



DEPARTMENT OF STATE

Washington, D.C. 20520

BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

JUN 11 1979

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XCOM0241
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Mr. James R. Shea
Director of International Programs
United States Nuclear Regulatory Commission
Room 6714 - MNBB
Bethesda, Maryland

EXPORT/IMPORT
AND
INTERNATIONAL SECURITIES

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RECEIVED
U.S. NRC

Dear Mr. Shea:

I refer to your letter dated May 9, 1979, requesting Executive Branch views as to whether issuance of an export license in accordance with the application hereinafter described would be inimical to the common defense and security of the United States:

NRC No. XCOM0241 -- Application by General Atomic Company for authorization to export to the Philippines instrumentation replacements for the Philippine Research Reactor (PRR-1) operated by the Philippine Atomic Energy Commission. The value of the proposed export is \$70,000.

It is the judgment of the Executive Branch that the export contemplated will not be inimical to the common defense and security of the United States, and that this export is consistent with the provisions of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978.

As a non-nuclear-weapons state party to the Non-Proliferation Treaty, the Philippines has committed itself to maintaining IAEA safeguards on all of its peaceful nuclear activities and has pledged not to use any nuclear export for production or research and development of any nuclear explosive device, thereby meeting two of the three criteria required for exports of reactor components under Section 109 of the Atomic Energy Act, as amended. The remaining criterion, agreement not to retransfer any US-supplied component without prior US consent, has been satisfied by the receipt of a generic assurance letter from the Embassy of the Philippines, a copy of which is enclosed.

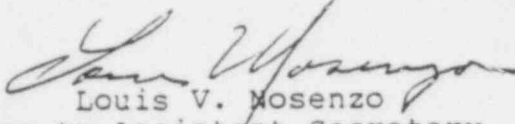
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On the basis of the foregoing, the Executive Branch recommends that the license be issued.

Sincerely,


Louis V. Mosenzo
Deputy Assistant Secretary

Enclosure:
Assurance letter

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September 29, 1978

Mr. Louis V. Nocenzo
Deputy Assistant Secretary for
Nuclear Engineers & Technological Affairs
Department of State
Washington, D.C. 20520
U. S. A.

Dear Mr. Nocenzo:

Subject: Letter of Assurance

The Republic of the Philippines hereby gives assurance that any imported Nuclear Facility components furnished from the United States of America will not be transferred outside the jurisdiction of the Republic of the Philippines. The same assurance has been given two years earlier in connection with the loan agreement with the United States of America Export-Import Bank. It is also a commitment of the Republic of the Philippines under the provisions of Article XI paragraph 3 of the "AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES CONCERNING THE CIVIL USES OF ATOMIC ENERGY", signed in Washington on June 13, 1968, which reads as follows:

- "(3) No material, including equipment and devices, transferred to the Government of the Republic of the Philippines or to authorized persons under its jurisdiction pursuant to this Agreement or the superseded Agreement will be transferred to unauthorized persons or beyond the jurisdiction of the Government of the Republic of the Philippines except as the Commission may agree to such a transfer to another nation or group of nations, and then only if, in the opinion of the Commission, the transfer of the material is within the scope of an Agreement for Cooperation between the Government of the United States of America and the other nation or group of nations."

Very truly yours,

G. Y. Itchon
GABRIEL Y. ITCHON

Deputy Minister of Energy
and concurrently, President,
National Power Corporation

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