

July 31, 1979

SECY-79-184B

COMMISSIONER ACTION

For: The Commissioners

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

Thru: Executive Director for Operations *LS h 600*

Subject: PROPOSED LICENSE TO EXPORT LOW-ENRICHED URANIUM TO JAPAN
(XSNM-1473, SECY-79-184A)

Purpose: Commission review of proposed issuance of subject license to
Marubeni America Corporation.

Review Dates: 60-day period expires on August 24, 1979
120-day period expires on October 23, 1979

Discussion: In March 1979, Marubeni America Corporation applied for a license to export 3,799 kilograms of uranium, enriched to 3.90% U-235, to Japan for use as reload fuel in the Fukushima Unit No. 4 reactor. The material, in the form of uranium hexafluoride, will be shipped to Sumitomo Metal Mining Company for conversion and Nuclear Fuel Industries for fabrication into fuel assemblies.

In a letter dated May 11, 1979 (attached at Appendix A), the applicant advises that the material requested in the application at hand, XSNM-1473, and a similar application, XSNM-1484 (SECY-79-222) which is being forwarded separately, will be used in the same reactor as its second reload fuel. Two applications were filed, however, because the XSNM-1473 portion will be exported as UF₆ in September 1979 and the XSNM-1484 portion will be exported as UO₂ powder in December 1979. Furthermore, since two different companies filed separate orders for these export arrangements, the applicant found it more convenient to file two separate applications.

The application was forwarded for Executive Branch review and comment on March 14, 1979. On June 22, 1979, the Executive Branch (1) advised NRC that issuance of the proposed license

Contact:
J. Dunn Lee (492-7984)
M. R. Peterson (492-8155)

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Discussion:
(Cont'd.)

would not be inimical to the interests of the U.S., including the common defense and security; (2) confirmed that the material will be subject to all the terms and conditions of the U.S.-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).

The staff has been informed that facility attachments have been completed for Sumitomo Metal Mining Company, Nuclear Fuel Industries, and Fukushima Unit No. 4 reactor.

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-1405) for similar material to Japan after Commission review. Accordingly, 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 staff notes that the issue of exports to Japan and whether such exports meet criteria 4 and 5 of section 127 of AEA (discussed in SECY-78-498D, SECY-79-32, SECY-79-64, SECY-79-64B, SECY-79-111, and most recently SECY-79-316) remain to be resolved, but the staff believes this issue should not delay Commission action on the pending cases.

The following documents are forwarded for Commission review of the subject application: (1) application of March 2, 1979 and letter of May 11, 1979 (Appendix A); (2) Executive Branch views of June 22, 1979 (Appendix B); and (3) copy of proposed license (Appendix C).

This action involves no new resource requirements.

NMSS Technical
Review:

No description has been received of the state system of accounting and control in Japan. Consequently, NMSS is unable to make any determination regarding the capability of the Japanese system to support the effective application of IAEA safeguards.

NMSS conclusions concerning IAEA safeguards implementation activities and problems in Japan are reflected in Table VIII of the November 29, 1978 memorandum to Commissioner Gilinsky. The principal conclusion of NMSS is that available information on IAEA implementation is insufficient to permit an evaluation of the effectiveness of IAEA safeguards in Japan.

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

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Recommendation: That the Commissioners approve issuance of the proposed license to Marubeni America 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

DISTRIBUTION:
Commissioners
Commission Staff Offices
Executive Dir. for Opers.
Secretariat

NOTE: Commissioner comments should be provided directly to the Office of the Secretary, by c.o.b. Wednesday, August 8, 1979.

Commission staff office comments, if any, should be submitted to the Commissioners NLT August 6, 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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APPENDIX A

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APPLICATION FOR LICENSE TO EXPORT NUCLEAR MATERIAL AND EQUIPMENT (See Instructions on Reverse)

1. APPLICANT'S USE		a. DATE OF APPLICATION 3-2-79		b. APPLICANT'S REFERENCE ZH0075		2. NRC USE		a. LICENSE NO. XSNM01473		b. DOCKET NO. 11000502	
3. APPLICANT'S NAME AND ADDRESS a. NAME MARUBENI AMERICA CORPORATION b. STREET ADDRESS 200 PARK AVENUE c. CITY NEW YORK STATE N.Y. ZIP CODE 10017						4. SUPPLIER'S NAME AND ADDRESS (Complete if applicant is not supplier of material) a. NAME DEPARTMENT OF ENERGY b. STREET ADDRESS OAK RIDGE OPERATIONS c. CITY OAK RIDGE STATE TN ZIP CODE 37830					
5. FIRST SHIPMENT SCHEDULED SEPT., 1979		6. FINAL SHIPMENT SCHEDULED SEPT., 1979		7. APPLICANT'S CONTRACTUAL DELIVERY DATE SEPT., 1979		8. PROPOSED LICENSE EXPIRATION DATE ONE YEAR AFTER DATE OF E/L		9. U.S. DEPARTMENT OF ENERGY CONTRACT NO. (If Known) E(49-14)UES/JA/24			
10. ULTIMATE CONSIGNEE a. NAME TOKYO ELECTRIC POWER CO., INC. b. STREET ADDRESS 1-3, 1-CHOME, UCHISAIWAI-CHO, CHIYODA-KU c. CITY - STATE - COUNTRY TOKYO, JAPAN						11. ULTIMATE END USE (Include plant or facility name) TOKYO ELECTRIC POWER CO., INC. FUKUSHIMA I, UNIT NO.4 22, KITAHARA, OTTOZAWA, OKKUMA-MACHI, FUTABA-GUN, FUKUSHIMA, JAPAN 11a. EST. DATE OF FIRST USE JULY, 1980					
12. INTERMEDIATE CONSIGNEE a. NAME SUMITOMO METAL AND MINING CO., LTD. b. STREET ADDRESS 5-11-3, SHINBASHI, MANATO-KU, c. CITY - STATE - COUNTRY TOKYO, JAPAN						13. INTERMEDIATE END USE SUMITOMO METAL AND MINING CO., LTD. TOKAI PLANT (CONVERTER UF ₆ - UO ₂) 2600, TOJUKU, ISHIGAMI, TOKAI-MURA, IBARAKI, JAPAN 13a. EST. DATE OF FIRST USE OCTOBER, 1979					
14. INTERMEDIATE CONSIGNEE a. NAME NUCLEAR FUEL INDUSTRIES, LTD. b. STREET ADDRESS 23-5, NISHI-SHINBASHI, 3-CHOME, MINATO-KU c. CITY - STATE - COUNTRY TOKYO, JAPAN						15. INTERMEDIATE END USE NUCLEAR FUEL INDUSTRIES, LTD. TOKAI WORKS (FUEL FABRICATOR) 3135-41, HIBARA, MURAMATSU, TOKAI-MURA, IBARAKI, JAPAN 15a. EST. DATE OF FIRST USE JANUARY, 1980					
16. NRC USE		17. DESCRIPTION (Include chemical and physical form of nuclear material; give dollar value of nuclear equipment and components)				18. MAX. ELEMENT WEIGHT		19. MAX. WT. %	20. MAX ISOTOPE WT.	21. UNIT	
		ENRICHED URANIUM HEXAFLUORIDE (UF ₆)				URANIUM 3,799		3.90	U-235 102		
		RECEIVED U.S. NRC							004033		
22. COUNTRY OF ORIGIN - SOURCE MATERIAL Most presumedly Canada			23. COUNTRY OF ORIGIN - SNM WHERE ENRICHED OF PRODUCED U.S.A.			24. COUNTRIES WHICH ATTACH SAFEGUARDS (If Known)					
25. ADDITIONAL INFORMATION (Use separate sheet if necessary) INTERNAT'L SFGROS 7903270360 00025											
26. The applicant certifies that this application is prepared in conformity with Title 10, Code of Federal Regulations, and that all information in this application is correct to the best of his/her knowledge.											
27. AUTHORIZED OFFICIAL			a. SIGNATURE <i>[Signature]</i>			b. TITLE F. HIROSHIMA SENIOR VICE PRESIDENT					

Marubeni AMERICA CORPORATION

200 PARK AVENUE . NEW YORK, N. Y. 10017 . (212) 973-6500

March 2, 1979

L/No. MA1-HK-5775

CERTIFIED MAIL

U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Att: Mrs. Betty L. Wright
Export/Import & International Safeguards
Office of International Programs

Subject: Application for an export License of Special Nuclear
Materials - Fukushima Unit No.4 Power Reactor - Japan

Gentlemen:

Pursuant to 10CFR70.21 we hereby apply for a license to export to The Tokyo Electric Power Company Inc., Tokyo, Japan, the special nuclear material, uranium hexafluoride as described in the attached Form NRC-7.

As shown in the attachment to the Form NRC-7, Sumitomo Metal Mining Co. is the first destination in Japan for UF6-UO2 conversion and then the material to be forwarded to Nuclear Fuel Industries for fabrication into fuel assemblies for the ultimate consignee, The Tokyo Electric Power Co., Inc.

The material at time of export is to be owned by The Tokyo Electric Power Co., Inc. and to be used for reload fuels of their Fukushima Unit No.4 Power Reactor.

The related uranium enrichment contract with U.S. Dept. of Energy is E(49-14)UES/JA/24 and the withdrawal of the material is scheduled for September, 1979.

Thank you very much for your kind attention to this application.

Yours truly,
MARUBENI AMERICA CORPORATION

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U.S. NRC

1979 MAR 6 PM 1 30

[Signature]
H. Kubo
Machinery Division I

HK/pd
cc: Mr. K. Suzuki, Embassy of Japan
Marubeni, Tokyo/B673

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APPENDIX B

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DEPARTMENT OF STATE

Washington, D.C. 20520

RECEIVED
U.S. NRC

BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

JUN 22 1979

EXPORT/IMPORT
AND
INTERNATIONAL AFFAIRS

XSNM01473
Fukushima I
Unit 4 Reload

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

Dear Mr. Shea:

This letter is in response to your letter dated March 14, 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 and whether the proposed export meets the applicable criteria of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978 (P.L. 95-242):

NRC No. XSNM01473 -- Application by the Marubeni America Corporation for authorization to export to Japan 102 kilograms of U-235 contained in 3,799 kilograms of uranium enriched to a maximum of 3.9 percent. After conversion into UO₂ by the Sumitomo Metal and Mining Company Ltd., this low enriched uranium is to be fabricated into fuel assemblies by Nuclear Fuel Industries, Inc., Tokai Mura, for reload of Unit 4 of the Fukushima I Nuclear Power Plant.

The proposed export would take place pursuant to the Agreement for Cooperation Between the United States and Japan as confirmed in a letter from the Embassy of Japan, a copy of which is enclosed. Japan has adhered to the provisions of its Agreement for Cooperation with the United States.

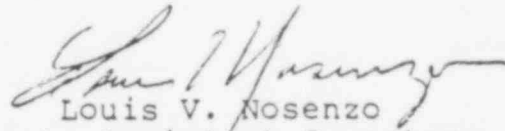
The Executive Branch has reviewed this application and concluded that the requirements of the Atomic Energy Act, as amended by P.L. 95-242 have been met and that the pro-

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posed export will not be inimical to the common defense and security of the United States. A detailed analysis for Japan was submitted April 30, 1979 for NRC license application No. XSNM01435. There has been no material change in circumstances since that submission.

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

Sincerely,



Louis V. Nosenzo
Deputy Assistant Secretary

Enclosure:
Assurance letter

EMBASSY OF JAPAN

2520 MASSACHUSETT AVENUE, N.W.

WASHINGTON, D.C. 20008

(202) 234-25

June 15, 1979

Colonel Vance H. Hudgins
Assistant Director for
Politico-Military Security Affairs
Division of International Security Affairs
Department of Energy
Washington, D.C. 20545

Dear Colonel Hudgins:

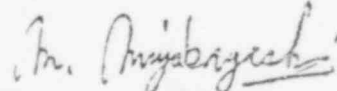
Concerning import of the special nuclear material for the facility noted below, this will confirm that the Government of Japan appointed Tokyo Electric Power Co., Inc. (TEPCO) as an authorized person under the terms and conditions pursuant to Article VI of the Agreement for Cooperation between the Government of the United States of America and Government of Japan concerning Civil Uses of Atomic Energy which entered into force on July 10, 1968, amended by the Protocol on December 21, 1973.

Fuel for the TEPCO's Fukushima I Unit No. 4: 102 kgs of U-235 (3.90 % maximum enrichment) contained in 3,799 kgs of uranium

Further, it is confirmed that the transfer of the special nuclear material identified above will take place under all the terms and conditions of the Agreement for Cooperation between our Governments, and that the appointee(s) named above have been authorized to receive and possess the material by both Governments.

Also, the Government of Japan confirms that the safeguards and guarantees of the Agreement for Cooperation will always apply to this special nuclear material, except for that material subsequently retransferred with the written approval of the United States.

Sincerely yours,



Masayasu Miyabayashi
First Secretary (Scientific)

Ref: This is in reference to the case number of XSNM-1473 stated in your letter dated April 6, 1979.

The intermediate consignee, Sumitomo Metal and Mining Co., Ltd. and the Nuclear Fuel Industries, Ltd. are also authorized to receive and possess the material.

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Maximum enrichment above include allowance 0.1 % and contract based maximum enrichment is 3.80 %.

APPENDIX C

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EXPORT LICENSE

FORM NRC-250
(7-75)

NRC LICENSE NO.

THIS LICENSE EXPIRES 01 August 1980

XSNM01473

United States of America
Nuclear Regulatory Commission

Pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974 and the regulations of the Nuclear Regulatory Commission issued pursuant thereto, and in reliance on statements and representations heretofore made by

the licensee, a license is hereby issued to the licensee authorizing the export of the materials and/or production or utilization facilities listed below, subject to the terms and conditions herein.

<p>LICENSEE</p> <p>NAME Marubeni America Corporation</p> <p>ADDRESS 200 Park Avenue New York, New York 10017</p> <p>ATTN: Mr. H. Okuda</p>		<p>ULTIMATE CONSIGNEE IN FOREIGN COUNTRY</p> <p>NAME Tokyo Electric Power Co., Inc.</p> <p>ADDRESS 1-3, 1-Chome, Uchisaiwai-Cho, Chiyoda-ku Tokyo, Japan</p> <p>Fuel for Fukushima I, Unit 4</p>	
<p>INTERMEDIATE CONSIGNEE IN FOREIGN COUNTRY</p> <p>NAME Sumitomo Metal and Mining Co., Ltd.</p> <p>5-11-3, Shinbashi, Manato-ku, Tokyo, Japan (Converter)</p> <p>Nuclear Fuel Industries, Ltd.</p> <p>ADDRESS 23-5, Nishi-Shinbashi, 3-Chome, Minato-ku Tokyo, Japan (Fabricator)</p>		<p>OTHER PARTIES TO EXPORT Supplier:</p> <p>U.S. Department of Energy Oak Ridge, Tennessee</p>	
<p>APPLICANT'S REF. NO. ZH0075</p>		<p>COUNTRY OF ULTIMATE DESTINATION JAPAN</p>	

<p>QUANTITY 102</p>	<p>DESCRIPTION OF MATERIALS OR FACILITIES kilograms Uranium-235</p>	<p>Contained in 3,799 kilograms uranium, as uranium hexafluoride (UF₆), enriched to 3.90 w/o maximum.</p>
<p>Condition 6 on page two of this license applies to this export.</p> <p>//////////////////////////////////////END//////////////////////////////////////</p>		
<p>304010</p>		

Neither this license nor any right under this license shall be assigned or otherwise transferred in violation of the provisions of the Atomic Energy Act of 1954, as amended and the Energy Reorganization Act of 1974.

This license is subject to the right of recapture or control by Section 108 of the Atomic Energy Act of 1954, as amended and to all of the other provisions of said Acts, now or hereafter in effect and to all valid rules and regulations of the Nuclear Regulatory Commission.

THIS LICENSE IS INVALID UNLESS SIGNED BELOW
BY AUTHORIZED NRC REPRESENTATIVE

**Marvin R. Peterson, Acting Assistant
Director**
Export/Import and International
Safeguards
Office of International Programs

DATE OF ISSUANCE _____

EXPORT LICENSE

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U.S. NUCLEAR REGULATORY COMMISSION
EXPORT LICENSE

Conditions

License Number XS7001473

Condition 1 — Licensee shall file with the Customs Officer or the Postmaster two copies, in addition to those otherwise required, of the Shipper's Export Declaration covering each export and mark one of such copies for transmittal to the U.S. Nuclear Regulatory Commission, Washington, D.C. 20555. The following declaration should accompany or be placed on the Shipper's Export Declarations for such exports:

"This shipment is being made pursuant to specific license number (specific license number) filed at (location of Customs office where license is filed), on (date license was filed). This license expires on (expiration date of license), and the unshipped balance remaining on this license is sufficient to cover the shipment described on this declaration."

Condition 2 — Exports authorized in any country or destination, except Country Groups Q, S, W, X, Y, and Z in Part 370, Supplement No. 1, of the Comprehensive Export Schedule of the U.S. Department of Commerce.

Condition 3 — This license covers only the nuclear content of the material.

Condition 4 — The material to be exported under this license shall be shipped in accordance with the physical protection requirements for special nuclear material in 10 CFR 73.

Condition 5 — Special nuclear material authorized for export under this license shall not be transported outside the United States in passenger-carrying aircraft in shipments exceeding (1) 20 grams or 20 curies, whichever is less, of plutonium or uranium 233, or (2) 350 grams of uranium 235.

Condition 6 — This license authorizes export only and does not authorize the receipt, physical possession, or use of the nuclear material.

Condition 7 — The licensee shall complete and submit an NRC Form 741 for each shipment of source material exported under this license.

Condition 8 — The licensee shall advise the NRC in the event there is any change in the designation of the company who will package the nuclear material to be exported under this license, or any change in the location of the packaging operation, at least three weeks prior to the scheduled date of export.

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