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fast plutonium-power breeder. There was discussion of the need for further information regarding the most promising line of development of a plutonium-power breeder.

After further discussion, the Commission:

REQUESTED that there be prepared a paper regarding current interest in and possible lines of development of a plutonium-power breeder and commenting on the impact a maximum effort to develop such a breeder might have on other reactor projects.

At this point Messrs. Waller, Mullenbach, Hafstad, Noble, and Cook left the meeting and Messrs. Claus, Miller, and Sturges entered.

3. AEC 43/393-Technical Cooperation-Proposed Visit by Dr. W. F. Grove and Dr. J. R. Catch (U.K.) to Several U.S. AEC Installations

Under consideration was a report on the above subject by the Commission Member of the CPC Subgroup of Scientific Advisers.

After discussion, the Commission:

APPROVED the recommendation of AEC 43/393.

4. AEC 334/7-Draft Reply to the MLC Regarding Organization for Military Participation in Future Tests

Under consideration was a draft letter (AEC 334/7) replying to MLC proposals (AEC 334/6) regarding organization for military participation in future tests. After discussion of the respective responsibilities of the AEC and the DCD in the conduct of atomic tests, the Commission:

APPROVED for dispatch the letter to the Chairman of the MLC (334/7).

At this point Messrs. Johnson, Faulkner, Wells, Hall, and Pitzer entered the meeting.

stimulate interest in civil defense activities, or security, presence of large numbers of persons at other than a civil defense test would create; and of the need to discourage a continuing expenditure of fissionable material for tests of this type. After further discussion, the Commission:

a. REQUESTED that the letter to the Administrator, FCDA, (AEC 432/1) be revised to advise of the Commission's views as to the exhibitory nature of the proposed atomic test for civil defense purposes and of the Commission's concern that further such tests involving the expenditure of additional fissionable material might be proposed in the future; and

b. APPROVED for dispatch, subject to revision in accordance with a above, the letter to the Administrator, FCDA (AEC 432/1).

At this point Messrs. Claus, Miller, and Sturges left the meeting.

6. AEC 254/7 - Proposed Extension of Loan of 9,000 Pounds of Heavy Water Currently on Short-term Loan to Canadian Atomic Energy Project

Under consideration was a report on the above subject. After discussion, the Commission:

APPROVED the recommendation of AEC 254/7.

At this point Messrs. Coiner, Fitzer, and Salisbury left the meeting.

7. Oral Report on South African Visit

Mr. Wells referred to the draft loan instrument which had been prepared by the Export-Import Bank prior to the recent visit to South Africa of representatives of the AEC and the Export-Import Bank as a basis for discussion with South African mining company representatives.

The mining firms, in consultation with South African government officials, had proposed a revised loan instrument. The revised instrument, which the staff of the AEC and the Export-Import Bank deem acceptable, differed from the initial U.S. draft chiefly in two ways. First, it eliminated the revolving fund plan idea and substituted for it an understanding that the mining companies could request funds within established limits as they desire, it being understood that the companies would provide the Export-Import Bank with quarterly disbursement statements; and second, in lieu of a negotiable promissory note to be held by the Export-Import Bank, which the South Africans felt was undesirable, the revised document was written to include a clear promise to repay as an evidence of indebtedness.

Mr. Faulkner advised that the initial estimated cost of the four mines originally included under the Heads of Agreement had risen, as had been expected, some 40% to approximately \$28 million and the six-plant estimate to about \$39 million, leaving a final loan figure of approximately \$47 million, which included a 20% allowance for contingency purposes. On this basis, the total U.S. commitment would be approximately \$31 million or two-thirds of the total loan to the South Africans, the remainder of which would be put up by the United Kingdom.

Signing of the agreement by the South African firms was expected in about two months after consultation with their stockholders, during which time the Export-Import Bank would prepare a resolution for action by its officers proposing approval of the loan.

Mr. Johnson said that the estimated cost of the calcining plant proposed subsequent to the signing of the Heads of Agreement was in the neighborhood of \$1 million, the financing of which would be handled separately from that of other uranium recovery facilities, probably by direct investment by the CDA.

After further discussion of the estimated cost of uranium production facilities, of the draft loan instrument, and of prospects for additional facilities in South Africa, which Mr. Johnson pointed out Mr. Frank McQuiston was now enroute to South Africa to discuss, the Commission:

a. NOTED WITH APPROVAL the general terms of the draft loan instrument for the financing of South African uranium production plants and related facilities covered by the contract between the CDA and the Atomic Energy Board of South Africa; and

b. NOTED that final action by the Commission to guarantee loans by the Export-Import Bank to the individual South African mining companies would be sought in about two months.

Roy B. Snapp
Secretary

Approved by the Commission: June 13, 1951