



United States Department of State

Washington, D.C. 20520

July 1, 1991

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DCS / DF02
J. Becker, OGC
G. Sanslow, OROO
E. 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 May 3, 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. XMAT0357 -- Application by Penngraph, Inc. for authorization to export to France 35,000 kilograms of nuclear grade graphite, in shipments totalling 7,000 kilograms per year over a five year period, for production of electrodes for electrical discharge machining.

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, provided that shipments are limited to 7,000 kilograms per year.

As France is a nuclear weapon state, the first criterion (IAEA safeguards) under section 109b of the Atomic Energy Act, as amended, for the export of nuclear components, substances and items, does not apply. The second and third criteria (pledge of no nuclear explosive use and no retransfer without U.S. consent) have been met for France, as a member of the European Community, by the assurances contained in a letter, dated January 25, 1979, from the Delegation of the Commission of the European Communities.

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

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