

June 18, 1979

SECY-78-655B


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## COMMISSIONER ACTION

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For: The Commissioners

From: James R. Shea, Director  
Office of International Programs

Thru: Executive Director for Operations 

Subject: PROPOSED LICENSE TO EXPORT LOW-ENRICHED URANIUM TO JAPAN  
(XSNM-1426, SECY-78-655A)

Purpose: Commission review of proposed issuance of subject license to Mitsui and Company.

Review Dates: 60-day period expires on July 23, 1979  
120-day period expires on September 21, 1979

Discussion: In November 1978, Mitsui and Company, Incorporated applied for a license to export 157,382 kilograms of uranium, enriched to 2.55% U-235, to Japan for use as the initial core of the Fukushima II, Unit 1 reactor. The material will be shipped to Sumitomo Metal Mining Company for conversion and Japan Nuclear Fuel Company for fabrication into fuel assemblies.

Fukushima II, Unit 1 is a 1,100 megawatt electric boiling water reactor owned and to be operated by the Tokyo Electric Power Company. The proposed first shipment is scheduled for June 1979.

The application was forwarded for Executive Branch review and comment on December 12, 1978. On May 23, 1979, the Executive Branch (1) advised NRC that issuance of the proposed license would not be inimical to the interests of the US, including the common defense and security; (2) confirmed that the material will be subject to all the terms and conditions of the US-Japan Agreement for Cooperation; (3) confirmed that Japan has adhered to the provisions of its Agreement for Cooperation; and (4) advised that there were no material changed circumstances since the submission of its detailed analysis of April 30, 1979 on a proposed export of high-enriched uranium to Japan (see SECY-79-14A dated May 11, 1979).

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Facility attachments have been completed for Sumitomo Metal Mining Company and Japan Nuclear Fuel Company. The staff has requested additional information from the Executive Branch on the status of a facility attachment for the Fukushima II, Unit 1 reactor. We have recently been advised by cable that the Government of Japan has not yet officially notified the IAEA of the Fukushima II, Unit 1 reactor. The cable further notes that there should be no trouble in rapidly agreeing to a facility attachment, following the model of several similar reactors, when the Agency is formally notified.

The staff believes that there are no material changed circumstances concerning exports to Japan which would affect the Commission's consideration of licensing criteria and which have occurred since issuance of export licenses (e.g. XSNM-1244 and XSNM-1365) for similar material to Japan after Commission review.

Based upon its independent analysis and review of the Executive Branch submission, the staff has concluded that the requirements of the Atomic Energy Act and the NNPA of 1978, or their equivalent, have been met and that the proposed export would not be inimical to the common defense and security.

Assuming that Commissioner Bradford's questions (discussed in SECY-78-498D, SECY-79-32, SECY-79-64, SECY-79-64B, SECY-79-111, and most recently SECY-79-316) are resolved, the staff believes that this proposed export license may be issued. This procedure is authorized by §110.44(a)(2) of Part 110 and is based on section 126(a)(2) of the AEA as amended by the Nuclear Non-Proliferation Act of 1978.

The following documents are forwarded for Commission review of the subject application (1) application of November 28, 1978 (Appendix A); (2) Executive Branch views of May 23, 1979 (Appendix B); and (3) copy of proposed license (Appendix C).

NMSS Technical Review: NMSS has received no information concerning IAEA safeguards implementation activities and problems in Japan other than from the source which was the basis for NMSS conclusions reflected in Table VIII of the November 21, 1978 memorandum to Commissioner Gilinsky and document SI-79-10029 (Secret). The principal conclusion of the NMSS examination of these documents is that the available information on IAEA implementation is insufficient to permit an evaluation of the effectiveness of IAEA safeguards in Japan. However, NMSS notes that this export does not significantly add to the scope of safeguards associated with the large quantities of SNM already possessed in Japan.

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Also, no information has been received concerning the state system of accounting and control in Japan. Consequently, NMSS is unable to make any determination regarding the capabilities of the Japanese system to support the effective application of IAEA safeguards.

NMSS has reviewed the physical security program in Japan and found it adequate for the purpose of this export.

This action involves no new resource requirements.

Recommendation: That the Commissioners approve issuance of the proposed license to Mitsui and Company.

Coordination: ELD has no legal objection. NMSS views on the adequacy of the accounting and control system, the effectiveness of IAEA safeguards implementation, and the adequacy of the physical security program in Japan are as stated above.

  
James R. Shea, Director  
Office of International Programs

Enclosures:  
As stated

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NOTE: Commissioner comments should be provided directly to the Office of the Secretary, by c.o.b. Wednesday, June 27, 1979.

Commission staff office comments, if any, should be submitted to the Commissioners NLT June 25, 1979, with an information copy to the Office of the Secretary. If the paper is of such a nature that it requires additional time for analytical review and comment, the Commission and the Secretariat should be apprised of when comments may be expected.

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