

June 28, 1967

**Meeting Minutes, 'Points of Interest arising from
Uranium Marketing Committee Meeting: June 26,
1967'**

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Summary:

Notes the current negotiations of the major nuclear powers from a meeting of the South African Uranium Marketing Committee.

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Points of Interest arising from Uranium
Marketing Committee Meeting : June 26,
1967

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CONFIDENTIALPOINTS OF INTEREST ARISING FROM URANIUM
MARKETING COMMITTEE MEETING : JUNE 26,
1967
-----WESTERN GERMANY:

In the atomic energy field Western Germany started off way behind the rest of Europe, but developments are now proceeding fairly rapidly. Siemens, for example, is satisfied that it will shortly be able to compete with British, French, and American consortia in the world reactor market. South Africa has established good relations not only with Siemens, but with NUKEM, AEG, Degussa, and Metallgesellschaft.

German estimates of cumulative requirements of uranium by 1980 vary from 20,000 tons to 50,000 tons, the conservative estimate being that of the electricity producers and the high estimate that of the German Government.

Offers have been made to Siemens for the sale at \$650 per lb. of (a) 260 tons, (b) 400 tons of uranium for delivery 1969/70, in respect of two reactors for which Siemens are tendering.

1000 tons had been offered to Siemens over 12 years at a fixed price of \$7.65 - but the contract went to Eldorado of Canada at between \$7.20 and \$7.30.

An offer has been made to Metallgesellschaft of 100 tons per annum for ten years at a price of \$7.65 f.o.b. Durban.

UNITED KINGDOM:

UKAEA is anxious to negotiate a contract with South Africa for the period 1975-1981 or 1983. The contract would be for a maximum of 1000 tons a year for this period. It is,

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however, difficult for the Chamber of Mines to fix prices for so far ahead, and negotiations to date have shown that the United Kingdom and South Africa are about £2 a lb. apart as far as prices are concerned. In the meantime the United Kingdom has taken up an option for the supply of an extra 2000 tons from Rio Algom.

In general, the United Kingdom wishes to diversify its sources of uranium, having in mind to secure one-third of its requirements from South Africa, somewhat less than two-thirds from Canada and the remaining small proportion from Australia.

The United Kingdom would like to secure a further stretch-out from South Africa, but investigations have shown that this would not be to South Africa's financial advantage.

UNITED STATES OF AMERICA:

Although it is in conflict with the provisions of GATT, the United States embargo on the purchase of foreign uranium for use in domestic reactors still applies, and the only purchases which U.S. firms are authorised to make are in respect of uranium which is to be used for fuelling reactors sold outside the United States. However, there are some signs that the embargo may be lifted in the foreseeable future.

The United States mining companies are increasingly interested in getting into the business of fuel manufacture rather than leaving it in the hands of the big consortia such as Westinghouse, General Electric, etc. In this regard it is of interest that in terms of the fuel cycle, U_3O_8 represents about 25%, conversion to UF_6 represents about 5%, enrichment (depending on the degree of enrichment) represents 25-35%,

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manufacture of the fuel elements represents 15-25% and re-processing costs represent 5-15%. (These are all approximations).

As regards prices for uranium in the United States, these are now about £6 a lb. No new contracts will be concluded under that figure, which is expected to increase to £7 a lb. by 1970. From 1970-1973 there will be a slow escalation ^{to \$7.50} due to enriched uranium being supplied at a guaranteed tariff. After 1973 there should be some escalation to £10 about 1980, but there is a wide divergence of view as to what the position will be from 1975 onwards.

FRANCE:

It has been ascertained that the French are not interested in UF_4 but are prepared, as a gesture, to consider taking some of our normal deliveries of U_3O_8 in the form of UF_4 , subject to an agreement on price.

Discussions have taken place regarding the possibility of France producing UF_6 for us, but no finality has so far been reached.

It has been made clear to us that the French will buy uranium from Canada if they can obtain it free from safeguards.

With reference to the recent discoveries of uranium in Niger, it is estimated that these deposits amount to some 30,000 tons, 20,000 tons of which can be produced at a cost of below £10 per lb., using open cast operations. The grade is approximately 0.3 lb. per ton. It is expected that the plans for the exportation of the Niger deposits will mean that they will produce approximately 1200 tons a year of U_3O_8 by 1973.

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PRODUCTION OF URANIUM IN SOUTH AFRICA:

Broadly speaking, present productive capacity is fully committed up to 1971. After 1971 there is scope for new sales. The present productive capacity can be assessed at 3500 to 4000 tons per annum, which can if need be be stepped up another 500 tons per annum or more.

In the case of some uranium producers such as Stilfontein and Blyvooruitzicht, extensive reconstruction will be necessary in order to bring the uranium plants into efficient operation once more, but in the case of Blyvooruitzicht it has been decided to go ahead with this, notwithstanding the heavy costs involved.

Further details of the production and capacity position are to be found in a table and graph prepared by the Chamber of Mines, which have been submitted separately.

Pretoria.

28 June 1967

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