



Department of Energy
Washington, D.C. 20585

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EXPORT/IMPORT
AND
INTERNATIONAL SAFEGUARDS

Mr. Marvin R. Peterson
Export/Import & Int'l Safeguards
Office of International Programs
U.S. Nuclear Regulatory Commission
Maryland National Bank Bldg., Room 8103
Washington, D.C. 20555

Dear Mr. Peterson:

The Foxboro Company in Foxboro, Massachusetts, has requested authorization under Department of Energy regulation 10 CFR 810 to provide a process control system to Sulzer Brothers in Switzerland for ultimate end-use in a heavy water plant in Argentina. (Sulzer Brothers is the prime contractor for the heavy water plant.) The process control equipment includes the following equipment:

- Videospec III Multiloop Control Operator Consoles (5)
- Linkport Communications Modules (12)
- Link Control Stations (2)
- Universal Input/Output Subsystems (23)
- Universal Field Multiplexer (13)

Spare parts for the above equipment will be provided for 15 years from the date of the contract with Sulzer Brothers. In addition, a Foxboro I/A computer and microspec control modules may be supplied.

The contract does not involve the supply of proprietary information or engineering support. The contract is valued at approximately \$2.5 to \$3.5 million. The process control system uses standard off-the-shelf equipment which has a number of industrial applications and which is widely available from a number of non-U.S. suppliers. It is not specially designed or prepared for use in a heavy water facility, and it is not sensitive nuclear technology as defined by the Nuclear Non-Proliferation Act of 1978. However, the Secretary of Energy must make a determination on whether this export should be authorized, because under Section 57.b of the Atomic Energy Act of 1954, as amended, and DOE regulation 10 CFR 810, the process control system constitutes indirect assistance to the operation of a foreign heavy water production facility.

DOE staff understands that in 1980 the Government of Argentina awarded Sulzer Brothers a contract to construct in Argentina a 250 tons/year heavy water production facility. The heavy water from this facility is to be used in Argentina's civil nuclear program. We also understand the transfer

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of this facility comes under the terms of London Suppliers Guidelines which provides for assurances from the Government of Argentina that:

1. explicitly exclude any use of the heavy water which would result in any nuclear explosive device,
2. ensure that adequate physical security measures are applied,
3. ensure that International Atomic Energy Agency (IAEA) safeguards will be applied to the heavy water facility and any facility supplied with the heavy water, and
4. any replicated plant would also be under IAEA safeguards.

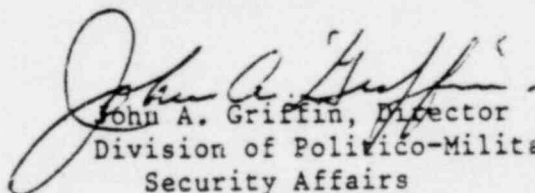
As prime contractor, Sulzer Brothers has informed the Foxboro Company that they are the preferred supplier of the system. However, Sulzer Brothers is concerned that the U.S. may not issue an export license for the system if Foxboro is awarded a contract. After several extensions, Sulzer has established a May 4, 1981 deadline for receiving a determination on whether the U.S. would authorize the export. If a positive determination is not made by the U.S. on the export application, Sulzer Brothers will award the contract to Siemens in West Germany.

DOE staff notes that regarding nuclear policy toward Argentina, the former Administration sought to have Argentina sign and ratify the Non-Proliferation Treaty or to sign and ratify the Treaty of Tlatelolco and accept full-scope IAEA safeguards on its nuclear programs as a condition to approving exports to sensitive facilities. Under this policy, the Foxboro application would not be approved unless Argentina accepted full-scope safeguards. However, it must be noted that the Government of Switzerland allowed the sale by Sulzer Brothers under the conditions set forth by the London Suppliers Guidelines. These guidelines do not require full-scope safeguards. The facility and heavy water produced, however, will be under IAEA safeguards.

DOE staff believes that the Foxboro application should be approved for the following reasons. First, the process control system is not specially designed, is non-sensitive technology and is available from non-U.S. sources. Second, if the U.S. does not act expeditiously on the Foxboro application, the contract will be awarded to a West German competitor and a U.S. company will lose a \$2.5 to \$3.5 million sale. Third, the heavy water production facility is proceeding under the conditions required by the London Suppliers Guidelines.

Your comments on the above recommendation are requested within 10 days of receipt of this letter. If we have not heard from you by that time, we will assume you have no objection.

Sincerely,


John A. Griffin, Director
Division of Politico-Military
Security Affairs

Office of International Security Affairs

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