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NETHERLANDS-BRAZIL

Nuclear Fuel Safeguards

The Dutch Parliament approved the expansion of the uranium enrichment plant at Almelo in the Netherlands last week. The Parliament also demanded, however, a new safeguards agreement with Brazil before the British - Dutch - West German consortium URENCO fulfills its contract to supply fuel for Brazil's Angra II and III reactors beginning in 1981. Britain and West Germany will probably oppose making further demands on Brazil.

Throughout URENCO's negotiations with Brazil, the Dutch Government has sought to tighten the safeguards agreement on Brazil's use of URENCO-enriched uranium, and particularly on the storage of plutonium after the spent fuel is reprocessed. The Dutch realize that their leverage on this question is slight, however, because their URENCO

partners are willing to supply fuel to Brazil regardless of the Dutch position.

The Dutch Government, partly influenced by a US recommendation to supply fuel for Brazil's Angra I reactor as well as by Brazil's hard line, went along with its URENCO partners and Brazil in December, agreeing to safeguards weaker than the Dutch had hoped for. The government agreed that it would be acceptable for Brazil to store plutonium under International Atomic Energy Agency rules—if such rules are established by 1985, when URENCO fuel in Brazil would be due for reprocessing. If no IAEA rules exist by then, the URENCO partners and Brazil would work out ad hoc safeguards.

The Parliament, however, rejected this agreement. The government's own (See *Netherlands-Brazil*. . .Page 4)

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parliamentary supporters, with backing from the opposition, demanded that Brazil's agreement on firmer plutonium storage safeguards be obtained by 1981, and that full-scope safeguards be accepted by any new URENCO customers. These conditions, the legislators argued, would respond to domestic concerns and preserve the Netherlands' strong anti-proliferation stance.

At the same time, by agreeing to enlarge the Almelo plant and supporting the continuation of the URENCO consortium, the Parliament hopes to ensure that the Dutch receive their share of the profits from URENCO business. The government has recently stressed the need to satisfy British and West German demands in order to maintain some influence on these countries' nuclear exports policies.

Britain and West Germany are unlikely to favor new efforts to obtain firmer safeguards from Brazil. Brazilian officials have reiterated their determination to resist any discriminatory safeguards, and

the British and West Germans believe other suppliers of enriched uranium are eager to win Brazil and other countries as customers without such safeguards. They also stress that URENCO's credibility as a supplier is suffering because of Dutch obstinacy on the safeguards issue.

British and West German officials put strong pressure on the Dutch Government to go ahead with the expansion of Almelo. They could legally have claimed enormous damages from the Dutch if Almelo's enlargement had not been approved.

however, West German businessmen are disappointed by the Dutch decision because they want an excuse to push the Dutch out of URENCO and begin constructing a new uranium enrichment plant at Gronau, West Germany.

Confronted by renewed Dutch resistance on the safeguards issue, the other URENCO partners are likely to move to provide Brazil with enriched uranium on their own, even at the cost of destroying the consortium

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