SECY-80-353

COMMISSIONER ACTION

For: The Commissioners

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

Thru: Acting Executive Director for Operations

Subject: PROPOSED LICENSE TO EXPORT LOW-ENRICHED URANIUM FOR KUO SHENG UNITS 1 AND 2 IN TAIWAN (SECY-80-317) (XSNM-1564)

<u>Purpose</u>: Commission review of proposed issuance of subject license to General Electric Corporation.

Review Date: 60-day period expires on August 14, 1980. 120-day period expires on October 14, 1980.

Discussion: In August 1979, General Electric Corporation applied for a license to export to Taiwan 140,000 kilograms of uranium in the form of uranium oxide in fabricated fuel bundles enriched to a maximum of 4 percent U-235 (see SECY-80-317, July 1, which forwarded the views of the Executive Branch on this case). The material will be used as reloads for the Kuo Sheng nuclear power reactor Units 1 and 2.

> The fuel is scheduled to be shipped starting November 1, 1980 and ending December 1, 1981. GE has requested that the license be valid until December 1, 1982.

In connection with its review of this application and that for Maanshan Units 1 and 2, which is being forwarded to the Commission separately, the Executive Branch has (1) concluded that the issuance of the license would not be inimical to the common defense and security of the United States; (2) confirmed that the material will be subject to the June 1972 agreement for cooperation between Taiwan and the U.S., as amended in June 1974; and (3) confirmed that Taiwan has adhered to the provisions of that Agreement.

Based upon our independent analysis of this case and the Executive Branch's views, IP has determined that Taiwan meets all of the relevant criteria of the Atomic Energy Act, as amended, and, accordingly, that the license should be issued.

Contact: William Upshaw, IP, 49-28155

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The Commission

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Additional copies of the Executive Branch views of June 12 Discussion: and the license application are attached at Appendices A and B, (Continued) respectively. A copy of the proposed license is attached at Appendix C.

International Safequards and Review:

Facility Attachments - IAEA safeguards for the proposed export will be applied under the U.S. trilateral safeguards agreement Physical Security which entered into force on December 6, 1971. Facility attachments for the Kuosheng reactors are under negotiations. The latest information available to staff indicates that Unit 1 will be ready for commercial operation in approximately one year, and Unit 2 will be ready a year later. The staff does not expect that the IAEA would have any problems in completing the necessary facility attachment(s) at the appropriate time.

> Safeguards Effectiveness - A technical assessment of safeguards in Taiwan was transmitted to the Commission in SECY 79-537A (September 19, 1979). Although insufficient information is available to completely evaluate the effectiveness of safeguards in Taiwan, the staff believes that the control of and accounting for the reactor fuel assemblies, on an item basis, will be within Taiwan's capabilities and will pose no unusual safeguards problems for the IAEA.

> Full Scope Safeguards - It is our understanding that all nuclear materials, equipment and facilities currently in Taiwan are subject, where appropriate, to IAEA safeguards pursuant to bilateral and trilateral arrangements with the U.S. More specifically, in examining the status of safeguards in Taiwan, the staff reviewed such matters as material that is exempted or suspended from safeguards coverage pursuant to current IAEA agreements, the status of safeguards at other power reactors in Taiwan, including the storage of the initial fuel for the Kuosheng reactors, and the status of facility attachments for research and development laboratories.

Physical Security - Staff has reviewed the physical security program in Taiwan and found it adequate for the purpose of this export.

Recommendation:

That the proposed license be issued to General Electric Corporation.

The Commission

<u>Coordination</u>: ELD has no legal objection. NMSS views are presented in the context of International Safeguards and Physical Security Review.

25 1980 Shea, D recto fice of International Programs

Enclosures:

- 1. A Executive Branch
- Views of June 12
- 2. B License Application
- 3. C Proposed License

Commissioners' comments should be provided directly to the Office of the Secretary by c.o.b. Tuesday, August 5, 1980.

Commission Staff Office comments, if any, should be submitted to the Commissioners NLT August 1, 1980, 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.

DISTRIBUTION Commissioners Commission Staff Offices Exec Dir for Operations Secretariat APPENDIX A

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DEPARTMENT OF STATE

Washington, D.C. 20520

USNRC

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BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

OFFICE OF INTERNATIONAL PROGRAMS

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JUN 1 2 1980

Mr. James 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 the letter from your office dated August 29, 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, as amended by the Nuclear Non-Proliferation Act of 1978 (P.L. 95-242):

NRC No. XSNM01564 -- Application by General Electric for authorization to export to Taiwan 4,000 kilograms of U-235 contained in 140,000 kilograms of uranium enriched to 4 percent maximum in the form of UO₂ in fabricated fuel bundles, for two reloads of Units 1 and 2 of the Kuo Sheng Nuclear Power Plant.

The proposed export would take place pursuant to the applicable Agreement for Cooperation entered into pursuant to Section 123 of the Atomic Energy Act, as amended, as confirmed in a letter from the CCNAA, a copy of which is enclosed. Taiwan has adhered to the provisions of the applicable Agreement for Cooperation.

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

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the proposed export will not be inimical to the common defense and security of the United States. A detailed analysis for Taiwan was submitted for NRC license application No. XSNM01431 on June 12, 1980. There has been no material change in circumstances since that submission.

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

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Sincerely,

Tom Louis V. Nosenzo

Deputy Assistant Secretary

Enclosure: Assurance letter

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DEPARTMENT OF STATE

Washington, D.C. 20520

BUREAU OF OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS Tours

June 12, 1980

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TAIWAN

XSNM01431

MEMORANDUM FOR JAMES R. SHEA NUCLEAR REGULATORY COMMISSION

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Enclosed is an Executive Branch analysis covering a license application for the export of low-enriched uranium to Taiwan. In accordance with P.L. 95-242, the analysis explicitly addresses how the requirements of Section 126 a. (1) of the Atomic Energy Act are met, including the specific criteria of Sections 127 and 128, as well as certain additional factors, envisaged by Section 126 a. (1).

The Executive Branch, on the basis of its review of this case, has concluded that the requirements of the Atomic Energy Act as amended by P.L. 95-242 have been met and that the proposed export would not be inimical to the common defense and security of the United States. Moreover, Taiwan has adhered to the provisions of the applicable agreement for cooperation and continued U.S. cooperation under this agreement is authorized by the Taiwan Relations Act of 1979.

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Deputy Assistant Secretary

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DUPLICATE DOCU	MENT
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No. of pages:	13

FORM NRC-7

10 CFR 110

S. NUCLEAR REGULATORY COMMISSION

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APPROVED BY GAO 8-180225(R0362)

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

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26. The applicant certifies th	hat this application is prepare	in conformity with	Title 10, Co	de of Federal Regulations, an	d that all in	formation in this	
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APPENDIX C

AM NRC-250	NRC LICENSE NO.
-75)	
HIS LICENSE EXPIRES 01 December 1982	
Anited States of America	XSNM01564
Nuclear Regulatory Commission	
eorganization Act of 1974 and the regulations of the Nuclear Regulatory of	the licensee authorizing the export of the materials and/or production or utilization facilities listed below, subject to the terms and conditions merein
LICENSEE	ULTIMATE CONSIGNEE IN FOREIGN COUNTRY
ADDRESS San Jose, California 95125	NAME Taiwan Power Company ADDRESS 39 Ho Ping Road, Sec 1 Taipei, Taiwan
ATTN: B.D. Wilson M/C 359	(Reloads for Kuo Sheng Units 1 and 2)
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INTERMEDIATE CONSIGNEE IN FOREIGN COUNTRY	OTHER PARTIES TO EXPORT
NAME General Electric Technical Services, Company, Inc. P.O. Box 5, Sanchi Taipei Hsien, Taiwan	NONE
(Technical Services for Ultimate Consignee)	COUNTRY OF ULTIMATE DESTINATION TATURN
APPLICANT'S REF. NO. 304 79201	+11±111-11
QUANTITY DESCRIPTION OF MATERIALS OR FACILITIES	
4,000 killograms Uranium-235	Contained in 140,000 kilograms uranium,
	as uranium dioxide (UO2) in fabricated fuel bundles.
	as uranium dioxide (UO ₂) in fabricated fuel bundles.
Conditions 6 and 8 on page two	as uranium dioxide (UO2) in fabricated fuel bundles. of this license apply to this export. ND////////////////////////////////////
Conditions 6 and 8 on page two	as uranium dioxide (UO2) in fabricated fuel bundles. of this license apply to this export. ND////////////////////////////////////
Neither this license nor any right under this license shall be estigned or otherwise trunsferred 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 the other provi	as uranium dioxide (UO2) in fabricated fuel bundles. of this license apply to this export. ND////////////////////////////////////
Neither this license nor any right under this license shall be usigned or otherwise trunsferred 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	as uranium dioxide (UO2) in fabricated fuel bundles. of this license apply to this export. ND////////////////////////////////////

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