Canfidential filing

Establishment of an Uranium Grichment and processing plant in South Australia. PM of South Australia. PM of South Australia David Tankin.

AUSTRALIA

July 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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THE PREMIER OF SOUTH AUSTRALIA

VICTORIA SQUARE ADELAIDE 5000

29th April, 1981

The Hon. Peter Blaker, M.P., Minister of State, Foreign and Commonwealth Office, LONDON SWIA 2AH La Mil

Day Tak,

Now that I have returned to Australia and settled in to the every day routine I am writing to thank you most sincerely for hosting a most enjoyable luncheon tendered in my honour.

I very much appreciated the opportunity to discuss matters of mutual interest with you and other guests and am sure that the benefits will be most worthwhile.

I am most grateful for the arrangements made by your Government during my London visit and would be pleased if you would convey my appreciation to the Prime Minister and members of Cabinet.

Yours sincerely,

(David Tonkin)
PREMIER

For info. cc. Private Secretary, No. 10 PS/Mr Blaker

WM 8/5



Australia

10 DOWNING STREET

THE PRIME MINISTER

23 March 1981

Dear Premier,

Thank you for your letter of 3 March. I am most grateful to you for taking the trouble to write to me on this matter, and for the continuing concern your letter shows for good relations between South Australia and the UK.

Even taking into account your generous offer of financial assistance, I am afraid that it is just not possible for us, at the moment, to consider re-opening our career office in Adelaide. We have, as you know, had to make many cuts in a wide range of government functions, and this included the closure of a variety of Diplomatic Service posts. None of these closures was made without considerable regret, but all of them were necessary. We in Britain must concentrate on putting the British economy back on its feet. Bringing public expenditure under tight contrais a necessary part of this.

Meanwhile, I have looked in some detail into the problems you describe. Our posts in Canberra and Melbourne are under instructions to pay close attention to South Australia. I understand that officers from Melbourne pay, at the moment, an average of one visit a fortnight to South Australia, and of course there is a great deal of telephone contact. Sir John Mason is also, I believe, due to visit you at the beginning of May and again in August; he was a speaker at the Royal Adelaide

/ Agricultural

Agricultural Show last year, where he will be represented again this year. I think also that we have been very lucky to secure the services of an excellent man, in Mr. Schmidt, to be our local representative. He does a good job for us.

On this basis, therefore, I believe that we can clearly be seen to be continuing to take a close interest in your State, reflecting the importance which it has for Britain in a variety of fields. I hope that we are not only being seen to do so, but also that we are in fact keeping in close touch with events in South Australia, and not missing any opportunities, commercial or otherwise, for Britain! In this we are greatly helped by the cooperation of your government. Is there anything more which you feel we could usefully do, given our constraints? Have there been any particular cases in which you feel our contact has been inadequate?

I am sorry that my own commitments will make it impossible for me to see you on this visit to the UK. However, you may wish to discuss the matter further with Sir John Mason. I believe you are seeing Peter Carrington on 25 March, and lunching with Peter Blaker on 26 March. Both will be pleased to talk to you about this. They share my view that UK-South Australia relations are important, to both our governments, and my anxiety to further those relations.

Yours sincerely,

(sgd) Margaret Thatcher

The Hon. David Tonkin

Foreign and Commonwealth Office London SW1A 2AH 20 March 1981 Dear Michael, Request from Premier of South Australia to Re-Open DS Career Post in Adelaide Thank you for your letter of 10 March. I attach a draft reply which the Prime Minister may wish to send to Mr Tonkin. (As Mr Tonkin left Australia on 18 March for the USA, the draft reply is addressed to him, care of his Agent General in London.) The draft reply is based on arguments put forward by Sir John Mason, who feels that Mr Tonkin's request is made because he fears South Australia's image is slipping behind other states, and thus partly for reasons connected with amour propre. yours ever zodenic Lynn (R M J Lyne) Private Secretary M O'D B Alexander Esq 10 Downing Street

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FROM: PRIME MINISTER

Mr David Tonkin

c/o Agent General for South Australia

South Australia House

50 Strand London W C 2

Thank you for your letter of 3 March. I am most Sir J grateful to you for taking the trouble to write to me on Mason, this matter, and for the continuing concern your letter shows for good relations between South Australia and the UK.

> Even taking into account your generous offer of financial assistance, I am afraid that it is just not possible for us, at the moment, to consider re-opening our career office in Adelaide. We have, as you know, had to make many cuts in a wide range of government functions, and this included the closure of a variety of Diplomatic Service posts. None of these closures was made without considerable regret, but all of them were necessary. I believe that we in Britain must concentrate on putting the British economy back on its feet first, and Bringing public expenditure under high control is a necessary part of this.
>
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Canberra

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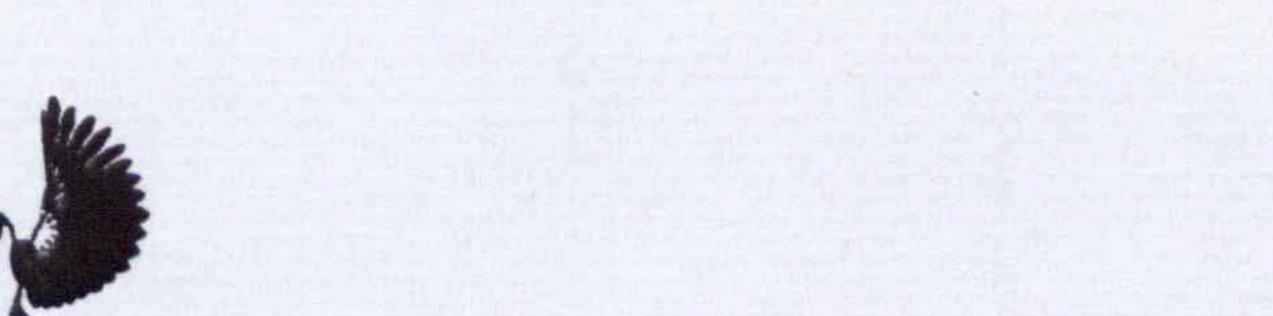
10 March 1981

I enclose a copy of a letter which the Prime Minister has received this morning from the Premier of South Australia. I should be grateful if you could let me have as soon as possible a draft reply which the Prime Minister might send to Mr. Tonkin.

MICHAEL ALEXANDER

R.M.J. Lyne, Esq., Foreign and Commonwealth Office.

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THE PREMIER OF SOUTH AUSTRALIA

VICTORIA SQUARE ADELAIDE 5000

The Rt. Hon. Margaret Thatcher, M.P., 10 Downing Street, LONDON, SW1 ENGLAND.

3 MAR 1981

My dear Prime Minister,

The South Australian Government was greatly concerned by the decision in late 1979 to close the British Consulate-General in Adelaide and replace it with an Honorary Consul.

Representations have been made through several avenues since that time but unfortunately it has not been possible to have the decision revoked. Whilst more frequent visits by your Consul-General in Melbourne and members of his staff have been suggested, these arrangements are not as good as the retention of the Adelaide post would have been.

The news of the change in status came at a time when my newly elected Government was strengthening its relationships with the United Kingdom in the areas of trade and commerce. Some of the negotiations taking place are reaching the stage where re-establishment of the British Consulate-General would be advantageous.

I have noted that shortly before its closure, the British Consulate-General had a staff of nine locally engaged persons and I wonder whether it would not be possible to provide a significant service with a small staff. The South Australian Government is of the opinion that the office is of such importance to South Australia that my Government would be prepared to meet a proportion of the operating costs for up to three years if that would mean that the office could be re-opened.

I shall be visiting London from the 22nd to the 31st of March, 1981, and I should be greatly appreciative if I could discuss this aspect with an appropriate person during my stay.

Yours sincerely,

PREMIER

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10 DOWNING STREET

From the Private Secretary

29 August 1980

I enclose a copy of a letter to the Prime Minister from the Australian Prime Minister, in reply to her letter to Mr. Fraser of 25 July. This was received through the Australian High Commission today.

I am sending copies of this letter and its enclosure to George Walden (Foreign and Commonwealth Office), Colin Munro (Mr. Blaker's Office, FCO) and David Wright (Cabinet Office).

M. A. PATTISON

Julian West, Esq., Department of Energy. 12/2/



10 DOWNING STREET

From the Private Secretary

29 August 1980

In Michael Alexander's absence on holiday, I am writing to thank you for your letter of 29 August with which you enclosed a letter from the Australian Prime Minister to Mrs. Thatcher.

I will of course bring this to the Prime Minister's attention as soon as she returns to London.

M. A. PATTISON

His Excellency Sir James Plimsoll, A.C., C.B.E.



AUSTRALIAN HIGH COMMISSION · LONDON

THE HIGH COMMISSIONER

29 August 1980

Dear Mr Alexander,

I have been asked by the Australian Prime Minister, the Rt. Hon. Malcolm Fraser, to convey the enclosed letter from him dated 21 August 1980 to your Prime Minister, the Rt. Hon. Margaret Thatcher.

I should be grateful if you could bring this letter to Mrs Thatcher's attention as soon as possible.

(J. Plimsoll

Mr Michael Alexander,
Private Secretary (Overseas Affairs)
to the Prime Minister,
Prime Minister's Office,
10 Downing Street,
LONDON, SW1.

PRIME MINISTER'S PRIME MINISTER PERSONAL MESSAGE CANBERRA SERIAL No. T 165/80. 2 1 AUG 1980 I was pleased to meet Mr Peter Blaker and to receive your letter of 25 July 1980 concerning uranium enrichment. A group of Australian companies is undertaking a pre-feasibility study to determine the commercial viability of establishing a uranium enrichment industry in Australia. This group has been in close contact with the URENCO/CENTEC organisation along with a number of other technology holders. This study will be important in considering whether to establish an enrichment plant in Australia. I have noted your comments relating to multination participation. Our countries share a strong non-proliferation concern and the support you expressed for Australia's non-proliferation stand is welcomed. Arrangements in this regard will be a matter for careful consideration in due course. The Australian Government welcomes your message of co-operation and support on behalf of the U.K., West German and Netherlands Governments. Naturally, we will

be looking carefully at all the issues before a final decision is taken.

With kind personal regards.

(Malcolm Fraser)

The Rt Hon. Margaret Thatcher, M.P., Prime Minister of Great Britain

10 DOWNING ST PRIVATE SECRETARY NO CONFIDENTIAL GRS 110 CONFIDENTIAL June Minister FM CANBERRA Ø50630Z AUG 80 TO PRIORITY FCO TELEGRAM NUMBER 465 OF 5 AUGUST FROM CARRUTHERS URENCO URANIUM ENRICHMENT TECHNOLOGY 1. MR BLAKER HANDED OVER THE PRIME MINISTER'S LETTER TO MR FRASER IN MELBOURNE ON 4 AUGUST. HE CONFIRMED THE WILLINGNESS OF THE THREE URENCO GOVERNMENTS TO AUTHORISE THE TRANSFER OF CENTRIFUGE TECHNOLOGY TO AUSTRALIA AND THEIR SUPPORT FOR URENCO'S PARTICIPATION IN THE CURRENT FEASIBILITY STUDY, MR FRASER WELCOMED THE PM'S LETTER, WHICH HE DESCRIBED AS MOST HELPFUL, AND SAID THAT HE HOPED A DECISION ON THE TECHNOLOGY REQUIRED WOULD BE TAKEN BY THE END OF THE YEAR. MR BLAKER, WHO MET THE NETHERLANDS AMBASSADOR AND FRG CHARGE EARLIER IN THE DAY, SAID THAT HE SPOKE ON BEHALF OF ALL THREE COVERNMENTS. THERE WAS NO DISCUSSION ON DETAILS.

MASON

LIMITED

SPD

ES & SD

JNU

PS/MR BLAKER

PS/PUS

SIR E YOUDE

LORD BRIDGES

MISS BROWN

ADDITIONAL DISTN. CENTRIFUGE

[NOT ADVANCED]

CONFIDENTIAL

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10 DOWNING STREET

From the Private Secretary

1 August 1980

Further to the correspondence resting with Julian West's letter to me of 30 July, I enclose the signed copy of the letter from the Prime Minister to the Premier of South Australia. I should be grateful if you could arrange for this to be delivered in Adelaide.

I am sending a copy of this letter and enclosure to Julian West (Department of Energy).

M. O'D. B. ALEXANDER

Paul Lever, Esq., Foreign and Commonwealth Office.

KRR.

10 DOWNING STREET 1 August 1980 THE PRIME MINISTER Dear Mr. Tonkin, Thank you for your letter of 3 July. I am delighted to hear that you are proposing to use Urenco/Centec technology if a uranium enrichment plant is built in South Australia. The three governments of the UK, the Federal Republic of Germany and the Netherlands fully support the transfer of this technology to Australia through the Urenco/Centec partnership, subject to agreement on appropriate arrangements. I have sent a personal message to Mr. Fraser expressing this support on behalf of the three governments. Peter Blaker is visiting Australia to deliver this message and for discussions with the Commonwealth Government on the enrichment project. I am very pleased to hear that he has accepted your invitation and will be visiting South Australia. I hope his visit will be helpful to you in your plans. Thank you for your invitation to visit South Australia. Although I cannot take it up in the near future, I will certainly bear it in mind. Yours sincerely,

MT

The Hon. David Tonkin



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SECRETARY OF STATE FOR ENERGY THAMES HOUSE SOUTH MILLBANK LONDON SWIP 4QJ 01 211 6402

Mike Pattison Esq Private Secretary to the Prime Minister 10 Downing Street London SW1

30 July 1980

Type for signature

Aus 32/2

Dans Mike,

I attach a draft reply for the Prime Minister to send to Mr Tonkin's letter of 3rd July. His letter contains an invitation from Mr Blaker to visit South Australia and the reply has therefore been held until Mr Blaker's movements were confirmed. He will be visiting South Australia next week.

Mr Tonkin asks for the UK Government's support for the uranium enrichment plant using Urenco (joint UK/Netherlands/W German) technology to be built in South Australia as opposed to another State. It is not therefore an issue on which the Prime Minister would wish to go further than the attached draft in replying to Mr Tonkin.

The reply, agreed with the FCO, acknowledges Mr Tonkin's open invitation to the Prime Minister to visit South Australia. The FCO feel it would be right for the Prime Minister to acknowledge it in the terms of the draft, because the next meeting of Commonwealth Prime Ministers will be in Australia.

Yours avoi

J D West

Private Secretary

The Hon David Tonkin
Premier of South Australia
State Administration Centre
Victoria Square
Adelaide
SOUTH AUSTRALIA 5000

Thank you for your letter of 3 July.

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Urenco/Centec technology if a uranium enrichment plant
is built in South Australia. The three governments of
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10 DOWNING STREET

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THE PRIME MINISTER

PRIME MINISTER'S

25 July 1980

PERSONAL MESSAGE SERIAL No. II/80

Dear Prime Minister,

I take a close interest in nuclear matters and I am very conscious of the important position of Australia in this field and of the consideration you are giving to the choice of technology to use in your proposed uranium enrichment plant. As you are well aware, the Urenco/Centec organisation have developed the highly advanced centrifuge method of enrichment. This year the UK holds the chair of the Joint Committee of the collaboration and I am therefore delighted to be able to send you this message. which I have asked Peter Blaker to deliver, and which carries with it the full support of the West German and Netherlands Government.

Our three Governments fully support Urenco's participation in the study now in progress. Should you decide to go ahead with a plant we will be prepared to authorise the transfer of centrifuge technology to you.

We would of course wish to ensure that the arrangements were fully consistent with international non-proliferation arrangements and, following INFCE, we would wish to see some multinational element in the organisation. Because of Australia's own commitment to non-proliferation we are confident you will share our wish to achieve these objectives.

We are ready to discuss possible arrangements in more detail whenever you wish. I personally look forward to the prospect of a successful and fruitful co-operation between Urenco/Centec and Australia in this field.



10 DOWNING STREET

From the Private Secretary

25 July 1980

Australia: Transfer of Enrichment Technology

The Prime Minister has seen the Secretary of State for Energy's minute of 24 July on this subject. She has agreed to write to the Australian Prime Minister and I enclose a copy of the signed text of her letter.

I am sending copies of this letter, and its enclosure to Roderic Lyne (Foreign and Commonwealth Office) and, with the original, to Colin Munro (Peter Blaker's Office, Foreign and Commonwealth Office).

M. O'D. B. ALEXANDER

Julian West, Esq., Department of Energy

PRIME MINISTER

At please type nossage for PM's sign.

AUSTRALIA: TRANSFER OF ENRICHMENT TECHNOLOGY

In consultation with Foreign Office Ministers I have agreed that the UK should be willing to support the transfer of Urenco's Uranium Enrichment technology to Australia, under appropriate non-proliferation conditions. This proposal also has the support of our partners (West Germany and the Netherlands) in the enrichment collaboration. There is strong competition (especially from the French) to supply Australia and I am convinced that Urenco's position would be greatly enhanced if you were to send a personal message of support to Malcolm Fraser.

The tripartite collaboration was set up 10 years ago, and has developed a successful, commercial process for producing enriched uranium by the centrifuge method. Australia has very substantial uranium reserves and it seems likely that an enrichment plant will eventually be built there so that at least part of Australia's production can be exported in upgraded form. Urenco technology is highly appropriate to Australia's needs and it is important to the collaborations future that the French should not persuade the Australians to build a very large diffusion plant, and greatly exacerbate theproblem of world over-capacity. M. Giraud is visiting Australia at the end of August to promote the French proposal; your message could have a significant effect in helping URENCO to counter that proposal.

The Australian Government has a very forward looking non-proliferation policy and is a party to the NPT. Any transfer of sensitive technology will have to be subject to appropriate non-proliferation conditions and this will have to be made clear at the outset to the Australians. This is however unlikely to prove a problem.

The Australians are currently examining the commercial feasibility of setting up an enrichment plant in Australia and I think the time is right to indicate tripartite support at the political level for Urenco's efforts in Austraila. The UK has a special part to playyin this, this year, as we hold the chair for the Joint Committee of the collaboration. I hope therefore that you will agree and will be prepared to send a message, along the lines of the attached draft to Malcolm Fraser. If so, the message would be delivered personally by Peter Blaker who, after attending the New Hebrides Independence celebrations, is taking the opportunity to visit Canberra to put across the willingness of the centrifuge collaboration to transfer the technology.

Peter Blaker is leaving for the New Hebrides at short notice on Friday (25 July) atrnoon. It would be better if he could take your message with him, but if this is not possible, we could telegraph it or send it by the diplomatic bag to Canberra. This compressed timescale also means that I have topput the draft message forward to you before we have the formal agreement of Chancellor Schmidt to this approach on behalf of the three Governments. FRG officials have assured us that this will be forthcoming, but if for any reason it was delayed, your message would be held in reserve and we should have to find another suitable occasion on which it could be delivered.

DA.

SECRETARY OF STATE FOR ENERGY 24 July 1980

DRAFT LETTER TO MR FRASER PM OF AUSTRALIA

URANIUM ENRICHMENT

I take a close interest in nuclear matters and I am very conscious of the important position of Australia in this field and the consideration you are giving to the choice of technology to use in your proposed uranium enrithment plant. As you are well aware, the Urenco/Centec organisation have developed the highly advanced centrifuge method of enrichment. This year the UK holds the chair of the Joint Committee of the collaboration and I am therefore delighted to be able to send you this message, which I have asked Peter Blaker to deliver, and which carries with it the full support of the West German and Netherlands Government.

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We would of course wish to ensure the arrangements were fully consistent with international non-proliferation arrangements and, following INFCE, we would wish to see some multinational element in the organisation. Because of Australia's own commitment to non-proliferation we are confident you will share our wish to achieve these objectives.

We are ready to discuss possible arrangements in more detail whenever you wish. I personally look forward to the prospect of a successful and fruitful co-operation between Urenco/Centec and Australia in this field.

10 DOWNING STREET 9 July 1980 From the Private Secretary I enclose a copy of a letter received by the Prime Minister from the Prime Minister of South Australia about the current discussions between the Government of South Australia and Urenco Centec. I would be grateful if you could let me have the text of a draft reply which the Prime Minister might send to Mr. Tonkin. It would be helpful if this could reach me by 21 July. I am sending a copy of this letter and its enclosure to Roderic Lyne (Foreign and Commonwealth Office). I should be grateful if he could seek advice on the invitation conveyed by Mr. Tonkin to Mr. Blaker. I should also be grateful if he could arrange for the High Commission in Canberra to inform Mr. Tonkin's office that his letter has been received and a reply is being prepared. M. O'D. B. ALEXANDER Julian West, Esq., Department of Energy.

The Hon. David Tonkin Premier Treasurer

11th floor, State Administration Centre Victoria Square

South Australia 5000

Tel. (08) 227 2688



3rd July, 1980

The Rt. Hon. Margaret Thatcher, M.P., Prime Minister,
10 Downing Street,
LONDON, S.W.1 England

My Dear Prime Minister,

I have today received a report from the Chairman of the South Australian Uranium Enrichment Committee, Sir Benjamin Dickinson, about his recent visit to the United Kingdom.

At the outset, I must express my thanks for the continued courtesy and co-operation which he has enjoyed from officers of your Government.

Discussions between my Government and Urenco Centec regarding the establishment of an uranium enrichment plant, an uranium processing facility, and associated developments have advanced to the stage where a final decision will now depend on the Commonwealth Government's approval of South Australia as the appropriate site.

You are no doubt aware of the strong support for this proposal being shown by Urenco Centec, B.N.F.L., the Central Electricity Generating Board, and other United Kingdom companies, and I am sure I do not have to expand on its importance to South Australia.

I would be grateful, therefore, if your Government could add its support also, and convey this support to the Australian Prime Minister, the Rt. Hon. Malcolm Fraser. I will be putting a detailed submission to him later this month.

If, as I understand is possible, the Hon. Peter Blaker, M.P., will be visiting Australia at the end of July to express the United Kingdom Government's views on this matter, I would be very pleased if he could make a day or two available to visit

The Rt. Hon. Margaret Thatcher, M.P., Prime Minister, 10 Downing Street, LONDON, S.W. 1 England 3/7/80 South Australia as a guest of the Government. He could then see at first hand the Iron Triangle area where it is proposed that the facilities will be sited, and Roxby Downs where our major mining operation is about to commence in the near future as a joint project between B.P., and Western Mining. I am sure you know we would be delighted to extend a similar invitation to you, to visit South Australia at any time. With my best wishes, Yours sincerely, PREMIER

