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5/31/88

All

*BE*  
*Nuclear*

SECRET

RELEASED IN FULL

OES/NTS:TWILKINSON:EF  
05/31/88 EXT. 73310  
OES/NTS:TWILKINSON

S/NP:JSHIPLEY  
ACDA/NWC/NST:JMENZEL  
EAP/RA/TC:DBROWN

OES/NTS:ABURKART  
AIT/W:JKYLE

IMMEDIATE AIT TAIPEI

EXDIS, FROM AIT WASHDC

DECL: OADR

KNNP, TRGY, ENRG, TW

CONVERSATIONS IN THE MARGINS ON MEETING OF  
AIT-CCNAA JOINT STANDING COMMITTEE ON CIVIL  
NUCLEAR COOPERATION

1. SECRET - ENTIRE TEXT.
2. THIS IS AN ACTION CABLE.
3. SUMMARY: FOLLOWING REPORTS HIGHLIGHTS OF  
CONVERSATIONS WITH DELEGATION CHAIRMAN TSENG DER-LING AND  
WITH AEC SEC GEN K. C. LIU AND TAIPOWER REP CHIN DURING  
MAY 26-27 MEETING OF AIT-CCNAA JOINT STANDING COMMITTEE  
{JSC} ON CIVIL NUCLEAR COOPERATION. DURING MEETING WITH  
TSENG, AMBASSADOR KENNEDY EXPRESSED PLEASURE THAT TAIWAN  
HAD SEEN FIT TO BROADEN JSC BY APPOINTING A CIVILIAN  
ACADEMIC LEADER. TSENG BROACHED A PROPOSAL FOR TSING-HUA  
UNIVERSITY TO ACQUIRE A NEW, LARGER RESEARCH REACTOR.  
K.C. LIU LATER TOLD DELEGATION MEMBERS THAT INER  
RELATIONSHIPS WITH AEC AND CSIST WERE UNLIKELY TO CHANGE  
IN NEXT FISCAL YEAR, BUT IDENTIFIED FOUR ORGANIZATIONAL  
OPTIONS FOR RESTRUCTURING INER PRIOR TO 1989-90 FISCAL

UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: CLARKE N ELLIS  
DATE/CASE ID: 19 MAY 2010 200702455

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YEAR. TAIPOWER REP. P. C. CHEN SPOKE OF A FOUR-WAY RESEARCH PLAN AGREED IN MID-1987 WITH TASKS IDENTIFIED FOR TAIPOWER, INER, TSING HUA, AND THE MATERIALS RESEARCH LABORATORY. ACTION REQUESTED: AIT/T SHOULD FOLLOW UP AS APPROPRIATE, PER PARA 10. END SUMMARY.

4. DELEGATION LEADER TSENG DER-LING'S CALL ON AMBASSADOR KENNEDY: AT KENNEDY'S INVITATION, CCNAA DELEGATION LEADER TSENG PAID OFFICE CALL ON MAY 26, ACCOMPANIED BY WILKINSON AND SHIPLEY. KENNEDY WELCOMED TSENG WARMLY, AND EXPRESSED HIS PLEASURE THAT TAIWAN HAD CHOSEN AN EMINENT ACADEMIC LEADER TO HEAD THE CCNAA DELEGATION THIS YEAR. HE STRESSED THE VALUE WE SEE IN BROADENING OUR BILATERAL NUCLEAR RELATIONSHIP AND ENHANCING THE PARTICIPATION OF TAIWAN'S IMPORTANT CIVILIAN NUCLAR INSTITUTIONS, SUCH AS TSING HUA UNIVERSITY AND TAIPOWER.

5. TSENG EXPRESSED APPRECIATION FOR THE OPPORTUNITY TO TALK WITH KENNEDY, AND REPORTED THAT THE TSING HUA UNIVERSITY PRESIDENT HAD ASKED HIM TO DEVELOP A PLAN TO ACQUIRE A NEW, LARGER RESEARCH REACTOR. LARGEST OF TSING HUA'S CURRENT THREE REACTORS IS A 1-MW GE SWIMMING POOL-TYPE WHICH WENT CRITICAL IN 1961, AND HAS A FLUX OF ONLY TEN TO THE TWELFTH POWER. TSENG WOULD LIKE TO ACQUIRE A NEW REACTOR WITH A FLUX OF TEN TO THE FOURTEENTH POWER, USING LEU {19 PERCENT ENRICHMENT} FUEL. THE TSING HUA PRESIDENT HAD ASKED IF DESIGN AND CONSTRUCTION COULD BE DONE BY TAIWAN. TSENG SAID NO. MOST LIKELY SOURCES WERE U.S., JAPAN, OR CANADA {MAPLE-X MODEL}. HE PLANS TO DRAW UP SPECIFICATIONS FOR REACTOR, TAKING INTO ACCOUNT RESEARCH NEEDS AND ISOTOPE PRODUCTION NEEDS {WHICH TRR WAS PREVIOUSLY FULFILLING} SOON AFTER RETURN. FUNDING WOULD PROBABLY COME FROM NATIONAL SCIENCE COUNCIL, SINCE MINISTRY OF EDUCATION, WHICH FUNDS SALARIES AND EXPENSES FOR TSING HUA, HAD LITTLE EXTRA IN BUDGET FOR NEW CAPITAL COSTS.

6. TSENG ASKED IF U.S. WOULD LICENSE EXPORT OF A NEW RESEARCH REACTOR TO TAIWAN. WE SAID THIS IS AN NRC FUNCTION, BUT WE COULD NOT SEE ANY REASON WHY NOT, IF USE WAS FOR CIVILIAN RESEARCH AND IAEA SAFEGUARDS WERE APPLIED. WE ALSO SUGGESTED THAT TSENG STAY IN CLOSE CONTACT WITH AIT, SINCE WE WOULD BE PLEASED TO PROVIDE U.S. CONSULTANTS FOR DRAWING UP SPECIFICATIONS FOR A NEW REACTOR AT TSING HUA.

7. CONVERSATION WITH AEC SECRETARY GENERAL: DURING BREAK IN JSC MEETING, WILKINSON AND BURKART ASKED LIU ABOUT CURRENT STATUS OF AEC/INER BUDGET, NOTING PRESS

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REPORTS ABOUT DEBATE IN LEGISLATIVE YUAN. LIU SAID BUDGET IS NEARLY FINAL. NEW FISCAL YEAR BEGINS JULY 1. LAW SHOULD BE COMPLETED IN NEXT WEEK OR TWO, AND AEC EXPECTS TO EXPAND BY SOME 30 PERSONNEL, GIVEN NEW RESPONSIBILITIES IT HAS BEEN ASSIGNED FOR ATMOSPHERIC MONITORING. LIU DESCRIBED INER AS A "DAUGHTER" OF AEC THAT HAS BEEN "MARRIED" TO CHUNG SHAN INSTITUTE OF SCIENCE AND TECHNOLOGY (CSIST), BUT NOW MAY BE "DIVORCED". INER-CSIST RELATIONSHIP HAS ALLOWED "SECRECY", WHICH IN TURN PERMITTED PAYMENT OF SALARY SUPPLEMENTS TO NUCLEAR TECHNICIANS AT INER WITHOUT PUBLIC SCRUTINY. BECAUSE THIS IS DIFFICULT TO CHANGE IMMEDIATELY, RELATIONSHIP WILL CONTINUE TEMPORARILY IN COMING FISCAL YEAR, IF AN ONLY IF LEGILATIVE AND CONTROL YUAN APPROVE. UNLESS AND UNTIL THEY DO, INER'S SPENDING AUTHORITY WILL BE SUSPENDED AS OF JULY 1.

8. PRIOR TO SUBMISSION OF 1989-90 BUDGET, LIU SAID, A NEW STATUS FOR INER WILL HAVE TO BE DECIDED. LIU GAVE FOUR OPTIONS: MAINTENANCE OF SUBORDINATION TO AEC, WITH "DIVORCE" FROM CSIST; ESTABLISHMENT AS AN AUTONOMOUS PARASTATAL, WITH FUNDING FROM THE CENTRAL AUTHORITY AND AN INDEPENDENT BOARD OF DIRECTORS, LIKE ITRI; A COMPLETELY PRIVATE INSTITUTION WITHOUT CENTRAL AUTHORITY SUPPORT; OR DISBANDMENT. NATURALLY, LIU GAVE HIS OWN PREFERENCE AS THE FIRST OPTION. IF INER WERE TO BECOME PRIVATE, HE DID NOT THINK IT WOULD BE LIKELY TO SURVIVE, UNLESS SOME FOREIGN FUNDING WERE AVAILABLE, AS FROM THE U.S. WE SAID IT WOULD BE HARD TO FIND U.S. DONORS FOR SUCH AN ENTERPRISE, CONSIDERING TAIWAN'S OWN WEALTH. IF INER WERE DISBANDED, LIU SAID, SOME PERSONNEL WOULD BE GIVEN SEVERANCE PAY. SOME MIGHT GO TO THE AEC OR TSING HUA UNIVERSITY. SOME ELECTRICAL OR CHEMICAL ENGINEERS COULD GO TO CSIST, AND EVEN SOME NUCLEAR SCIENTISTS COULD GO THERE, SINCE "CSIST DOES SOME COMPUTATIONAL WORK IN THE NUCLEAR AREA". {TIME PRECLUDED PURSUING THIS INTRIGUING STATEMENT BY LIU.}

9. CONVERSATION WITH TAIPOWER REPRESENTATIVE: WILKINSON, BURKART, AND MARUT ALSO HAD SHORT CONVERSATION ON MAY 27 WITH P. C. CHEN, THE APPARENT NEW DIRECTOR OF TAIPOWER'S NUCLEAR ENGINEERING DEPARTMENT (VICE DEPUTY DIRECTOR AS LISTED IN THE DELEGATION LIST), A JOB IN WHICH HE SUCCEEDED E. LIN WHO NOW IS IN CHARGE OF POWER REACTOR MANAGEMENT. IN RESPONSE TO A QUESTION ABOUT RELATIONSHIPS WITH INER, CHEN SAID THAT TAIPOWER DOES ITS OWN ROUTINE ANALYSIS OF SUCH MATERIALS AS REACTOR EFFLUENTS AT TWO OF ITS OWN LABS, BUT RELIES ON INER FOR SPECIAL JOBS LIKE POST-IRRADIATION EXAMINATION (PIE) OF

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SPENT FUEL. HE ALSO SAID THAT A JOINT RESEARCH PLAN WITH DIVISION OF RESPONSIBILITY FOR GENERAL TASKS HAD BEEN WORKED OUT AND AGREED IN MID-1987 BY TAIPOWER, INER, TSING HUA UNIVERSITY, AND THE MATERIAL RESEARCH INSTITUTE {WE PRESUME OF ITRI}. WE ASKED IF WE COULD SEE THIS PLAN. CHEN SAID IT IS AVAILABLE ONLY IN CHINESE, BUT HE PROMISED TO MEET MARUT AND BRIEF HIM FURTHER ON MARUT'S RETURN TO TAIPEI.

10. ACTION REQUESTED: AIT SHOULD FIND AN EARLY OPPORTUNITY TO PURSUE DIALOGUE WITH DEAN TSENG, AND TO REITERATE OFFER OF AIT CONSULTANT(S) TO HELP DRAW UP SPECIFICATIONS FOR A NEW REACTOR AT TSING HUA UNIVERSITY. IF TSENG DESIRES, WE CAN ALSO SUGGEST THAT A U.S. VENDOR (GENERAL ATOMICS, THE ONLY CURRENT PRODUCER OF RESEARCH REACTORS) OFFER TO CONSULT WITH HIM. WITH REGARD TO INER'S FUTURE, WE WOULD APPRECIATE A REPORT ON WHAT ITS STATUS WILL BE UNDER 1988-89 BUDGET UNDERSTANDING, AND TO THE EXTENT POSSIBLE ON HOW AND WHEN FINAL DECISION WILL BE REACHED ON A NEW, REVISED STATUTE FOR THE INSTITUTE. SIGNED LAUX. 44

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