

July 16, 1979

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SECY-79-368A

COMMISSIONER ACTION

For: The Commissioners

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

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

Subject: *2ND* PROPOSED LICENSE TO EXPORT SOURCE MATERIAL TO FRANCE
(XU08461, SECY-79-368)

Purpose: Commission review of proposed issuance of export license to Transnuclear Incorporated

Review Dates: 60-day period expires on July 30, 1979
120-day period expires on September 30, 1979

Discussion: In May 1979, Transnuclear Incorporated filed an application for a license to export 125,000 kilograms of depleted uranium as metal and UF₆ to France. COGEMA is acquiring this material through exercise of the tails option under D.O.E. enrichment contracts numbers UES/128 (Fessenheim II reactor) and UES/130 (Bugey III reactor). It will be used for a variety of ballast applications such as in the keels of yachts and sailboats, counterweights for machinery systems, in gyroscopes for inertia improvement, in sporting equipment, and for metallurgical alloy tests.

In assessing the reasonableness of the proposed end uses, the staff has been informed that approximately 45 to 50 percent of the displacement weight of a sailboat is in the keel. On this basis the keel of a typical 35' sailboat would require between four and six thousand pounds of ballast. A 12-meter yacht would require approximately 35,000 pounds of ballast. The use of depleted uranium as boat ballast has been examined in the past by domestic boat builders and found not to be feasible due to environmental factors, technological problems and costs (approximately \$8 per pound for depleted uranium versus 45¢ per pound for lead). On the other hand, there are advantages to using depleted uranium as ballast in that the weight can be placed lower in the keel or the keel can be

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Discussion:
(Cont'd.)

thinner, creating less drag; consequently, in specific applications a boat manufacturer may be willing to accept the costs for use of uranium.

At the staff's request, COGEMA confirmed that the material will be used only for non-nuclear purposes. Depleted uranium for a non-nuclear end-use is not subject to the export licensing criteria contained in 10 CFR 110.42. Further, such materials fall within the categories of materials listed under 10 CFR 110.41(d) which are not normally reviewed by the Executive Branch.

With respect to the COGEMA facility in France, the staff notes that France, as a nuclear weapon state, is not subject to IAEA safeguards. Although France will voluntarily submit facilities to Agency safeguards, the staff is not aware that the COGEMA facility is under a facility attachment. EURATOM safeguards, nevertheless, will continue to apply to the COGEMA facility.

The staff has concluded that there are no material changed circumstances concerning exports to France which would affect the Commission's consideration of licensing criteria and which have occurred since export license XU08409, source material for a non-nuclear end use, was issued on September 18, 1978.

The following documents are forwarded for Commission review of the subject application: (1) application dated May 3, 1979 (Appendix A); and (2) copy of the proposed license (Appendix B).

NMSS Technical
Review:

NMSS has received no information on plans for IAEA safeguards implementation in France. However, it is unlikely that the exported material will be subject to IAEA safeguards controls.

Physical security criteria contained in 10 CFR Sections 110.42 and 110.43 are not applicable to this export.

Recommendation:

That the proposed license be issued to Transnuclear Incorporated.

Coordination: ELD has no legal objections. NMSS views on IAEA safeguards and physical security are as stated above.


James R. Shea, Director
Office of International Programs

Enclosures:
As stated

DISTRIBUTION:
Commissioners
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Secretariat

NOTE: Commissioner comments should be provided directly to the Office of the Secretary, by c.o.b. Wednesday, July 25, 1979.

Commission staff office comments, if any, should be submitted to the Commissioners NLT July 23, 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.