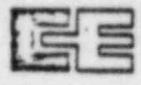


ENCLOSURE 32  
7/22  
Can you give me  
a check on  
NP can you check?  
JFA



July 16, 1980

Chairman John F. Ahearne  
Nuclear Regulatory Commission  
1717 H Street, NW  
Washington, DC 20555

Mr. Ahearne
Mr. Sauter
Mr. Harding ✓
Mr. Tunches
Mr. Giddings

(general: CE + Argentina)

Dear Mr. Ahearne:

I wrote you on May 27, 1980, to ask for your advice and assistance in our effort to gain U.S. Government approval for exports to Argentina. In the weeks that have passed since then, we have vigorously pursued every avenue in and out of Government, both here and abroad, to make our case. With this letter, I want to tell you about the result of our efforts, as well as to share with you some reflections on the process. The latter I offer with some indignation and a great deal of frustration, but in the hope that it is a constructive contribution to similar endeavors in the future.

After twenty months of competition, the contracts which C-E sought for design and fabrication of major components for the Atucha II nuclear power plant in Argentina were awarded to German, Swiss, and Austrian suppliers. C-E lost because it was competing with one hand tied behind its back. Having received every indication from the Argentine Government that we were the preferred supplier, we only needed the support of our own Government. At a minimum, this would have meant acting expeditiously on our export license applications which we submitted in November, 1979. Instead, we often met with delay, ambivalence, and indifference. Our applications languished in the bureaucracy for more than three times the period provided by the Nuclear Non-Proliferation Act of 1978. It seems the Executive Branch notified Congress of its need for an extension of time in January - a fact we did not learn until six months later.

We recognize that ours was not to be an ordinary commercial transaction. We were dealing in a sensitive item (nuclear components) with a country (Argentina) which has had a history of difficult relations with the U.S.. But we also knew that we were proposing to expand trade with Argentina at a time when the U.S. Government was presumably interested in improving relations with that country. Moreover, beyond this foreign policy consideration, we felt that there was an urgent domestic policy and employment consideration. Securing the contract was important both for its impact on U.S. employment, as well as its economic significance for an industry whose continued vitality is at stake. From our point of view, the issue

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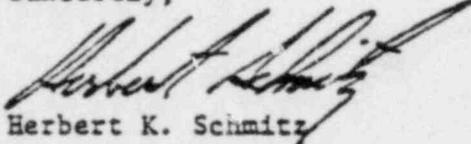
was winning or losing a real opportunity to keep the "nuclear energy option" open for America. The Atucha II contract would have represented the opportunity for U.S. employment of approximately 600 man years of skilled American craftsmen.

We also recognize that our Government decision-makers had many demands on their time and that most of the initiative had to come from us. But given the current emphasis the Administration places on the importance of promoting exports, we were frankly surprised at the lack of a more activist approach by government officials. After all, C-E was the only U.S. competitor for this \$60 million worth of business. The U.S. Government, therefore, did not run the risk of showing favoritism among U.S. suppliers. In no sense did we feel that our Government was our partner in this effort - if we asked a question, we received an answer; rarely was help offered or pertinent information volunteered. Only one U.S. Government office gave us encouragement.

For example, during the early part of 1980, four official U.S. visits were made to Argentina. Through our own devices, we learned of two of those visits and were able to brief the government representatives (Deputy Secretary Luther Hodges and Ambassador Gerard C. Smith) prior to their trips. At a time when we were making regular calls on the U.S. Government and had ready access to high levels of the Argentine Government, it would have been useful to have had closer cooperation with the U.S. Government. Unfortunately, inadequate coordination and the absence of a tradition of Government reaching out to business prevented better communication. In fact, inadequate coordination was evident throughout the process. Although we spoke with many people we were unable to elevate our concerns to a high enough level to permit a decision which may have resulted in some policy initiatives.

My earlier letter received wide circulation, (directly and indirectly) in the Departments of Commerce, State, and Energy, the Nuclear Regulatory Commission, the Arms Control and Disarmament Agency, the Congress, and the White House. This letter will have an equally broad audience, not because we want to lodge an idle complaint or to place blame, but because this is an opportunity to share an important experience - one from which business and government can learn. I look forward to working with you in the future as we pursue new international business opportunities.

Sincerely,



Herbert K. Schmitz

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