

December 24, 2002

Mr. Richard J.K. Stratford, Director
Nuclear Energy Affairs
U.S. Department of State
2201 C Street, N.W.
NP/NE, Room 3320
Washington, D.C. 20520

Dear Mr. Stratford:

Thank you for your letter of December 16, 2002, concerning NRC Export License Application XSOU8790, the proposed export of 25,983 kilograms of depleted uranium for test operation of the Rokkasho Nuclear Fuel Reprocessing Plant in Japan.

We take note of your recommendation that the requested export license be issued. However, to assist the Commission's final review of this application, I would appreciate the Executive Branch's response to the questions posed in the attachment to this letter. Answers to these questions will enable the Commission to address, more authoritatively, substantive issues concerning this case that are relevant to the applicable criteria of the Atomic Energy Act of 1954, as amended, in particular the requirement to make a judgment that the proposed export would not be inimical to the common defense and security of the United States.

There have been significant nuclear proliferation and nuclear security related developments since the Executive Branch and the Commission last reviewed and approved an export license for the Rokkasho Plant. Accordingly, the Commission would benefit from the Executive Branch's updated views on these developments and confirmation that they have not resulted in changed circumstances that would warrant any reconsideration of the Executive Branch's previous decision in favor of allowing the reprocessing of U.S.-obligated spent fuel at Rokkasho.

Thank you for your assistance in this matter.

Sincerely,

/RA/

Janice Dunn Lee, Director
Office of International Programs

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**Proposed Export of Source Material to Rokkasho Reprocessing Plant
NRC Export License Application XSOU8790
Questions for the Executive Branch**

Background. Transport Logistics International, Inc., is proposing to export approximately 25.9 metric tons of depleted uranium to Japan for cold test operations in the Rokkasho Reprocessing Plant. Before approving this export, the Executive Branch and NRC must make a judgment that the export will not be inimical to the common defense and security of the United States. The answers to the questions posed below to the Executive Branch are relevant to making this judgment.

1. Explain why changed circumstances in recent years, including such factors as reduced economic justification, terrorist concerns and the various causes for the delays in Japan's plans to utilize separated plutonium, do not warrant revising the original U.S. Government decision and related conditions that authorized reprocessing of U.S.-obligated spent fuel at Rokkasho.
2. The President's December 2002 policy statement on the National Strategy to Combat Weapons of Mass Destruction reaffirms that the U.S. "will continue to discourage the worldwide accumulation of separated plutonium....." In view of this policy decision, and the reduced need for separated plutonium in Japan within the timeframes originally contemplated, does the Executive Branch anticipate reaching any formal understandings with Japan on the production levels planned for Rokkasho in advance of the decision to authorize the plant to begin operation?
3. What is the anticipated time frame for consultations between the U.S. and Japan on the safeguards approach for Rokkasho?
4. When does the Executive Branch anticipate that Rokkasho will be added to the list of facilities in Annex 1 of the U.S./Japan Nuclear Cooperation Agreement?
5. Since the safeguards approach being developed for the fully operating Rokkasho facility has not yet been reviewed and approved by the U.S. Government, what interim arrangements have been made to ensure that the source material (depleted uranium) proposed for export to Rokkasho by TLI will be subject to appropriate IAEA safeguards measures?