

August 15, 1980

SECY-80-383

COMMISSIONER ACTION

For:

From:

James R. Shea, Director
Office of International Programs

Thru:

Acting Executive Director for Operations

Subject:

PROPOSED LICENSE TO EXPORT COMPONENTS TO THE REPUBLIC OF KOREA
(XCOM0431)

Purpose:

Commission review of proposed issuance of nuclear equipment export license to Babcock & Wilcox Company. This license request is being forwarded for Commissioner review in accordance with the Commissioners' decision on delegations of authority in export-related areas (SECY-80-221).

Review Dates:

60-day period expires on September 25, 1980.
120-day period expires on November 11, 1980.

Discussion:

By letter dated July 18, 1980, Babcock & Wilcox Company applied for a license to export specially designed nuclear equipment, valued at less than \$100,000, (specifically \$30,867), to the Republic of Korea for installation in the KO-RI Nuclear Power Plant Unit No. 1 located at Tangnae-Kums (Appendix A). KO-RI Unit No. 1 is a pressurized water reactor with a power level of 1,732.5 megawatts thermal.

The U.S. has been supplying nuclear equipment to the Republic of Korea for use in KO-RI since May 4, 1973 when AEC issued a license to Westinghouse Electric (XR-83) for the export of the reactor facility plus associated equipment amounting to over \$50,000,000.

It is the view of the staff that the Republic of Korea meets the three export licensing criteria in Section 109b of the Atomic Energy Act of 1954, as amended, for the export of nuclear equipment. The first two criteria, (1) application of IAEA safeguards to the equipment and (2) no nuclear explosive use of the equipment, are met by South Korea's adherence to the Non-Proliferation Treaty and, therefore, its commitment to maintain IAEA safeguards with respect to all of its peaceful nuclear activities and its pledge not to produce or otherwise acquire any nuclear explosive device. The third criterion, agreement not to retransfer any U.S.-supplied

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Discussion:
cont.

components without prior U.S. approval, is met by the Republic of Korea as confirmed in a letter dated April 18, 1979 from the Embassy of the Republic of Korea which was forwarded by the Executive Branch on April 26, 1979 (Appendix B). While Executive Branch review is not required for the proposed export as it falls within the categories of materials not normally reviewed by the Executive Branch (less than \$100,000 in value), the Executive Branch has concluded that South Korea meets the applicable licensing requirements in Section 109b for the export of nuclear equipment in connection with its review of a previously proposed export of components to South Korea (XCOMO263).

The staff has carefully reviewed the relevant factors pertaining to this case, including the recent political development in South Korea and the Executive Branch's response to our request for additional information on this matter as discussed in SECY 80-336, classified. Pursuant to §110.42(a)(2), we have concluded that there are no material changed circumstances with respect to the applicable export licensing criteria of the Atomic Energy Act that would affect the Commission's consideration of this case from those existing at the time of issuance of XCOMO263 for export of nuclear equipment to the Republic of Korea on August 22, 1979.

In view of the above considerations and as required by Section 109b of the Atomic Energy Act, the staff has concluded that the proposed export would not be inimical to the common defense and security of the United States.

International
Safeguards
Review:

As a party to the NPT, Korea has accepted IAEA safeguards on all source and special nuclear material under its jurisdiction. Its NPT safeguards agreement entered into force on November 14, 1975. The nuclear material at the KO-RI I reactor is covered by IAEA safeguards under a facility attachment which is in force.

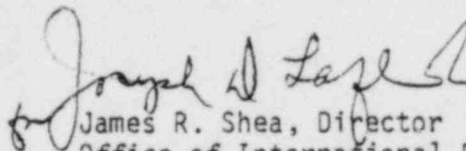
Although little information is available on the application of IAEA safeguards in Korea, the staff believes that control of and accounting for fuel elements on an item basis are within the capabilities of both Korea and the IAEA. A technical assessment of safeguards in Korea was transmitted to the Commission in SECY 79-593.

The components themselves will, of course, not be subject to IAEA safeguards. Application of safeguards under Article III(2) of the NPT is limited to source and special fissionable material. Accordingly, the staff believes that Criterion 1 for exports of reactor components is met because the nuclear material associated with the reactor will be covered by IAEA safeguards.

Recommendation: That the Commission:

1. Authorize issuance of the proposed license to Babcock & Wilcox Company (Appendix C).
2. Note that, in accordance with the Commissioners' policy on delegations of authority in export-related areas, specifically paragraph 3 of the July 28, 1980 classified memorandum, the staff will process all future routine exports of nuclear equipment to the Republic of Korea without Commissioner review.

Coordination: ELD has no legal objections. NMSS views are presented in the context of the International Safeguards Review.



James R. Shea, Director
Office of International Programs

AUG 13 1980

Appendices:

- Appendix A (Appl. dtd. 07/18/80)
- Appendix B (Ltr. from Gov't of Rep. of Korea dtd. 04/18/79)
- Appendix C (Proposed License)

DISTRIBUTION:

- Commissioners
- Cmsn. Staff Offices
- Acting Exec. Dir. for Ops.
- Secretariat

Commissioners' comments should be provided directly to the Office of the Secretary by c.o.b. August 25, 1980.

Commission Staff Office comments, if any, should be submitted to the Commissioners NLT August 21, 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.

APPENDIX A

Babcock & Wilcox

Power Generation Group

P.O. Box 1260, Lynchburg, Va. 24505
Telephone: (804) 384-5111

July 18, 1980

Assistant Director for Export/Import
and International Safeguards
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Subject: Application for License to Export
Nuclear Material and Equipment

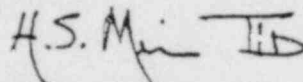
Dear Sir:

Enclosed please find our export application for Reactor Vessel
"O" Ring Gaskets, Retaining Clips and Retaining Clip Screws for
delivery to Korea Electric Company in Seoul, Korea. Please see
that this receives the appropriate review and processing for
the issuance of an export license.

Thank you for your assistance regarding this matter.

Very truly yours,

THE BABCOCK AND WILCOX COMPANY



H.S. Muir, III
Attorney
Nuclear Power Generation Div.

HSM:ddr
Enclosure
cc: H.H. Stevens

RECEIVED
H.S.M.C.
1980 JUL 25 AM 9 11
EXPORT/IMPORT
AND
INTERNATIONAL SAFEGUARDS

Dupe
8007310489

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

1. APPLICANT'S USE		2. NRC USE		4. LICENSE NO.		5. DOCKET NO.	
JULY 17, 1980		788-998052-51		Xcemo 431		11002145	
3. APPLICANT'S NAME AND ADDRESS				4. SUPPLIER'S NAME AND ADDRESS			
RIS				RIS			
4. NAME				4. NAME			
BABCOCK & WILCOX COMPANY, NPGD							
5. STREET ADDRESS				4. STREET ADDRESS			
OLD FOREST ROAD							
6. CITY		STATE		ZIP CODE		4. CITY	
LYNCHBURG		VA		24503			
7. APPLICANT'S CONTRACTUAL DELIVERY DATE				8. PROPOSED LICENSE EXPIRATION DATE		9. U.S. DEPARTMENT OF ENERGY CONTRACT NO. (If Known)	
OCTOBER 1980		OCTOBER 1980		NOVEMBER 1980		JANUARY 1981	
10. ULTIMATE CONSIGNEE				11. ULTIMATE END USE			
RIS				SPARE PARTS FOR KO-RI UNIT NO. 1			
4. NAME				11a. EST. DATE OF FIRST USE			
KOREA ELECTRIC COMPANY				JANUARY 1981			
5. STREET ADDRESS							
C.P.O. BOX NO. 740							
6. CITY - STATE - COUNTRY							
SEOUL, KOREA							
12. INTERMEDIATE CONSIGNEE				13. INTERMEDIATE END USE			
RIS							
4. NAME				13a. EST. DATE OF FIRST USE			
5. STREET ADDRESS							
6. CITY - STATE - COUNTRY							
14. INTERMEDIATE CONSIGNEE				15. INTERMEDIATE END USE			
RIS							
4. NAME				15a. EST. DATE OF FIRST USE			
5. STREET ADDRESS							
6. CITY - STATE - COUNTRY							

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
	Quantity Description MATERIAL				
	2 Reactor Vessel "O"Ring Gaskets (Mark 24)	Inconel 718			Total Weight 1000#
	2 Reactor Vessel "O"Ring Gaskets (Mark 25)	Inconel 718			
	30 Reactor Vessel Gasket Retaining Clips (Mark 28)	TP304 S.S.			
	30 Reactor Vessel Gasket Retaining Clip Screws (Mark 27)	18-8 S.S.			
	Total Contract \$30,867 C&F Seoul				

22. COUNTRY OF ORIGIN - SOURCE MATERIAL	23. COUNTRY OF ORIGIN - SNM WHERE ENRICHED OR PRODUCED	24. COUNTRIES WHICH ATTACH SAFEGUARDS (If Known)
USA		

25. ADDITIONAL INFORMATION (Use separate sheet if necessary)

2007310490

Rec'd July 25, 1980
in OIP

*Copy to PDR -nd ACC 7-28-80
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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.

26. AUTHORIZED OFFICIAL	27. SIGNATURE	28. TITLE
H.S. MOIR, III	A.S. Moir	Attorney

APPENDIX B