

PDR



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

NOV 12 1980

The Honorable John W. Warner
United States Senator
805 Federal Building
Norfolk, Virginia 23501

Dear Senator Warner:

This is in response to your letter of October 23 to Carlton Kammerer regarding Combustion Engineering's applications for licenses to export components for the Atucha II nuclear power plant in Argentina. As you may be aware, sometime after Combustion Engineering wrote to you on May 30, 1980, it was announced that a foreign firm had been awarded the contracts for the components on Combustion Engineering's export license applications. Subsequently, on August 1, Combustion Engineering notified NRC that it was withdrawing its applications.

NRC initially received Combustion Engineering's Argentinian export license applications on November 8, 1979; and, under the provisions of the Nuclear Non-Proliferation Act of 1978, forwarded them to the Executive Branch for review on November 16, 1979. Unfortunately, this review was still underway when the applications were withdrawn. A detailed chronology of NRC's activities with respect to the applications is enclosed. Also enclosed are copies of NRC's letter of June 19 to Vice President Schmitz and Mr. Schmitz's July 16 letter to Chairman Ahearne.

As you can see from the record, nuclear exports to Argentina have been subject to several complicating factors. The Executive Branch is continuing to work actively to resolve these complications. If necessary, further information on the status of the Executive Branch's efforts may be obtained from Mr. Louis Nosenzo, Deputy Assistant Secretary for Nuclear Energy and Energy Technology Affairs, U.S. Department of State, Washington, D.C. 20520 (Room 7871).

Please let me know if I can be of further assistance.

Sincerely,

(Signed) E. Kevin Cornell

WJ
William J. Dircks
Executive Director for Operations

Enclosures:

1. Chronology of NRC's activities
2. Ltr 6/19/80 NRC to CE
3. Ltr 7/16/80 CE to NRC

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CHRONOLOGY OF C-E ARGENTINIAN CASES

There were three export license applications filed by Combustion Engineering for Argentina (XR-134, XCOM-327, and XCOM-328). The chronology of NRC involvement is as follows:

1. November 8, 1979 Applications received by IP.
2. November 16, 1979 Applications sent to Executive Branch for review.
3. November 16, 1979 Commissioners informed of receipt of XR-134 (SECY-79-620).
4. November 20, 1979 C-E representatives met with IP staff regarding the likelihood that exports to Argentina would be approved. IP cited general nonproliferation problems with Argentina and made no commitments.
5. December 3, 1979 IP (and Executive Branch agencies) received additional information from C-E in support of their applications.
6. December 6, 1979 Notice of receipt of XR-134 published in Federal Register.
7. December 11, 1979 IP memorandum sent to Commissioners' assistants enclosing a copy of a November 30 interim status report letter to C-E from State (Nosenzo).
8. May 27, 1980 C-E Vice President Schmitz sent letter to Chairman Ahearne requesting support in granting approval for C-E's Argentinian cases (similar letters were also sent to the relevant Executive Branch Agencies).
9. June 19, 1980 Commission-approved letter sent from Mr. Shea to Mr. Schmitz indicating that NRC cannot take action until completion of Executive Branch review.
10. July 16, 1980 Mr. Schmitz sent a new letter to Chairman Ahearne indicating that C-E had lost order to competing European suppliers.

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