

July 5, 2000

MEMORANDUM TO: Chairman Meserve
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

FROM: Janice Dunn Lee, Director */RA/*
Office of International Programs

SUBJECT: SALE OF ARGENTINIAN DESIGNED RESEARCH REACTOR TO
AUSTRALIA - VISIT OF AUSTRALIAN NUCLEAR OFFICIAL TO NRC

On June 6, 2000, the Australian Nuclear Science and Technology Organization (ANSTO) announced the selection of the Argentinian company, INVAP, as the "Preferred Tenderer" for Australia's long-anticipated replacement for its existing HIFAR high-flux research reactor. This is a major sales coup for INVAP and Argentina, which won out over competing proposals from France (Technicatome), Germany (Siemens), and Canada (AECL). No proposals were submitted by U.S. firms. Further details on this sale are contained in media releases by ANSTO (Attachment 1) and INVAP (Attachment 2).

As a related matter, Mr. John Carlson, a senior Australian nuclear official, will visit NRC staff on July 12, 2000, as an adjunct to his other scheduled meetings with Executive Branch officials. Mr. Carlson is the Director General of the Australian Safeguards and Non-Proliferation Office (ASNO), which is located in the Australian Department of Foreign Affairs and Trade (DFAT). Further background on ASNO's mission is at Attachment 3.

Mr. Carlson will discuss with NRC staff further details of the new research reactor, including whether or not Australia anticipates fueling the reactor with enriched uranium supplied from U.S. sources and therefore subject to NRC's export licensing requirements. Australia's existing HIFAR reactor uses high-enriched uranium imported from the U.S. The new reactor to be supplied by Argentina uses low-enriched uranium (LEU) fuel. (As a related matter, on June 30 OIP sent to the Commission an information paper on the status of cooperation between the U.S. and Argentina on the development of LEU fuel and targets for research reactors in Argentina.)

Mr. Carlson will also discuss matters related to (1) NRC's involvement in U.S./Australian cooperative activities concerning the SILEX uranium enrichment process; (2) the development of proliferation-resistant fuel cycle technologies; (3) progress in implementing the IAEA safeguards "Additional Protocol" in Australia and the U.S.; (4) the status of the IAEA's proposed new "Integrated Safeguards" system; (5) the feasibility of proposed new reactor designs, such as South Africa's pebble bed reactor and the Russian "BREST" lead-cooled reactor; and (6) developments in the U.S. nuclear industry, including prospects for new reactor sales.

Attachments: 1. ANSTO Media Release for Replacement Reactor
2. INVAP Press Release on Replacement Research Reactor Project
3. DFAT Media Release on ASNO

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