

MEMORANDUM

NATIONAL SECURITY COUNCIL

INFORMATION/6600

December 11, 1973

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MEMORANDUM FOR: GENERAL SCOWCROFT  
FROM: MICHAEL GUHIN *MG*  
SUBJECT: US Offer to Share Gaseous Diffusion Technology  
and the BRINCO Proposal

REFER TO DOS

CIEP's Senior Review Group met on the above subject on December 7. Peter Flanigan chaired the Group; AEC, State, and OMB were represented. I attended in your stead. The background to and results of the meeting are discussed below.

DOE REVIEWED 15-Dec-2010: NO OBJECTION TO DECLASSIFICATION

US Offer. In 1971 the President authorized exploratory discussion with our allies on the possibility of making US gaseous diffusion technology available for use in a multinational uranium enrichment plant abroad. AEC and State have promoted this proposition, but to date no allied government has formally approached us on the offer.

DOS REVIEWED 07-Mar-2011: NO OBJECTION TO DECLASSIFICATION

France recently announced a decision to build a gaseous diffusion plant with some European partners and based primarily on French technology (we do not know if the French will approach us on our offer).

BRINCO Proposal. The Canadian British Newfoundland Corporation (BRINCO) has announced plans to undertake a \$6 million feasibility study (backed by a multinational investor group of Canadian, Japanese, and European financial interests) which would shortly lead to a specific proposal to the US for a government-to-government arrangement permitting Canadian access to our diffusion technology in the construction of an 8 million separative work units per year plant.

BRINCO representatives are coming to Washington on December 14 to discuss with AEC early access to our technology and appropriate royalties for its use.

The BRINCO proposal appears to have some serious disadvantages because it could be highly competitive with existing and prospective US enrichment plants, particularly if BRINCO were to expand its plant in the future, and because it might delay a decision by US industry to get into the uranium enrichment business. (If the BRINCO plant were not expanded in the future, the disadvantages to us could decrease substantially.)

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Results of CIEP Meeting. The major results of the CIEP meeting are as follows:

- We should give US industry as much opportunity as possible vis-a-vis possible foreign competition in the uranium enrichment field.
- We cannot devise one set of sharing requirements for one ally and a different set for another.
- We should not now either reject or accept the BRINCO proposal for early access to our technology, but should take the following steps subject to AEC approval:
  1. Prepare a statement soon that AEC is able to contract for enrichment services through most of 1974, thereby allowing more time to develop newer enrichment technologies (i. e., centrifuge and laser separation). (FYI. This is designed to ease pressures for deciding on new enrichment capacity and give US industry more time. It is recognized, however, that most foreign enrichment efforts are likely to go forward regardless of what we do with the exception of BRINCO.)
  2. In January, the AEC should also announce that we could continue contracting into 1975 by altering the operation of our current plants, and privately inform US industry now that this is in the "offing."
  3. On December 14, we should inform BRINCO (a) that we have some concerns about their going ahead with a plant, and (b) the matter should be moved to a government-to-government level by having their government raise it with us. (We recently informed some European utilities that our offer was still on the table if the French government were to request discussions on sharing our technology. A French request would be studied and decided on its own merits.)
  4. We would also inform BRINCO that, for their planning purposes, the royalties on a plant abroad would not be the 3% we offer our own companies but something more to reflect market value. (FYI. We would not get into discussing specific higher figures.)

Although we would not be withdrawing our offer vis-a-vis BRINCO under the above plan, it is recognized that how we follow through with the plan and explain our concerns to the Canadians could have important policy implications, particularly for possible future discussions on our offer. We will continue to follow the situation and report to you.

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