security commitment there; we tasked State/ACDA to prepare an options paper for use in obtaining a policy-level decision on this problem. Unfortunately, they prepared a lengthy advocacy memorandum (Tab B) instead which State only reluctantly submitted to the NSC process (Scowcroft called Eagleburger). This paper does not address the possible impact of such an approach on our defense relationship with Korea but implicitly assumes that the defense relationship can be decoupled from this problem.

SECRET - XGDS (B) (3)
By Authority Of Brent Scowcroft



Previous Bilateral Approaches

In previous expressions of our concern we have given the South Koreans an Aide Memoire which interprets our Agreement for Cooperation as providing for an effective US veto right over reprocessing of spent fuel from US-built reactors. The ROK is studying this interpretation and is expected to respond soon. Canada who is also negotiating the sale of one of its reactors to Korea, has expressed similar concerns and may condition the sale on ROK foregoing fuel reprocessing.

In a bilateral discussion prior to the Nuclear Suppliers Conference, we told the French that we were considering approaching the Koreans on this issue. They replied that if we succeeded in persuading the ROK to cancel its plans, they would have no objection provided that their reprocessing firm, St. Gobain, would be reimbursed for its roughly four million dollars in expenditures to date.

Prospects

Reprocessing will not be necessary for South Korea's nuclear power economy for several years and, in view of current controversy over the dangers of plutonium recycle, perhaps not for the foreseeable future. Both officials concerned with civil power development and those in favor of weapons production could probably be persuaded to defer the reprocessing effort, if necessary, to avoid jeopardizing acquisition of essential nuclear power reactors. We are pessimistic about longer term prospects, however, since the basic incentives for ROK nuclear weapons development will remain and they could either approach another supplier or eventually build their own reprocessing plant.

Remaining Issues

In reaching **your decision** on this issue, you should also consider its implications for our overall non-proliferation policy. As a result of FRG and French opposition, it is now clear that the Nuclear Suppliers Conference, if successful, will result in controls on reprocessing that are considerably less stringent than those we would impose on South Korea. Following the conclusion of a Suppliers' agreement, it is conceivable that the ROK would approach another supplier such as the FRG and purchase a reprocessing plant under the agreed guidelines and we would then find it more difficult to interfere. In such an event, our own nuclear industry could claim that it should be permitted to export under the same conditions as the other suppliers.



The real question as we work toward the goals of conclusion of a Suppliers Agreement, of strengthened IAEA safeguards and of increased NPT ratification is whether we will be willing to accept these as adequate controls both in terms of permitting US exports on this basis and not objecting to bilateral arrangements between other suppliers and client states. In this regard, a comprehensive review of our non-proliferation policy is in progress in the VPWG and may serve as a useful basis for determining the extent to which we should continue to play an activist role in bilateral approaches rather than being content with the international regulatory mechanisms we are developing. However, the Korean problem is somewhat time-urgent and this study will not be completed in time to serve as a basis for your decision on the Korean approach.

Options

The State proposal would have the advantage of closely following the Canadian demarche and would exert maximum pressure on the ROK to abandon its plans. It would also be timely and perhaps improve the prospects for pending Congressional approval of the Export-Import Bank loan and Nuclear Regulatory Commission licensing of a final shipment for the KORI-I reactor. It would have some risk, however, of antagonizing the Koreans and, through public disclosure, irritating the French who have already complained about publicity on the Suppliers Conference. If successful, the question would also remain of who would reimburse the French for their four million dollars in development costs.

Alternatively we could wait for the Korean responses to our Aide Memoire and the Canadian demarche. If they accept our conditions, it would distinctly lessen the risk of diversion through reprocessing of spent fuel from US reactors, and we could rely on their NPT obligations and the Suppliers Agreement as further barriers to proliferation. If they cannot reprocess fuel from either the US or future Canadian reactors, then South Korea might decide without further pressure to defer its reprocessing plans. If they reject our Aide Memoire we could then consider a somewhat stronger approach than the one outlined in the cable.

Your Decision

_____ That we forward the instruction cable to Seoul.

_____ That we wait for an ROK response to our Aide Memoire.



if they give a positive response to the Aide memoire and proceed with the plant, it is obvious they discontinue