

July 20, 2000

MEMORANDUM TO: Marvin Peterson, Team B Leader
Office of International Programs

FROM: Suzanne Schuyler-Hayes, International Relations Officer, /RA/
Team B
Office of International Programs

SUBJECT: TRIP REPORT, NUCLEAR SUPPLIERS GROUP PLENARY
MEETING, PARIS, FRANCE (JUNE 19-23, 2000)

As you know, I represented the NRC in the U.S. Delegation to the June 19-23, 2000 Nuclear Suppliers Group (NSG) Plenary and associated meetings in Paris, France. The delegation was led by Richard Stratford, Department of State, and also included representatives of the Departments of State, Energy (DOE) and Commerce, and the U.S. Mission, Vienna. A report of the meetings can be found in the Department of State telegrams (Attachment). Following is a summary of items of interest to the NRC, some of which need to be reflected in the OIP rulemaking to update 10 CFR Part 110.

1. Membership

Belarus, Cyprus and Turkey were welcomed as new members of the NSG resulting in a total of 38 member states. These countries will be added to list at 10 CFR Part 110.30 to make that section current. Slovenia attended the meetings as an observer and is likely to be admitted to the NSG during an intercessional meeting over the next year. Kazakhstan is also interested in joining the NSG, but it was reported that the country has more work to do on its export controls before meeting all the conditions of membership.

2. NSG Outreach Activities

The outgoing 1999 Italian NSG chairman reported on outreach activities over the past year with nonmember states. This included Slovenia and Kazakhstan, China, Egypt, India and Iran. He reported that Chinese indicated that they are prepared to accept full-scope safeguards as a condition of nuclear supply, but other NSG members questioned the statement and felt this was still to be confirmed. Italy contacted Pakistan for talks but was rebuffed.

3. Joint Information Exchange (JIE)

Presentations were made on programs of concern in Iran, DPRK, Pakistan, Democratic

Republic of Congo, and Israel. The DOE presented an analysis of the NSG denial process since 1973. The Czech Republic made a presentation on their April 2000 legislation to ban all support, direct and indirect, to Iran's Bushehr nuclear power station. Russia intervened to indicate that the Czech complementary information could be interpreted as a denial notification on a party to the Treaty on the Non-proliferation of Nuclear Weapons (NPT), with full-scope safeguards, to access civilian nuclear materials, equipment and technology. Russia was supported by France and South Africa, which as the current leader of the non-aligned movement felt it had to speak up in support of Iran. The U.S. supported the Czech Republic, and stated its concerns that: 1) the Bushehr project could be used as a cover for clandestine procurement efforts by Iran; 2) any nuclear cooperation helps contribute to a nuclear infrastructure; and 3) that no supplier should cooperate with a country whose procurement activities call into question their non-proliferation credentials. It was agreed that the Czech and Russian delegations would attach statements of their respective positions on the Iran Bushehr supply issue to the JIE report.

4. Restructuring of the NSG

Progress has been made on restructuring the NSG. Agreement was achieved on the primacy of the Plenary and one consultative group to deal with both Part 1 and Part 2 issues, thereby replacing the Dual Use Regime. It was further agreed that important elements of the DUR would be retained under restructuring such as denial notifications, no undercut, and bilateral exchanges of assurances. The Chairman of the Implementation Working Group expressed the hope that the details to implement the restructuring, such as revision of the Memorandum of Understanding to implement one-step membership, could be accomplished by the 2001 Plenary meeting. A consensus was not reached on specific U.S. proposals for amending the Part 1 Guidelines due in large part to Russian reservations. Delegations expressed strong interest in making the Additional Protocol a condition of supply but agreed that it was premature to do so until more ratifications take place. The Implementation Working Group tabled a draft mandate for Plenary approval which included an outline of steps to be taken to implement restructuring. The U.S. led an effort to include in the mandate continued consideration of amendments to the Part 1 Guidelines.

5. Uranium Ore Concentrates

The NSG also took up the issue of moving conversion of uranium ore (which is not on the Zangger list) from the Part 1 trigger list to the Part 2 dual-use list. The issue was raised by France last fall which indicated that this first step of the conversion process did not require especially designed or prepared equipment and therefore, the entry could be moved to the Part 2 NSG List. The DOE presented a technical paper on the results of a study on uranium ore concentrate conversion systems, and reported that it confirmed that systems for the conversion of uranium ore concentrates are especially designed or prepared (EDP) and thus should remain on the NSG Part 1 list instead of being moved to the dual-use list as proposed by France. The U.S. position received widespread support.

6. Bilateral with Russia

The U.S. Delegation met with Russia on the margins of the NSG Plenary to discuss Russia's

export decree and nuclear supplier policy. Press coverage indicated that the Russian Ministry for Atomic Energy (MINATOM) intended to expand supply relationships with India beyond the two reactors that were negotiated in INF/CIRC 360. The Russians indicated that the Putin decree was to bring Russia into conformance with NSG obligations and that the Foreign Ministry was not aware of any new deals being worked with India.

The Russians also indicated more willingness to include plutonium isotope separation, which was being discussed at a Zangger Committee working group meeting last fall. Plutonium isotope separation should be considered for inclusion in a future rulemaking.

7. U.S. will Host 2001 NSG Plenary

The U.S. offered to host the 2001 Plenary in Aspen, Colorado, the week of May 7-11, and made a short presentation on arrangements being made.

Attachment:
State Department Telegrams

cc w/ attachment:
J. Dunn Lee
R. Hauber
B. Wright
T. Rothschild/G. Kim , OGC
C. Emeigh, NMSS

DISTRIBUTION:

J. Dunn Lee, OIP
R. Hauber, OIP
B. Wright, OIP
T.Rothschild/G. Kim, OGC
C. Emeigh, NMSS
ADAMS - IP-2D

DOCUMENT NAME: G:\Exports\00NSGTR.wpd

To receive a copy of this document, indicate in the box: "C" = Copy without enclosures "E" = Copy with enclosures "N" = No copy

OFFICE	OIP/Team B								
NAME	S Schuyler-Hayes								
DATE	07/18/00								

OFFICIAL RECORD COPY
INTERNAL NRC USE ONLY - NOT FOR PUBLIC RELEASE