



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

June 8, 1992

Mr. Roy Schrobe
Loan Officer
Export-Import Bank of the United States
Washington, D.C. 20571

Dear Mr. Schrobe:

This is in response to your letter of May 18, 1992 requesting advice on whether the U.S. Nuclear Regulatory Commission (NRC) perceives any reason why the Export-Import Bank should not help finance exports of equipment and services for the upgrade and operations of the Philippine nuclear power plant (PNPP-1).

The NRC license under which Westinghouse previously exported equipment for PNPP-1 is valid until 1998. Therefore, the proposed plant completion work program, which includes additional NRC-controlled exports, can be done under the present license.

The U.S. Nuclear Regulatory Commission neither guarantees nor assures the safe construction and operation of any nuclear power plant outside of the United States. Your enclosed Summary of Plant Completion Work Program states that PNPP-1 and Westinghouse have attempted "to approximate to the greatest extent feasible the features incorporated in recently commissioned U.S. plants and based upon current U.S. NRC criteria." In corroboration of that statement, in April 1992 the Philippine Nuclear Research Institute (PNRI) contacted the NRC requesting applicable NRC licensing documents on the Seabrook Nuclear Power Plant, which is, as agreed by Westinghouse and the Government of the Philippines, the reference plant to be used in the upgrading and repair of PNPP-1. These documents were mailed to PNRI in May 1992.

As part of NRC's response to the April 1992 PNRI request, the NRC emphasized that "one of the key principles underlying the basic concepts for the regulation, management of safety, and the operation of nuclear installations is that governments shall establish legislative and statutory frameworks for the regulation of nuclear installations, that there be a clear separation of responsibilities between the regulatory body and the operating organization, and that the regulatory body be effectively independent from the organization or body charged with the promotion or utilization of nuclear energy." International consensus has recently reenforced these principles. It is vital to the safe construction and operation of PNPP-1 that PNRI "have adequate authority, competency, and resources to fulfill its assigned duties."

For your information, the Regulatory/Safety Research Arrangement between the NRC and the Philippine Atomic Energy Commission (now the PNRI), was last renewed for five years in 1985. An expanded renewal proposal is currently being drafted, subject to updated information from the PNRI.

In making its determination to finance PNPP-1, the NRC suggests Export-Import Bank consider whether (a) the plant will be upgraded to the present state-of-the-art (i.e., Seabrook) standards, (b) there will be adequate numbers of trained operational personnel, and (c) the regulatory body has sufficient legal and institutional autonomy to effectuate its mandate. Please feel free to contact Dr. Karen Henderson of my staff at 301/504-2337 for information on the NRC-PNRI arrangement.

Sincerely,

/s/

Harold R. Denton, Director
Office of International Programs

FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS APPROPRIATIONS BILL, 1993

JUNE, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. OBEY, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 5368]

The Committee on Appropriations to whom was referred H.R. 5368, making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1993, and for other purposes, report the same to the House with an amendment and with the recommendation that the bill as amended be passed.

The amendment is a complete substitute for the text of the bill and appears in italic type in the reported bill.

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PHILIPPINE NUCLEAR FACILITY

The Committee is aware of the electricity shortages in the Philippines and their great need to develop energy sources. The Committee further is aware of the nuclear power plant which has previously received Bank program support and of its long and controversial history.

Prior to entering into any agreement to provide direct loans, loan guarantees, or insurance for any purpose related to this plant, the Chairman of the Board of the Bank is to certify (and so report to the Committees on Appropriations) that such facility will meet all safety, health and environmental requirements, standards, and regulations that would apply to a similar and currently operating facility located in the United States. The Committee believes that this certification of meeting American standards is necessary in order to ensure that the United States government is not implicated or blamed for any future difficulties related to this facility.

POLITICAL RISK INSURANCE CASE

It has been brought to the attention of the Committee that the Bank has been slow in resolving a political risk insurance claim (No. 20899). When questioned concerning this case, the Bank has been reluctant to explain why they believe that what seems to be an ex post facto taking by the Government of Venezuela is not covered by their political risk policy. In fact, the Bank has not answered, to the satisfaction of the Committee, questions concerning precisely what is and is not covered by their political risk insurance policies.

Due to this experience, and the potential high expense of litigation to both the Bank and the claimant, the Committee recommends that the Bank submit this claim to arbitration by the American Arbitration Association. If the Bank for some reason believes that arbitration is inappropriate for this case and if they subsequently convince the President to so determine and if the Administration reports that determination in writing to the Committee, the Committee will accept that judgment.

TRADE AND DEVELOPMENT PROGRAM

Fiscal year 1992 level.....	\$34,483,000
Fiscal year 1993 request	40,000,000
Committee recommendation.....	40,000,000

The Committee has recommended funding for the Trade and Development Program at the requested level of \$40,000,000. This represents a \$5,517,000 increase over the fiscal year 1992 level.

TITLE V—GENERAL PROVISIONS

The Committee recommends that the following new and revised general provisions be included in the bill.

AID ENTERTAINMENT EXPENSES

The Committee has revised section 508 to reduce the ceiling on entertainment expenses for AID to \$5,000 from \$11,500 requested by the Administration.