

~~CONFIDENTIAL~~

JUL 25 1956

John A. Hall, Director of International Affairs
Thru: Paul Foster, Asst. Gen. Mgr. for International Activities
R. W. Cook, Deputy General Manager ^{Signed - R. W. Cook}

RESOLUTION OF FOREIGN PROGRAM POLICY QUESTIONS

Document No. TIDC/RSB 062-80
This document consists of 3 pages
No. 1 of 1 copies, Series A

In accordance with discussions last week with members of your staff, I have listed in an attachment to this memorandum a number of foreign program policy questions concerning which we have made or should soon make firm recommendations to the Commission.

I am aware that a good deal of thought has already been given to the questions which remain unresolved. We must now proceed as rapidly as possible to present the Commission with solid policy recommendations regarding them. Since the job will be a formidable one if we are to complete it in the relatively near future, I think we should organize in a rather formal way to see that it gets done.

In general, primary responsibility for the formulation and presentation of policy recommendations to the Commission will fall to your office. However, many of the other Divisions are directly interested in the resolution of the problems with which we will be involved, and in some cases, especially those involving technical problems, your role may be essentially to coordinate and to serve as a focal point for the necessary studies. As soon as you have had an opportunity to go over the attachment, I would like to have a meeting to assign responsibilities and priorities for the completion of studies and the submission of recommendations.

I have taken the liberty of furnishing copies to Divisions that appear to be involved to facilitate initial contacts.

Attachment

Studies on Aspects of the AEC Foreign Program

- cc: K. E. Fields
- Paul F. Foster
- David F. Shaw
- A. Tammaro
- E. J. Bloch
- W. K. Davis
- H. L. Price ✓
- Curtis A. Nelson
- William Mitchell
- Paul C. Fine
- Donald F. Musser
- W. McCool

1A-2
#1

When separated from enclosures, handle this document
as UNCLASSIFIED
(Insert appropriate classification)

~~CONFIDENTIAL~~

7 A-1 - Policy Study

~~CONFIDENTIAL~~

STUDIES ON ASPECTS OF THE AEC FOREIGN PROGRAM

Studies on the following subjects have been completed and will shortly be considered by the Commission:

1. AEC 720/25 - Declassification of the U-235 Schedule on Charges and of a Fuel Value for Plutonium and U-233. DEC
2. AEC 720/24 - Uniform Charges and Prices for Transactions Under Power and Research Agreements
3. AEC 751/77 - Public Statement on Use of Products of Atomic Power Reactors
4. Terms and conditions for sale of natural uranium to Japan. (In this case, the Commission decision will serve as a precedent for other similar transactions.)

Studies of the following questions are now being prepared or are to be prepared:

1. The question of whether U-235 should be leased or, alternatively, sold under power agreements (and, perhaps, under research agreements). (OQA&P has given some consideration to this problem and will coordinate their activities closely with your office.)
2. The detailed terms and conditions of sale and lease agreements. DEC
3. The question of whether or to what extent the AEC should make commitments to purchase plutonium or U-233 from other nations.
4. The adoption and, if necessary, the declassification of an appropriate schedule of charges for uranium of less than normal U-235 content. DEC
5. Policy with regard to furnishing fuel to nations which obtain reactors (and perhaps other facilities also) from other sources than U. S. industry. Also, policy with regard to furnishing fuel to nations intending to have the fuel fabricated in other nations than the U. S. DEC
6. Policy with regard to U. S. industry furnishing research development and engineering services or equipment to nations that do not have bilateral agreements. DEC

THIS DOCUMENT IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE
THE PROVISIONS OF EXECUTIVE ORDER 11759
By Authority of 2635 RU
(Declassification Authority/Number)
Date of Declassification 03/09/00

~~CONFIDENTIAL~~

1A1-2
#1

7. The question of whether a surcharge should be added to the costs of obtaining uranium from the U. S. in order to cover part or all of the inspection costs incurred by the U. S. With this, the question of whether any attempt should be made to recover inspection costs when facilities or components of facilities (but not fuel) are obtained from the U. S.
8. Determination of the amount of material required by foreign programs, the proportion of this total which the AEC would be willing to supply, and the nature of the commitments (including the quantities of material and duration of commitments) which the AEC is prepared to undertake.
9. Policy with regard to any proposed transfer of fuel from one nation to another, or from one reactor to another within a given nation. Also, policy with regard to a recipient nation's providing fuel to a private company (American or foreign). DCP
10. Pricing policy for cases in which it is necessary to provide materials in other forms than UF_6 . (Here it is especially important to establish prices which will not discourage U.S. industry from performing these functions. DCP
11. The preparation of a regulation concerning the issuance of licenses or other authorizations for the export of materials or equipment. DCP
12. Procedures to implement the Commission's policy concerning safeguards and controls. (This should include recommendations to the General Manager for organization within the AEC to carry on inspection activities. DCP
13. Clarifying any general terms in bilateral agreements not covered in above items as to manner of implementation. DCP
14. Such other matters not covered above as may require policy determination or further clarification.

Besides studying these questions, I believe that we should review all research and power bilaterals to date in order to arrive at a clear understanding of our commitments thus far for U-235, and to determine as precisely as possible where we stand with regard to the Presidential allocations which have been made to date.