



DEPARTMENT OF STATE

Washington, D.C. 20520

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BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

OFFICE OF
INTERNATIONAL
PROGRAMS

JUN 12 1980

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

Dear Mr. Shea:

I refer to the letter from your office dated September 29, 1978, 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 in the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978:

NRC No. XCOM0074 -- Application by Gladix Corporation for authorization to export to Taiwan 40,000 pounds of zircaloy-4 tubes to be processed into fuel element cladding for light water moderated nuclear power reactors. The value of the proposed export is \$774,000.

It is the judgment of the Executive Branch that the export contemplated will not be inimical to the common defense and security of the United States, and that this export is consistent with the provisions of the Atomic Energy Act of 1954, as amended, and with the Nuclear Non-Proliferation Act of 1978.

As an NPT party, Taiwan has committed itself to maintaining IAEA safeguards on all of its peaceful nuclear activities and has pledged not to use any nuclear export for production or research and development of any nuclear explosive device, two of the three criteria required to be met for exports of reactor components under Section 109 of

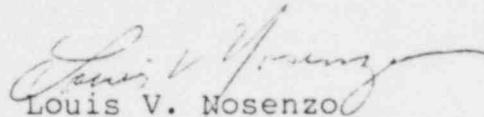
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the Atomic Energy Act, as amended. The remaining criterion, agreement not to retransfer any U.S.-supplied component without prior U.S. consent, has been satisfied by the receipt of an assurance letter from the Coordination Council for North American Affairs, a copy of which is enclosed.

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

Sincerely,



Louis V. Mosenzo
Deputy Assistant Secretary

Enclosure:
Assurance letter

北美事務諮詢委員會 駐美辦事處
Coordination Council for North American Affairs
Office in U.S.A.
5161 River Road, Washington, D.C. 20016

August 27, 1979

SI-68015

The Honorable David Dean
Chairman of the Board and
Managing Director
American Institute in Taiwan
1830 N. Nash Street, Suite C-119
Arlington, VA 22209

Dear Mr. Dean:

I wish to refer to your letter dated July 19, 1979 and my letter dated July 24, 1979 concerning the NRC application No. XCOM0074 for export of 40,000 pounds of Zircaloy-4 Trex tubes to Taiwan, and the non-retransferration of nuclear equipment and material without prior approval of the United States.

I now have the authority to advise you that the Institute of Nuclear Energy Research of the Republic of China has cancelled its purchase of the 40,000 pounds of Zircaloy-4 Trex tubes. I therefore request that the NRC export license covering the above-mentioned purchase be withdrawn by authorities of the United States.

Regarding our future acquisition in the U.S. of all equipment and material listed in 10 CFR 110, I have been authorized to confirm that we shall comply with, inter alia, all three criteria outlined in the third paragraph of your letter dated July 19; e.g.:

1. IAEA safeguards as required by Article II (2) * of the Non-Proliferation Treaty (NPT) will be applied with respect to such equipment or material; *should be III (2)*
2. No such equipment or material will be used for any nuclear explosive device or for research on or development of any nuclear explosive device; and

* Note: Mr. Shah of CCNAA confirmed orally to AIT that reference to Article II (2) in paragraph 1. above was intended to be Article III (2) regarding safeguards.

3. No such equipment or material will be retransferred without the prior approval of the United States.

I hope this will facilitate the movement of future shipments of similar material to my country.

Sincerely yours,

Konsin C. Shah
Representative

cc: AEC/Taipei