

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

SEP 17 1975

Chairman Anders  
Commissioner Gilinsky  
Commissioner Kennedy  
Commissioner Mason  
Commissioner Rowden

MEETING BETWEEN GOVERNMENT AND INDUSTRY OFFICIALS ON NUCLEAR EXPORT  
POLICIES - OCTOBER 22, 1975

I would like to discuss with the Commission the following item at the first  
opportunity this week.

The enclosure is a draft Plan of Action for the subject meeting. ERDA  
organizers have discussed NRC participation in this meeting with Commissioner  
Mason and J. D. Lafleur, ISP. We are being asked to make a presentation on  
"Export Licensing and Regulatory Outlook."

I recommend that our person make a 30-minute unclassified talk on the  
following "talking points":

1. Export License Procedures
2. Status of Licensing Actions
3. NRC Cooperative Arrangements with Other Countries

ERDA would like to have a list of NRC "talking points" and the name of the  
NRC speakers by the close of business Friday, September 19, 1975. For  
speakers, I suggest either (a) a Commissioner, (b) L. V. Gossick, Executive  
Director for Operations, or (c) Joseph D. Lafleur, Acting Director, Office  
of International and State Programs.

(Signed) Lee V. Gossick

Lee V. Gossick  
Executive Director for Operations

Enclosure:  
Draft Plan of Action for  
October 22 Meeting

cc w/encl:  
L. V. Gossick  
J. D. Lafleur  
/Secretary (3)

Enclosure 4

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DRAFT  
PLAN OF ACTION  
FOR  
MEETING BETWEEN GOVERNMENT & INDUSTRY OFFICIALS  
ON  
NUCLEAR EXPORT POLICIES

Background

As a result of top level discussions between ACDA (Ikle, Davies) and ERDA (Seamans, Fri) and at the suggestion of ACDA it was agreed that it would be useful for Government representatives to meet with a small group of Industrial organizations to improve communications on international issues and considerations concerning nuclear exports, particularly as related to nonproliferation objectives. The following relates to a first meeting between Government and Industry representatives on the subject.

1. Timing: Tentatively Wednesday, October 22, 1975 - 9:00 - 12:00 a.m.
2. Location: Washington, D.C. (specific location to be determined -- either ERDA Mass. Avenue or Germantown Office)
3. Purpose & Scope of Meeting: To review with industry representatives international issues and considerations concerning nuclear exports, particularly from the standpoint of nonproliferation objectives. Meeting should be classified.
4. Participants: Government - ACDA, ERDA (Assistant Administrator Level)<sup>1</sup>, NRC and State. Industry - Babcock & Wilcox, Bechtel, Burns & Roe, Combustion Engineering, General Electric, General Atomic,

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<sup>1</sup> ERDA participants - ANE, ANS, AIA, and ISL

NUS, Stone & Webster, Westinghouse (President and Vice President Level).<sup>1</sup>

5. Agenda: (Agency to lead discussion in parentheses)
- a. Introduction - Overall Meeting Objective (ERDA-Seamans/Fri)
  - b. Issues and Agenda (ERDA-Sievering)
  - c. Overall International Considerations (State-Kratzer)
  - d. Nonproliferation Objectives, Approaches and Problems (ACDA-Ikle)
  - e. Nuclear Safeguards Programs (ERDA-ANS)
  - f. Export Licensing and Regulatory Outlook (NRC)
  - g. Open Discussion (ERDA-Sievering)

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<sup>1</sup> Consideration also being given to inviting firms in the enrichment technology field as well as scheduling a separate afternoon meeting with them: Electro-Nucleonics, Inc./Atlantic Richfield Co. (CENTAR), Exxon Nuclear Company, Garrett Corporation, and Uranium Enrichment Associates. Other firms which could be included are: Goodyear Aerospace Corporation, United Technologies Corporation (Pratt-Whitney), General Atomic, and Boeing.

Firms in the chemical reprocessing field, which could be combined with this group, are: Allied General Nuclear Services, Exxon, GE, NFS, Bechtel, and Fluor.\*

\*Meeting with above firms now being considered at a later date.



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Facility Licensing	1
Safeguards	1

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OES/NET/IM - D. Hoyle  
18 Sep 1975

Meeting Between Government and Industry Officials  
on  
U.S. Non-Proliferation Policies

Talking Points for Myron B. Kratzer, Acting Asst.  
Secretary OES

Overall International Considerations

I. Historical

A. Initial development and objectives of "Atoms for Peace" program:

- The Atomic Energy Act of 1954.
- The "bilateral" period; research and test reactor assistance.
- Early Agreements for Cooperation.

B. The Growth of Power Reactor Cooperation (the decade beginning in early 1960's):

- USG policies stimulating this cooperation:
  - ... Declassification of civil power reactor technology.
  - ... The Euratom program.
  - ... Specific technology exchange arrangements.
  - ... Fuel supply policies.
- USG support for the IAEA.
- The evolution of the "Power" Agreement for Cooperation.

C. Early 1970's to Present

- The development of a competitive nuclear industry abroad.

*Ritaker 2635*

- Evolving US fuel supply policy.

- Impact of proposed agreements with Egypt/Israel and the Indian nuclear explosive test.
- Evolution of the IAEA safeguards effort and its role in NPT.

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... Physical security considerations.

-- Changing attitudes of the Congress and public toward international nuclear cooperation.

## II. State Department Objectives

### A. Support of U.S. foreign policy objectives:

-- Foreign trade.

-- General technical and political objectives.

### B. Reducing western world dependence on imported oil (IEA):

-- Cooperative programs with possible industry impact:

... IEA R&D program (involves waste disposal, reactor safety and, prospectively, chemical processing and uranium exploration, mining and milling).

... Possible transfer of U.S. enrichment technology.

### C. Lessening the prospects for nuclear weapons proliferation:

-- Carefully conceived nuclear cooperation fosters, rather than hinders, this objective.

-- The need for cooperation among supplier nations:

... Role of the U.S. as leader in non-proliferation.

-- Major elements in carrying out U.S. objectives (some interrelated):

... Agreements for Cooperation.

... Nuclear export licensing (NRC and Commerce).

... Controls on sensitive nuclear technology (10CFR810).

... Participation in NPT.

... Participation and assistance in strengthening IAEA safeguards.

... Bilateral and multilateral negotiations (e.g., Suppliers' Meeting).

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### III. State Department Operative Role

- A. Participation in developing general USG non-proliferation policy.
- B. Negotiation of international arrangements related to non-proliferation.
- C. Participation in development and negotiation of Agreements for Cooperation.
- D. Represents Executive Branch in NRC export and import licensing actions.
- E. Assessment of political implications of non-proliferation developments and prospective policies.

### IV. Attitudes and actions of other major nuclear nations

### V. Attitude and role of the Congress

- A. In Agreements for Cooperation.
- B. In efforts to restrict or limit cooperation:
  - Export Reorganization Act of 1975.
  - Bills to permit exports only to NPT parties; cut off U.S. exports to other nations exporting chemical processing technology without adequate controls, etc.
- C. Reactions to developments abroad:
  - The FRG-Brazil agreement.
  - Korea, South Africa, etc.

### VI. Summary.

- A. Where we stand today in efforts to balance often conflicting objectives and pressures and maintain the U.S. credibility as a supplier without sacrificing our non-proliferation goals.

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cc: ACDA - D. Oyster  
H. Bengelsdorf  
M. Kratzer

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Meeting Between Government and Industry  
Officials on Nuclear Export Policies

Talking Points for Dr. Fred C. Ikle, Director, ACDA

General

The general structure of ACDA's remarks is to cover briefly most of ACDA's major points in order to stimulate industry's response on those points of immediate concern to industry, while at the same time giving something of an overview. These points will include our nuclear non-proliferation objectives and principal approaches to achieving those objectives.

At this time these talking points will be limited to confidential classification. If the meeting is arranged for the secret level of classification, these points would become more specific and that portion covering the nuclear suppliers discussions would be expanded as well as being made more specific.

Talking Points

-- The fundamental, near term, objective of nuclear non-proliferation is to stop the spread of nuclear weapons to additional countries without placing undue constraint on nuclear energy growth. As a fall-back in those countries where this objective has not been or in the future may not be achieved, the fall-back objective is to inhibit the future growth of nuclear weapon development within those countries.

-- While there are means to help attain the overall objective outside of nuclear energy such as mutual security arrangements and overall economic means including alternate energy mixes, today remarks will be confined to nuclear energy.

-- There are four, interrelated major approaches toward achieving our objective of stopping the spread of nuclear weapons:

Non-Proliferation Treaty  
International Safeguards and Physical  
Security and IAEA

Enclosure 3 (Cont'd.)

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Common Nuclear Supplier Policies  
U.S. Nuclear Exports Policy and  
Implementation

-- Related to the NPT, the Review Conference in May reaffirmed support of and future strengthening of the NPT by the three principals\* and other members. Ratification by Korea and Euratom countries this year was encouraging, and new opportunities to urge significant countries like Japan and Spain to join the NPT will continue to be explored and implemented.

-- Related to the NPT is IAEA and safeguards. Successful detection of diversion of SNM is extremely important and the effectiveness of detection can be strengthened. The principal safeguard method is inspection related to material accountancy which is being increasingly supplemented by measurement, sealing-locking, and surveillance. ACDA has a small but important R&D program aimed at material accountancy and these supplemental measurements, seals-locks and surveillance.

-- International safeguards differ in very significant ways from U.S. and other national domestic safeguards. For example, the U.S. has extensive means to control the nuclear industry and extensive access to facilities. IAEA has no control over national industries and inspection access to facilities is constrained. In addition, for a nation intent upon diversion, the IAEA and that nation are clearly adversaries. While the extensive U.S. safeguard developments have considerable applicability, the problem is clearly quite different.

-- Physical security is important especially relative to sub-nationals and terrorists. The IAEA has only an advisory role. Its revised grey book contains improved guidance for physical security. A physical security symposium is under consideration for late next spring, with the possibility of an

\*U.S., UK, and USSR

international convention on physical security later. Clearly ERDA and NRC have much to contribute from their U.S. oriented, physical security programs.

-- Nuclear suppliers discussions involving seven major countries are underway with significant progress to date. These discussions are extremely sensitive. However progress has been made in a number of areas including:

- Applications of safeguards to all significant exports
- Constraint on Pu reprocessing
- Limiting technology transfer to a third country
- Assurance of adequate physical security arrangements within the recipient country
- Special restraints relative to some countries

-- U.S. nuclear export policy is extremely important in our foreign policy and in our non-proliferation policy. ACDA has a role along with State, NRC and often DOD. While State will primarily cover this, ACDA particularly supports: continued constraint in sensitive portions of the fuel cycle, especially U enrichment and Pu reprocessing; restraint toward sensitive countries like Libya; and caution relative to advanced reactors using SNM.

-- Congress represents an increasing forum relative to all aspects and viewpoints of nuclear export activities. Concerns from proliferation and U.S. nuclear industry export sales viewpoints mix with various concerns from the U.S. public. Clearly both the Executive Branch and U.S. industry should continue and strengthen our interaction with Congress in constructive ways.

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