

June 11, 1979

SECY-79-326A

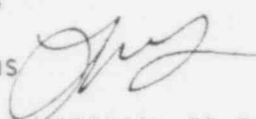
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## COMMISSIONER ACTION

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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 SOURCE MATERIAL TO THE UNITED KINGDOM (XU08460, SECY 79-326)

Purpose: Commission review of proposed issuance of subject license to Edlow International Company.

Review Dates: 60-day period expires on July 29, 1979  
120-day period expires on September 27, 1979

Discussion: On April 1, 1971, license number SUB-7952 was issued to British Nuclear Fuels, Ltd. (BNFL) authorizing the export of 5,000,000 kilograms of uranium as U308 to the United Kingdom. The license was subsequently amended to extend the expiration date to March 31, 1979.

On May 7, 1979 Edlow International Company, as agent for BNFL, (1) informed the staff that through an oversight, an amendment for an extension of expiration date was not applied for; (2) requested that a new license be issued for 1,000,000 kilograms of uranium contained in 1,180,000 kilograms of natural uranium; and (3) asked that this application be handled on an urgent basis because delays are now occurring in shipments to the U.K.

The material will be shipped to BNFL in the U.K. for conversion to UF<sub>6</sub> and returned to the U.S. for enrichment. All material exported will be returned to the U.S. The staff is informed that there is no facility attachment for BNFL.

In response to our May 10, 1979 request for views, the Executive Branch has (1) concluded that issuance of the license would not be inimical to the interests of the United States, including the common defense and security; (2) confirmed that the material will be subject to the U.S.-Euratom Additional Agreement for Cooperation; (3) confirmed that Euratom 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 for Euratom of December 8, 1978 on application XSNM-1241 (SECY-79-645A).

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The staff believes there are no material changed circumstances concerning exports to EURATOM, including the U.K., which would affect the Commission's consideration of licensing criteria and which would have occurred since export license XU08439 to the U.K. (refer: SECY 79-91) was issued on March 1, 1979 and license XSNM-1241 was issued on April 17.

Upon review of the Executive Branch analysis and the supportive documentation, the staff has independently concluded that the requirements of the Atomic Energy Act and the NNPA of 1978 have been met and that the proposed license would not be inimical to the common defense and security of the U.S.

The following documents are forwarded for Commission review of the subject application: (1) License SUB-7952 (Appendix A); (2) application of May 7, 1979 (Appendix B); (3) Executive Branch views of May 25, 1979 (Appendix C); and (4) copy of proposed license (Appendix D).

NMSS Technical Review:

NMSS has not received any information concerning details of the U.K. state system of accounting and control and IAEA safeguards implementation. However, NMSS does have in its possession two public releases on inventory differences (MUF) in the British civil nuclear program and the very limited information provided in the annual safeguards reports of the IAEA. The 8-year history of MUF values for the Springfield plant appears to be satisfactory, but there is a lack of background information for comprehensive evaluation of the data. NMSS does not know whether the Springfield plant will be selected from eligible facilities for the full application of IAEA safeguards under the U.K. safeguards agreement.

The principal conclusion of the NMSS examination is that the available information on IAEA implementation is not sufficient to permit NMSS to evaluate the effectiveness of IAEA safeguards in the U.K.

NMSS has reviewed the physical security program in the U.K. and found it to be adequate for the purpose of this export.

This action involves no new resource requirements.

Recommendation: That the proposed license be issued to Edlow International Company

Coordination: OELD has no legal objection. NMSS views on the adequacy of the accounting and control system and the effectiveness of

Coordination: IAEA safeguards implementation in the U.K. are as stated  
(Cont'd.) above.

  
James R. Shea, Director  
Office of International Programs

Enclosures:  
As Stated

NOTE: Commissioner comments should be provided directly to the Office of the Secretary, by c.o.b. Tuesday, June 19, 1979.

Commission staff office comments, if any, should be submitted to the Commissioners NLT June 22, 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 Commissioners and the Secretariat should be apprised of when comments may be expected.

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