

October 10, 2000

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

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

SUBJECT: CHINA REQUEST FOR U.S. ASSURANCES

The Government of China recently requested U.S. assurances regarding a proposed export of some 24,000 kilograms of low-enriched uranium (LEU) to the U.S. for use by Global Nuclear Fuels Limited (GNFL) and the Southern Nuclear Operating Company (operator of the Farley, Hatch and Vogtle nuclear power plants). Such government assurances, which are routinely provided for shipments to and from the United States involving nuclear fuel and reactor equipment, confirm that the proposed export will be used for peaceful purposes only and will be subject to other conditions including consent rights over retransfers. These conditions are specified in U.S. Agreements for Peaceful Nuclear Cooperation, including the 1985 U.S.-China Agreement.

The State Department cable at Attachment 1 advises the U.S. Embassy in Beijing that internal confirmation steps were taken in the U.S. for the proposed shipment from China, and instructs the Embassy to deliver the requested assurance letter to the Chinese Atomic Energy Commission.

No NRC license is required for the import. A general license (10 CFR 110.27) allows any person to import byproduct, source or special nuclear material (except for irradiated fuel in quantities greater than 100 kilograms and radioactive waste that is not being returned to a U.S. government or military facility), if the recipient (consignee) is authorized to possess the material under an NRC or Agreement State license, an exemption from licensing requirements issued by the Commission or a contract with the Department of Energy. As NRC licensees authorized to possess LEU, GNFL and the Southern Nuclear Operating Company qualify to use the general license to import LEU from China or other foreign country.

The incoming cable from the Embassy in Beijing associated the Chinese request for assurances in the LEU case with U.S. efforts to obtain assurances from China on proposed transfers of U.S. nuclear technology to that country. To date, China has not been willing to provide assurances on such cases, although they have provided assurances on NRC- licensed exports of nuclear

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equipment. The assurances sought by the U.S. for 10 CFR 810 technology transfers include a commitment by China not to retransfer U.S.- supplied nuclear technology to a third country without prior U.S. approval. The State Department cable at Attachment 2 provides an account of the issues as they were discussed in a meeting with Chinese experts on September 13, 2000.

Attachment 1: Unclassified DOS Telegram, State 1925
Attachment 2: Unclassified DOS Telegram, UNVIE 1892

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