



PDR

July 1, 1981

POLICY ISSUE
(Notation Vote)

SECY-81-402

For: The Commissioners

From: William J. Dircks
Executive Director for Operations

Subject: PROPOSED LICENSE TO EXPORT NATURAL URANIUM TO REPUBLIC OF KOREA, XU08520

Review Dates: 60-day period expires on August 15, 1981
120-day period expires on October 15, 1981

Discussion: On March 31, 1981, Edlow International Company filed an application to export 10,176 kilograms of natural uranium, in the form of U308, to South Korea for use by the Korea Advanced Energy Research Institute (KAERI), a large, government-supported complex established in 1973 to conduct a wide range of nuclear-related research and development programs (Appendix A). These programs include nuclear technology, personnel training in nuclear areas, cancer and nuclear medicine, and production of radioisotopes. The proposed uranium export will be used in test operations of a newly completed natural UO2 conversion plant at KAERI's Nuclear Engineering Center. This center, which is still under construction, will also house laboratories and ancillary facilities for nuclear fuel fabrication and uranium ore extracting.

In a letter dated June 12, 1981 (Appendix B), the State Department informed NRC that the Executive Branch has (1) concluded that the requirements of the Atomic Energy Act, as amended, have been met; (2) determined that the proposed export will not be inimical to the common defense and security of the United States; (3) confirmed that the material will be subject to the Agreement for Cooperation between the United States and the Republic of Korea, as confirmed in a letter from the Embassy of Korea (Appendix

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Discussion:
(Continued)

C); (4) noted that the Republic of Korea has adhered to all the provisions of its Agreement for Cooperation; and (5) advised that there are no material changed circumstances regarding exports to Korea since submission of its detailed analysis of February 23, 1979 on application XU08436. This license request, however, was not reviewed by the Commission because the quantity of material involved fell within the staff's delegated authority.

International
Safeguards and
Foreign Physical
Security 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. In response to our request, the Executive Branch, in a letter dated June 15 (Appendix D), notes that the IAEA has confirmed that the KAERI conversion plant has been declared to the Agency and that a facility attachment is in force for the plant. Staff has no information on the implementation of IAEA safeguards at this conversion plant. Since this type of plant straddles the starting point of IAEA safeguards, it is not clear whether the entire operation will be covered by safeguards.

Conclusion:

The staff believes that there are no material changed circumstances concerning exports to the Republic of Korea which would affect the Commission's consideration of licensing criteria and which have occurred since prior export licenses (e.g., XSNM01412, SECY-79-182B; XSNM01458, SECY-79-143B; XB-133, SECY-80-336; and XSNM01750, SECY-81-106) to the Republic of Korea were issued after Commission review.

Recommendation:

That the Commission authorize the issuance of the requested license to Edlow International Company.



William J. Dircks
Executive Director for Operations

Appendices:

- Appendix A: Application dtd 3/31/81
- Appendix B: Exec Branch ltr dtd 6/12/81
- Appendix C: Embassy of Korea and Republic of Korea
ltrs dtd 6/1/81 and 5/15/81
- Appendix D: Exec Branch ltr dtd 6/15/81

Commissioners' comments or consent should be provided directly to the Office of the Secretary by c.o.b. Friday, July 10, 1981.

Commission Staff Office comments, if any, should be submitted to the Commissioners NLT July 8, 1981, 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.

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APPENDIX A

APPENDIX B

APPENDIX C

APPENDIX D