

July 2, 1975

**US Department of State Memorandum, Approach to
South Korea on Reprocessing**

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Summary:

A State Department report on possible U.S. approaches towards South Korea's nuclear reprocessing plans.

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DEPARTMENT OF STATE
WASHINGTON

July 2, 1975

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MEMORANDUM TO THE ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS

Subject: Approach to South Korea on
Reprocessing

I am forwarding for NSC clearance and your consideration the attached action memorandum (Tab 1), which reflects views received from the interested agencies and has my concurrence. It requests approval to transmit an instruction cable (Tab 2) to Embassy Seoul on ROK reprocessing plans, which State, ACDA, Defense, ERDA and CIA have cleared through the Non-Proliferation Backstopping Committee.

The memorandum responds to Mr. Lodal's request of June 30 for a paper considering various approaches to the ROK on this problem. Since the proposed approach to the ROKG is highly time-sensitive for both diplomatic and Congressional reasons, we believe that both the memorandum and the instruction cable should be considered at the earliest possible time.

Robert S. Ingersoll
Robert S. Ingersoll
Acting Secretary



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With PORTIONS EXEMPTED
E.O. 12958 Sec. 1.5 (b)(c)(d)

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XGDS-1, 2, 3

MR 94-146, #14 State Ltr. 3/18/97

By KBH NARA, Date 5/16/97

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SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

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ACTION MEMORANDUM

Approach to South Korea on Reprocessing

Background

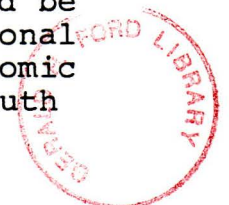
The South Korean Government has been negotiating to purchase a small pilot scale reprocessing plant from France which would give them direct access to plutonium that could be used in nuclear weapons.
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Perhaps more than any other likely near-term case of potential proliferation, South Korea's acquisition of nuclear weapons would be extremely dangerous and directly damaging to important U.S. interests. As recognized in the Korean nuclear policy cable approved at the White House in March (Tab 2), these effects would be felt even if Korea were merely to hover at the nuclear threshold, a prospect which has become more tangible as a result of President Park's recent press statement that Korea would exercise its nuclear option if the U.S. removed its nuclear umbrella.

If Korea has direct access to separated plutonium, it will eventually be widely assumed that she either has nuclear weapons or could acquire them in a short interval. No special safeguards short of a complete prohibition on reprocessing and storage of plutonium in South Korea are likely to provide adequate protection against the most troublesome contingency
..... in which South Korea abrogates some or all of her safeguards agreements, including those inherent in the NPT which she ratified in May.

Reprocessing will not be necessary for the South Korean nuclear fuel economy for the foreseeable future. If at some time it should become necessary it could be provided more safely and economically through regional plants or supplier services. Of much greater economic importance are the power reactors for which the South

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Korean Government is currently negotiating with the United States and Canada. A request for an Export-Import Bank loan of \$132 million and an additional \$117 million of credits guarantees, to finance South Korea's purchase of a second U.S. reactor, KORI II, is now before Congress. We believe this loan and the sale of the U.S. reactor would be beneficial to South Korea's economy and could also be arranged in a way so as to be helpful to our non-proliferation objectives. Exim Bank President Casey has obtained Congressional agreement to postpone hearings on the loan request pending notification by the Executive Branch that we are satisfied with the non-proliferation arrangements relating to the recycling and use of spent fuel in South Korea. Present indications are that we will be unable to make the loan unless we can give the Congress some assurance that South Korea has cancelled its plans for a national reprocessing plant.

Attitudes of Canada and France

Pursuant to the March policy guidance we have spoken to the Canadians, in the context of general nuclear export policy discussions, who have indicated that the ROK would need to receive Canadian consent before reprocessing of spent fuel from reactors sold by Canada. The Canadians indicated serious reservations about any in-country reprocessing and undertook to coordinate future Korean nuclear assistance policy with us.

We have also spoken to the French prior to the recent suppliers' meeting in London, and explained that we were considering an approach to the ROKG to discourage its acquisition of a reprocessing plant from France.

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Approach to Korea

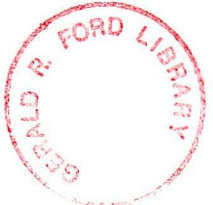
In the context of ongoing consultations with ROKG atomic energy officials, we have recently reminded them of the provision in our Agreement for Cooperation which we understand gives us a veto over reprocessing of spent fuel from U.S. reactors supplied to South Korea. We have requested their confirmation of this understanding and, in response to their expression of interest, have told them that we would also like to hold further discussions with them on the broader question of reprocessing in general. After receiving confirmation of our interpretation of the Agreement, we would propose to recommend that the Nuclear Regulatory Commission issue the necessary export license for the fuel already contracted (and due to be delivered in August) for the KORI I nuclear power reactor.

Thus far, the Koreans have indicated significant flexibility in their response to Canadian concerns on non-proliferation and to our preliminary approaches on the reprocessing question. we believe that there is a good possibility that the ROK can be influenced to abandon its present plans for a national reprocessing capability. The ROK might participate in a regional facility, as described in our earlier message to Ambassador Sneider (Tab 3). Such a plant, which would be preferably located outside Korea, could meet their future reprocessing needs both safely and economically.

Proposed Course of Action

On the basis of this apparent Korean receptivity and the willingness of the other nuclear suppliers (Canada and France) to coordinate their actions with us, our consensus is that the best approach at this stage is a relatively limited one, roughly along the lines proposed in our earlier message (Tab 3). We would (1) state our concern about Korean national reprocessing plans and point out that such a development could jeopardize U.S. nuclear assistance,

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ACDA, Defense, ERDA, CIA and the NSC staff. In order for this relatively limited approach to have the maximum positive effect on Korea, the other suppliers and Congress, we believe it should be made as soon as possible. After observing its results, we will be in a better position to consider future courses of action. If our expectations for this approach are borne out, we will have significantly complicated Korean acquisition of a nuclear capability. At the same time, we expect President Park to continue with this program, probably on a more covert and delayed basis. Based on the results of the present preliminary dialogue on reprocessing, an interagency paper on the shape and direction of our overall non-proliferation strategy the interagency review of our policy in Korea, we will later want to recommend for your consideration alternative ways of addressing these underlying problems.

Recommendation:

That you approve the approach outlined above, and incorporated in the instruction cable to Ambassador Sneider at Tab 1.

Approve _____ Disapprove _____

Attachments:

- Instruction Cable to Embassy Seoul
- Policy Cable (State 48673)
- Earlier Message (State 135500)

Drafted: ACDA:PW^{per Jk} Fowitz: S/P: JK^{JK} Kalicki
6/30/75: ext. 27771

Concurrences:

- ACDA - Dr. Ikle
- C - Mr. Dobbins
- EA - Mr. Zurhellen
- S/P - Mr. Bartholomew
- PM - Mr. Vest
- OES - Mr. Bengelsdorf

} per Jk

