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December 6, 1985

The Honorable Nunzio J. Palladino  
Chairman  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20545

Dear Joe:

The most recent major revision to NRC's nuclear export regulations, 10CFR110, became effective on January 2, 1985 following extended review by the Commission and its staff. These revisions were designed to (a) enhance the reliability of the United States as a nuclear supplier, thereby advancing its non-proliferation goals, (b) permit the NRC and executive branch agencies to concentrate their reviews only on the more sensitive nuclear export license applications and (c) reduce the complexity of the U.S. nuclear export licensing process relative to those of other supplier nations, a situation which should help our nuclear industry to be more internationally competitive.

In its initial version of this revision to 10CFR110 the NRC proposed to reclassify reactor control rods and primary coolant pumps from their present category as important component parts especially designed for a utilization facility to that of components subject to the provisions of Section 109.b. of the Atomic Energy Act. However, the final version of the amended regulation did not include this change. The Atomic Industrial Forum's Committee on International Nuclear Policy strongly recommends that the NRC now reopen this issue and take prompt action to further revise 10CFR110 to include such reclassification.

The rationale behind this request is:

- The present classification may be making it more difficult for the U.S. to renegotiate its nuclear agreements for cooperation, as called for by the Nuclear Non-Proliferation Act (NNPA) of 1978. One of the major new NNPA requirements for such agreements is that the U.S. obtain "prior consent" rights for reprocessing and disposition of recovered

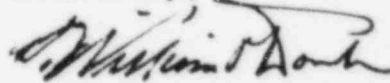
plutonium when non-U.S. fuel is irradiated in a U.S.-supplied utilization facility. While this requirement may be acceptable to other nations when the U.S. provides the complete nuclear reactor, they are inclined to be much less willing to accept it when the U.S. is supplying only a primary coolant pump or control rods (technically, even as little as a single control rod).

- In at least one known case, a Japanese utility has indicated its interest in purchasing primary coolant pumps from a U.S. vendor, but only if the U.S. would not ultimately gain "prior consent" rights to its fuel, as described above, if it were to make such purchases. The importance of these sales at a time of our severe trade deficit with Japan should not be lightly dismissed, particularly since resolution of this issue could also assist the U.S. in reaching agreement with Japan on amending its nuclear agreement for cooperation, which has been under negotiation for a number of years.
- When primary coolant pumps and control rods were first determined many years ago to be important component parts of a utilization facility, U.S. manufacturers were among the few capable of supplying these components. A cursory review of the current Nuclear News Buyers' Guide indicates that there are now some eight non-U.S. free-world suppliers of primary coolant pumps and several dozen for control rods.
- Primary coolant pumps for water reactors are not even a "trigger-list" item under the Nuclear Suppliers' Guidelines. Also, no other nation of which we are aware requires fullscope safeguards and/or "prior consent" as a condition for its export of either primary coolant pumps or control rods for civil power reactors. Furthermore, even the export requirements for control rods under the Nuclear Suppliers' Guidelines are somewhat less rigorous than those of Section 109.b. in that, unlike U.S. regulations, explicit approval by the supplier for their retransfer to another nation is not required; the original recipient merely assures the supplier that any retransfer will be subject to the same conditions as those under which it originally received them.

December 5, 1985

We believe that the foregoing represent persuasive reasons for redefining light-water reactor primary coolant pumps and control rods as reactor components under Section 109.b. of the Atomic Energy Act, rather than important component parts of a utilization facility. We hope that the NRC agrees with this analysis and will take appropriate action.

Sincerely,



William O. Doub, Esq.  
Chairman  
Committee on International  
Nuclear Policy

WD:jl

Copy to:

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