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OFFICE OF  
INTERNATIONAL  
PROGRAMS

May 7, 1980

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

Dear Mr. Shea:

Your letter of August 15, 1979 requested an Executive Branch assessment of the implications of the governmental changes in India on the Executive Branch analyses concerning the pending application for Tarapur fuel (XSNM01379), including an evaluation of the likely policy of the new Indian Government with regard to nuclear explosive development. It also noted that the Commission would defer its final consideration of this application until it received our response.

As you know, this matter has been the subject of discussions between the two governments and of public statements by the new Indian Government. In response to your request, I wish to provide the following information.

The new Indian Government has provided assurances to the United States that it will continue to meet its obligations under the U.S.-India Agreement for Cooperation and related understandings as long as the United States meets its obligations under the agreement. With regard to the policy of the new Indian Government on nuclear explosive development, Prime Minister Gandhi has stated that India's nuclear program is devoted exclusively to peaceful purposes. At the same time, however, she has not ruled out the option of so-called peaceful nuclear experiments, should this be considered to be in India's interest. India described its 1974 nuclear test as a "peaceful nuclear experiment".

We are concerned that the new Indian Government is not prepared to make a more forthcoming statement concerning continued forbearance on development or testing of nuclear

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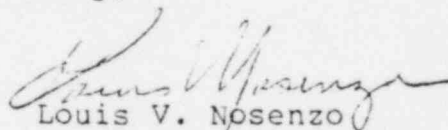
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explosives, and continue to believe that restraint in this regard is key to international stability. However, we do not believe that withholding the pending export would advance U.S. interests in this regard.

Moreover, we continue to believe that the proposed export meets the criteria of Section 127 and that the Executive Branch analysis of March 28, 1979 continues to be valid in this regard. The Executive Branch also believes that the Section 128 additional criterion does not apply to this license application since the export was reasonably planned to occur during the period prior to March 10, 1980. Finally, it is our judgment that the proposed export will not be inimical to the common defense and security and that withholding the export would be prejudicial to broader U.S. foreign policy interests. Therefore, the Executive Branch recommends that the license be issued and we hope that the Commission will act expeditiously on the application. As you know, the time for Commission consideration of this license under the NNPA has expired, and this letter completes the Administration submission on this case.

We are also forwarding to the Commission under separate cover the Executive Branch analysis and recommendation on XSNM01569. This analysis and recommendation applies as well to XSNM01379 and the additional factors section accompanying the submittal on XSNM01569 updates and supersedes Sections B and C of the March 28, 1979 analysis of XSNM01379.

Sincerely,

  
Louis V. Nosenzo  
Deputy Assistant Secretary