



United States Department of State

*Bureau of Oceans and International
Environmental and Scientific Affairs*

Washington, D.C. 20520

June 20, 1991

DCS / DF02
J. Becker, OGC
G. Sanslow, OROO
B. Stout, MM

Mr. James R. Shea
Director, International Programs
United States Nuclear Regulatory Commission
Rockville, Maryland

Dear Mr. Shea:

I refer to the letter from your office dated March 13, 1991, requesting the views of the Executive Branch as to whether issuance of an export license in accordance with the application hereinafter described meets the applicable criteria of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978:

NRC No. XCOM1055 -- Application by Teledyne Wah Chang Albany for authorization to export to Canada via Argentina four zircaloy-2 tubeshells, valued at \$27,584, for fabrication into calandria tubes for re-export to Canada. The tubes will be used as part of a development program to produce seamless calandria tubes for CANDU reactors.

It is the judgment of the Executive Branch that the proposed export will not be inimical to the common defense and security of the United States, and that the proposed export is consistent with the provisions of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978.

The Government of Argentina has provided assurances, reported in U.S. Embassy Buenos Aires telegram 5856 dated June 18, that the exported items will be used exclusively for fabrication of calandria tubes for re-export to Canada and that the Government of Argentina will notify the U.S. when the exported items have been re-exported to Canada. The Government of Argentina has also confirmed that the exported items, while under the jurisdiction of Argentina, will be subject to: 1) the U.S.-Argentina Agreement for Cooperation; 2) the 1978 exchanges of notes regarding no nuclear explosive use of exports under the Agreement for Cooperation; and 3) the Agreement for the application of safeguards between the IAEA, the U.S. and Argentina signed on June 13, 1969.

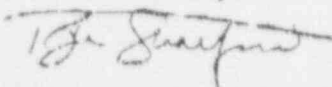
UNCLASSIFIED WHEN SEPARATED FROM ATTACHMENTS

-2-

The re-export of the calandria tubes to Canada is subject to the Canada's commitment as an NPT party to maintain safeguards on all of its peaceful nuclear activities and its pledge not to produce or otherwise acquire any nuclear explosive device. It is therefore the judgment of the Executive Branch that criteria (1) and (2) for exports of nuclear component, substances and items under Section 109b of the Atomic Energy Act, as amended, are met for Canada. The remaining criterion, agreement not to retransfer any U.S.-supplied component, substance or item without prior U.S. consent, has been satisfied by the receipt of generic assurance letters from the Embassy of Canada dated July 7, 1978 and December 15, 1978, the subject of our letter to you dated February 5, 1979.

On the basis of the foregoing, the Executive Branch recommends that the license be issued.

Sincerely,



Richard J. K. Stratford
Deputy Assistant Secretary
Nuclear Energy & Energy Technology Affairs

Enclosure: Assurance telegram from Buenos Aires.

UNCLASSIFIED WHEN SEPARATED FROM ATTACHMENTS