

The original documents are located in Box C2, folder “Presidential Handwriting, 9/3/1974 (1)” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE WHITE HOUSE

WASHINGTON

September 3, 1974

~~CONFIDENTIAL~~/GDS

MEMORANDUM FOR: SECRETARY KISSINGER
ROY L. ASH

FROM: JERRY H. JONES

SUBJECT: Uranium Enrichment

Your memoranda to the President on the above subject have been reviewed. Secretary Kissinger's recommendation -- that a study of policy issues relating to private ownership of our future uranium enrichment capacity be conducted in coordination with OMB and other interested agencies and departments -- was approved provided the decision can be made within 60 days.

Please follow-up with the appropriate action.

Thank you.

Attachments

cc: Al Haig

~~CONFIDENTIAL~~/GDS

KR 4/1/85

THE WHITE HOUSE
WASHINGTON

August 30, 1974

~~CONFIDENTIAL~~

MEMORANDUM FOR: AL HAIG
FROM: JERRY H. JONES
SUBJECT: Uranium Enrichment

Attached at Tab A is a recent Ash memo on this subject. Tab B is Kissinger's response.

In essence, OMB feels strongly that we should push ahead in getting private sector involvement in the uranium enrichment service. Kissinger is apparently quite concerned about this policy and would like to have it reviewed. The crunch, of course, is the time delay involved in such a review because of the present and increasing shortage situation of enriched uranium.

I am sure you will want to discuss this in some detail with the President.

~~CONFIDENTIAL~~

*Pres has expressed
study provided decision
can be made w/in
60 days.*

DECLASSIFIED
E.O. 13526 (as amended) SEC 3.3
NSC Memo, 3/23/03, State Dept. Guidelines
By MAO NARA, Date 8/23/2012



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 22 1974

MEMORANDUM FOR THE PRESIDENT

THROUGH: ~~ROY L. ASH~~

FROM: FRANK G. ZARB *FZ*

SUBJECT: Endorsement of present policy to move responsibility for future uranium enrichment capacity to private industry

AEC's capacity to enrich uranium fuel for nuclear powerplants is now fully committed, and therefore AEC is no longer taking orders. In anticipation of this, the Government, beginning in 1971, took a strong public position that the enrichment of uranium need no longer be a Governmental function and that the responsibility for providing additional capacity for the 1980's and beyond can and should be undertaken by private industry.

Industry has responded seriously to this challenge (one firm is ready to take orders as a basis for commitment to a \$2.8 billion plant) but is encountering obstacles, as follows:

- Industry's terms and conditions for future supply do not appear to be as attractive as those now provided by AEC because industry must price its product to reflect real costs, and AEC has not been able to do this because of statutory limitations. Therefore the electric utility customers have so far been hesitant to buy the services now being offered; they appear to want to force the Government to build additional capacity.

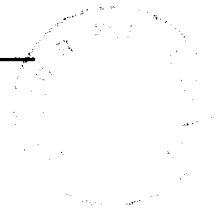
- The utilities' posture is encouraged by the facts that some congressional attitudes on private entry range from apathy to opposition and that Craig Hosmer is advocating a Government corporation to operate the existing AEC plants and build new plants. Such a Government corporation would effectively terminate private interest and would probably perpetuate uranium enrichment as a Government function for decades to come. Such an outcome would have a severely adverse impact on the Federal budget, amounting to billions of dollars in this decade alone.

Despite the difficulties enumerated, AEC and we are persevering in our efforts to bring about private entry within the next 8-10 months. We are proceeding on the assumption that the course which we are now pursuing reflects your own views.

Agree _____

Disagree *FZ*

See me _____



B

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ACTION

~~CONFIDENTIAL~~/GDS

X-3704

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER

SUBJECT: Assumption of Uranium Enrichment by
the Private Sector

With regard to Roy Ash's proposal concerning the movement of future enriched uranium production from the government into the private sector, I believe that a number of important questions must be addressed. These questions relate, for example, to the potential security and safeguard problems connected with the multiplication of domestic enrichment facilities outside direct government control, the foreign policy implications of altering our intergovernmental relationships and commitments in the nuclear fuel area, the increased risk of foreign nuclear weapon proliferation if private international trading in enrichment technology develops, the implication of possible radical new enrichment technology, and finally the possible impact on the surety of U.S. energy supply.

The countervailing issues are, of course, the budgetary implications of any new governmental construction and the desire to minimize direct government involvement in commerce. At this point, however, the private commitment is very tentative and there is a strong likelihood that government subsidy may have to be provided, at least during a transition phase.

In light of the complexity of this issue and the considerable uncertainty that exists on it within the government and private sector, it would seem advisable to examine further the policy issues relating to private ownership of our future uranium enrichment capacity. The study would be very closely held so as not to disturb any discussions now underway.

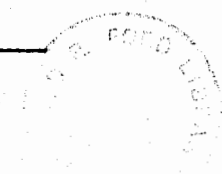
With your approval, I will issue the study request at Tab A. The study will be conducted in coordination with OMB and other interested agencies and departments and forwarded for your consideration.

APPROVE _____

DISAPPROVE _____

~~CONFIDENTIAL~~/GDS

KR 4/1/68



What are the prospects and implications (for example, for trade benefits and proliferation) if private activity were to result in business arrangements abroad through which enriching technology becomes subject to transfer, sale, or licensing?

Can satisfactory oversight of private industry be established and adequate mechanisms developed to facilitate the planning and long-range actions necessary to maintain the appropriate U.S. stockpile of enriched uranium?

What are the organizational alternatives to private assumption of enriching services? (Each alternative should include discussion of its legislative, cost, and budget implications, probable congressional and utility reaction, and impact on the nuclear industry.)

Based on the above analysis and other relevant factors, the study should outline the policy options open to the President and their advantages and disadvantages.

This study should be carried out by an Ad Hoc Group comprised of representatives of the addressees and chaired by the representative of the Atomic Energy Commission. The study should be conducted on a close-hold basis. It should be forwarded to the President for his consideration no later than October 1, 1974.

Henry A. Kissinger

cc: The Secretary of the Treasury
The Secretary of Commerce
Counsellor to the President for Economic Policy
The Administrator, Federal Energy Administration
The Chairman, Joint Chiefs of Staff

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 26, 1974

Time:

FOR ACTION: Brent Scowcroft

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Thursday, August 29, 1974

Time: 5:00 p.m.

SUBJECT:

Zarb/Ash memo (8/22/74) re: Endorsement of present policy to move responsibility for future uranium enrichment capacity to private industry

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

8/30 - ok to go in
(see DG filing)



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jerry H. Jones
Staff Secretary

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 26, 1974

Time:

FOR ACTION: Brent Scowcroft

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Thursday, August 29, 1974

Time: 5:00 p.m.

SUBJECT:

Zarb/Ash memo (8/22/74) re: Endorsement of present policy to move responsibility for future uranium enrichment capacity to private industry

ACTION REQUESTED:

___ For Necessary Action

X For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

X For Your Comments

___ Draft Remarks

REMARKS:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jerry H. Jones
Staff Secretary

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 22 1974

MEMORANDUM FOR THE PRESIDENT

THROUGH: ~~ROY L. ASH~~

FROM: FRANK G. ZARB *FZ*

SUBJECT: Endorsement of present policy to move responsibility for future uranium enrichment capacity to private industry

AEC's capacity to enrich uranium fuel for nuclear powerplants is now fully committed, and therefore AEC is no longer taking orders. In anticipation of this, the Government, beginning in 1971, took a strong public position that the enrichment of uranium need no longer be a Governmental function and that the responsibility for providing additional capacity for the 1980's and beyond can and should be undertaken by private industry.

Industry has responded seriously to this challenge (one firm is ready to take orders as a basis for commitment to a \$2.8 billion plant) but is encountering obstacles, as follows:

- Industry's terms and conditions for future supply do not appear to be as attractive as those now provided by AEC because industry must price its product to reflect real costs, and AEC has not been able to do this because of statutory limitations. Therefore the electric utility customers have so far been hesitant to buy the services now being offered; they appear to want to force the Government to build additional capacity.

- The utilities' posture is encouraged by the facts that some congressional attitudes on private entry range from apathy to opposition and that Craig Hosmer is advocating a Government corporation to operate the existing AEC plants and build new plants. Such a Government corporation would effectively terminate private interest and would probably perpetuate uranium enrichment as a Government function for decades to come. Such an outcome would have a severely adverse impact on the Federal budget, amounting to billions of dollars in this decade alone.

Despite the difficulties enumerated, AEC and we are persevering in our efforts to bring about private entry within the next 8-10 months. We are proceeding on the assumption that the course which we are now pursuing reflects your own views.

Agree _____

Disagree _____

See me _____

THE WHITE HOUSE
WASHINGTON

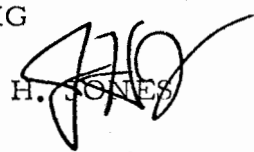
August 30, 1974

~~CONFIDENTIAL~~

MEMORANDUM FOR:

AL HAIG

FROM:

JERRY H. JONES 

SUBJECT:

Uranium Enrichment

Attached at Tab A is a recent Ash memo on this subject. Tab B is Kissinger's response.

In essence, OMB feels strongly that we should push ahead in getting private sector involvement in the uranium enrichment service. Kissinger is apparently quite concerned about this policy and would like to have it reviewed. The crunch, of course, is the time delay involved in such a review because of the present and increasing shortage situation of enriched uranium.

I am sure you will want to discuss this in some detail with the President.

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 13526 (as amended) SEC 3.3

NSC Memo, 3/30/06, State Dept. Guidelines

By MAC NARA, Date 9/23/2012



THE WHITE HOUSE
WASHINGTON

3704X

~~CONFIDENTIAL~~

August 29, 1974

MEMORANDUM FOR: JERRY JONES
FROM: BRENT SCOWCROFT *BS*
SUBJECT: Comments on the Ash/Zarb Memo
on Uranium Enrichment

Secretary Kissinger believes that important policy questions should be addressed prior to a decision on reaffirming USG policy to move uranium enrichment services to the private sector. He requests that the attached memorandum, proposing an interagency study on the issues involved, be forwarded to the President as a companion to the Ash memorandum.

Attachment

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 13526 (as amended) SEC 3.3
NSC Memo 3/30/06, State Dept. Guidelines
By *MBO* NARA, Date *8/23/2012*



MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ACTION

~~CONFIDENTIAL~~/GDS

X-3704

MEMORANDUM FOR: THE PRESIDENT
FROM: HENRY A. KISSINGER
SUBJECT: Assumption of Uranium Enrichment by
the Private Sector

With regard to Roy Ash's proposal concerning the movement of future enriched uranium production from the government into the private sector, I believe that a number of important questions must be addressed. These questions relate, for example, to the potential security and safeguard problems connected with the multiplication of domestic enrichment facilities outside direct government control, the foreign policy implications of altering our intergovernmental relationships and commitments in the nuclear fuel area, the increased risk of foreign nuclear weapon proliferation if private international trading in enrichment technology develops, the implication of possible radical new enrichment technology, and finally the possible impact on the surety of U.S. energy supply.

The countervailing issues are, of course, the budgetary implications of any new governmental construction and the desire to minimize direct government involvement in commerce. At this point, however, the private commitment is very tentative and there is a strong likelihood that government subsidy may have to be provided, at least during a transition phase.

In light of the complexity of this issue and the considerable uncertainty that exists on it within the government and private sector, it would seem advisable to examine further the policy issues relating to private ownership of our future uranium enrichment capacity. The study would be very closely held so as not to disturb any discussions now underway.

With your approval, I will issue the study request at Tab A. The study will be conducted in coordination with OMB and other interested agencies and departments and forwarded for your consideration.

APPROVE _____

DISAPPROVE _____

~~CONFIDENTIAL~~/GDS

KR 4/7/86

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~/GDS

National Security Study Memorandum

TO: The Secretary of Defense
The Director, Office of Management and Budget
The Deputy Secretary of State
The Director of Central Intelligence
The Chairman, Atomic Energy Commission
The Director, Council on International Economic Policy

SUBJECT: Policy on the Development of Future Uranium
Enrichment Capacity

The President has directed that the issues associated with a shift to private ownership of part of our future uranium enrichment capacity be reexamined. The study should consider but not be limited to the following:

What is the outlook for private sector assumption of the enrichment business with present and prospective technologies?

What are the prospects for adequate production resources being developed to meet the long-term projected increasing demand for uranium enrichment facilities?

What governmental actions (and associated costs) would be required to facilitate private entry and to ensure future supply?

What would be the implications of private control of enrichment for U.S. foreign policy, trade and energy policies, domestic and international nuclear safeguards, and non-proliferation?

What are the costs and implications of the U.S. governmental commitments to worldwide supply, assurance of timely availability, and nondiscriminatory access? How can it be ensured that the private sector would meet and sustain such commitments, and what would be the foreign policy implications if these commitments were not met?

~~CONFIDENTIAL~~/GDS

KR 4/7/89

What are the prospects and implications (for example, for trade benefits and proliferation) if private activity were to result in business arrangements abroad through which enriching technology becomes subject to transfer, sale, or licensing?

Can satisfactory oversight of private industry be established and adequate mechanisms developed to facilitate the planning and long-range actions necessary to maintain the appropriate U.S. stockpile of enriched uranium?

What are the organizational alternatives to private assumption of enriching services? (Each alternative should include discussion of its legislative, cost, and budget implications, probable congressional and utility reaction, and impact on the nuclear industry.)

Based on the above analysis and other relevant factors, the study should outline the policy options open to the President and their advantages and disadvantages.

This study should be carried out by an Ad Hoc Group comprised of representatives of the addressees and chaired by the representative of the Atomic Energy Commission. The study should be conducted on a close-hold basis. It should be forwarded to the President for his consideration no later than October 1, 1974.

Henry A. Kissinger

cc: The Secretary of the Treasury
The Secretary of Commerce
Counsellor to the President for Economic Policy
The Administrator, Federal Energy Administration
The Chairman, Joint Chiefs of Staff

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~/GDS

National Security Study Memorandum

TO: The Secretary of Defense
 The Director, Office of Management and Budget
 The Deputy Secretary of State
 The Director of Central Intelligence
 The Chairman, Atomic Energy Commission
 The Director, Council on International Economic Policy

SUBJECT: Policy on the Development of Future Uranium
 Enrichment Capacity

The President has directed that the issues associated with a shift to private ownership of part of our future uranium enrichment capacity be reexamined. The study should consider but not be limited to the following:

What is the outlook for private sector assumption of the enrichment business with present and prospective technologies?

What are the prospects for adequate production resources being developed to meet the long-term projected increasing demand for uranium enrichment facilities?

What governmental actions (and associated costs) would be required to facilitate private entry and to ensure future supply?

What would be the implications of private control of enrichment for U.S. foreign policy, trade and energy policies, domestic and international nuclear safeguards, and non-proliferation?

What are the costs and implications of the U.S. governmental commitments to worldwide supply, assurance of timely availability, and nondiscriminatory access? How can it be ensured that the private sector would meet and sustain such commitments, and what would be the foreign policy implications if these commitments were not met?

~~CONFIDENTIAL~~/GDS

KR 4/7/69