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October 5, 1979

Mr. James R. Shea
Director of International Programs
United States Nuclear Regulatory Commission
Room 6714 - MNBB
Bethesda, Maryland

Dear Mr. Shea:

I refer to your letter dated March 15, 1979, requesting formal Executive Branch views as to whether extension of a license to export plutonium to Japan (NRC No. XSNM-510) should be considered as an exception to, or exempted from, the President's plutonium export policy.

The Executive Branch formally confirms its previous recommendation, conveyed to you in our letter of November 27, 1978, that the request to extend license XSNM-510 be granted. Moreover, it is the view of the Executive Branch that the following factors should be taken into account by the NRC in the consideration of this license extension request by Westinghouse:

- 1) The case should be considered "grandfathered" because it predates the three cases specifically mentioned in the November 14, 1977 memorandum to the President -- XSNM-510 had already been issued in November 1977, whereas the three cases cited in the 1977 memo were pending license applications.
- 2) We are unaware of any intention on the part of the President to rescind or otherwise restrict existing licenses for the export of plutonium for mutually acceptable purposes to countries with appropriate non-proliferation credentials.

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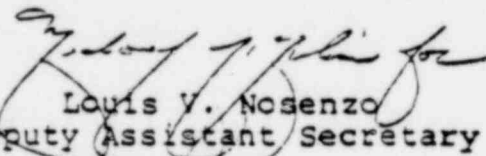
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- 3) Extension of license XSNM-510 to permit export of the remaining plutonium should not in our view be construed as entering into a new commitment.
- 4) The extension, therefore, should not be treated as an exception to the President's plutonium export policy, but rather considered as falling within the guidelines of that policy.
- 5) The balance of material remaining to be exported under license XSNM-510, although slightly in excess of one kilogram, is but a small percentage of the amount of plutonium originally authorized for export under this license.

I hope that the foregoing will be helpful to the Commission in its review of the extension request.

Sincerely,


Louis V. Nosenzo
Deputy Assistant Secretary

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