

June 1, 1979

SECY-79-282A

## COMMISSIONER ACTION

For: The Commissioners

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

Thru: Executive Director for Operations *TAR for L.U.6.*

Subject: PROPOSED LICENSE TO EXPORT LOW-ENRICHED URANIUM  
TO JAPAN (XSNM-1405, SECY-79-282)

Purpose: Commission review of proposed issuance of subject license  
to Mitsubishi International Corporation.

Review Dates: 60-day period expires on June 17, 1979  
120-day period expires on August 16, 1979

Discussion: In October 1978, Mitsubishi International Corporation  
applied for a license to export 11,983 kilograms of uranium,  
enriched to 2.85% U-235 to Japan for use as reload in the  
Mihama Unit 3 reactor. The material, in the form of  
uranium hexafluoride, will be shipped to Mitsubishi Nuclear  
Fuel Company for conversion and fabrication into fuel  
assemblies.

The application was forwarded for Executive Branch review  
and comment on November 22, 1978. On April 16, 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 December 8, 1978 on seven  
proposed exports of low-enriched uranium (discussed in  
SECY-79-64, classified, dated January 24, 1979).

Contact:  
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Under 10 CFR 110.40(b)(2), the staff would normally be authorized to process this application as a routine reload without referral to the Commission. However, due to concerns raised by Commissioner Bradford as discussed in SECY-78-498D, SECY-79-32, SECY-79-64, SECY-79-64B, SECY-79-111, and most recently SECY-79-316, all classified confidential, the subject application is being forwarded for Commission review.

The staff has been informed that facility attachments have been completed for the Mihama 3 reactor and Mitsubishi Nuclear Fuel Company.

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 of the U.S.

Assuming that Commissioner Bradford's questions 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 October 31, 1978 (Appendix A); (2) Executive Branch views of April 16, 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 29, 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.

Also, no information has been received concerning the state systems of accounting and control in Japan. Consequently, NMSS is unable to make any determination regarding the capabilities of its 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.

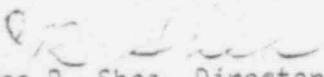
This action involves no new resource requirements,

Recommendation:

That the Commissioners approve issuance of the proposed license to Mitsubishi International Corporation.

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. Monday, June 11, 1979.

Commission staff office comments, if any, should be submitted to the Commissioners NLT June 7, 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.