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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

APR 3 1979

Teledyne Wah Chang Albany
P.O. Box 460
Albany, Oregon 97321

Attention: S. J. Wattenbarger

Gentlemen:

This letter will confirm our understandings regarding your application dated October 13, 1978 for a license to export 110,230 pounds of Zircaloy-4 tube shells to West Germany for ultimate use in reactors located in Switzerland, West Germany, and Iran (XCOM0096, your reference no. 1466).

We informed Shirley Wattenbarger on February 1, 1979 that the NRC was prepared to issue a license to Teledyne for the export of material destined for nuclear reactor facilities located in West Germany and Switzerland. We added, however, that this license would not authorize any shipments to West Germany for ultimate use in reactor facilities located in Iran, because we had not received the required assurances from the Iranian Government that none of the components covered by this application will be transferred to other nations without prior U.S. consent, to meet criterion (3) of Section 109b. As it appeared unlikely that we would receive an early response from the Government of Iran in view of current conditions in that country, we suggested limiting the license to include only the FRG and Switzerland as ultimate consignees and the FRG as an intermediate consignee so that part of the proposed export could be exported.

We understand, however, that NRG, the Company who will be manufacturing the Zircaloy into fuel element cladding tubes, has indicated that it would prefer to wait until the entire amount of the request can be licensed.

This is to inform you that the NRC will withhold action on your application pending receipt of the required retransfer assurances from the Government of Iran and favorable Executive Branch views on the proposed export.

Sincerely,

Gerald G. Oplinger

Gerald G. Oplinger, Assistant Director
Export/Import and International
Safeguards
Office of International Programs

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