



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

June 12, 1987

CHAIRMAN

The Honorable Dante B. Fascell, Chairman  
Committee on Foreign Affairs  
United States House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your letter of March 17 concerning the Commission's role in the implementation of Section 603 of the Omnibus Diplomatic Security and Antiterrorism Act of 1986. I am enclosing with this letter answers to your specific questions.

The Commission intends to cooperate fully with the Defense Department with respect to achieving our mutual goal under the requirements of the Atomic Energy Act of assuring that adequate physical security measures are applied to U.S.-origin or controlled nuclear material abroad. In this regard, the Commission has recently provided a response to several questions posed by DOD with respect to two pending NRC export license applications.

As noted in our response to DOD, certain of these questions will need to be answered by the State Department or the Department of Energy. Also, I understand that the State Department and DOD are working on defining procedural mechanisms for fulfilling DOD's Section 603 consultation requirements, which should include consideration of any necessary changes to the interagency procedures now used by NRC and other agencies in reviewing nuclear exports. The Commission hopes this question can be resolved soon to help assure that the Commission will receive the final views of the Executive Branch, including DOD, on NRC export license applications in as timely a manner as possible. The Commission will continue to exert its best efforts to facilitate resolution of this matter and remains willing to meet further with DOD and the other involved Executive Branch agencies in this regard.

I trust this letter has been responsive to your questions.

Sincerely,

8706240316 870612  
PDR COMMS NRCC  
CORRESPONDENCE PDR

*Lando W. Zeeh, Jr.*  
Lando W. Zeeh, Jr.

Enclosure:  
Responses to Questions

cc: Rep. William S. Broomfield



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

June 12, 1987

CHAIRMAN

The Honorable Don Bonker, Chairman  
Subcommittee on International  
Economic Policy and Trade  
Committee on Foreign Affairs  
United States House of Representatives  
Washington, D.C. 20515

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Sincerely,

*Lando W. Zech, Jr.*  
Lando W. Zech, Jr.

Enclosure:  
Responses to Questions

cc: Rep. Toby Roth





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

June 12, 1987

CHAIRMAN

The Honorable Howard Wolpe  
United States House of Representatives  
Washington, D.C. 20515

Dear Congressman Wolpe:

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I trust this letter has been responsive to your questions.

Sincerely,

*Lando W. Zech Jr.*  
Lando W. Zech, Jr.

Enclosure:  
Responses to Questions

## Detailed Response to Questions

1. Question: What approvals or export licenses (as appropriate) have come under consideration or have been approved since Section 603 was enacted on August 27, 1986?

Answer: No NRC export licenses subject to Section 603 consultation requirements have been issued since August 27, 1986. Several NRC license applications for the export of high-enriched uranium (HEU) have been under review by the Executive Branch for some time. Two of these, fuel reloads for the Grenoble High Flux Reactor in France and the Thorium High Temperature Reactor (THTR) in West Germany, have become urgent. Also, since August 27, 1986, only two new HEU export license applications have been received by NRC. These are (1) XSNM-2141, an application for an amendment to authorize export of an additional 42.9 kilograms of HEU for the BR-2 research reactor in Belgium and (2), XSNM-2315, an application for an amendment to authorize export of an additional 25.07 kilograms of HEU for the Grenoble High Flux reactor in France. The latter French request is in addition to the Grenoble case mentioned earlier.

2. Question:

What steps have been taken to conduct consultations with the Secretary of Defense on any such cases? Please include copies of all correspondence and documents relating to the implementation of Section 603 that were sent to or received by your agency.

Answer:

Since enactment of Section 603, the Commission has continually made itself available for consultation with DOD. As indicated in the cover letter accompanying this response, the Commission's appropriate consultation role is heavily dependent upon internal Executive Branch arrangements on consultation procedures. In response to DOD's letter to NRC in January 1987, which asked several questions regarding the Grenoble and THTR export requests, NRC wrote back and asked that an interagency meeting be convened to discuss the matter. DOD's subsequent written response on March 19 questioned the need for such a meeting. On March 24, 1987, Assistant Secretary of Defense Richard Perle wrote to Chairman Zech expressing concern over the delay in responding to DOD's questions. In an effort to help resolve the matter, the Commission has recently provided DOD a response which addresses the questions to the degree possible using information available to the Commission.

However, the Commission continues to believe that joint agreement by all involved agencies on the appropriate Section 603 consultation procedures is essential.

Copies of all relevant correspondence are attached, except for Mr. Perle's March 24 letter and the Commission's response, which are classified and will be sent to you under separate cover.



3. Question:

We note that the Convention on the Physical Protection of Nuclear Material (INFCIRC 274) has recently entered into force. Article 5 of that Convention requires that "States Parties shall identify and make known to each other directly or through the International Atomic Energy Agency their central authority and point of contact having responsibility for physical protection of nuclear material and for coordinating recovery and response operations in the event of any unauthorized removal, use or alteration of nuclear material or in the event of credible threat thereto." Has this information been obtained by the United States for any approval or pending cases? Has it been provided, along with information about specific physical security measures to be taken by recipients of U.S. nuclear materials, to the Secretary of Defense?

Answer:

The Physical Security Convention has only recently entered into force (February 8, 1987). The parties to the Convention have not yet completed the process of notification of their control authorities and points of contact on physical protection matters. Nevertheless, the Commission, in coordination with the State Department, has the capability of communicating promptly with the appropriate foreign officials responsible for physical protection measures related to U.S. material abroad.

With regard to information on the specific physical security measures to be taken by recipients of U.S. nuclear material, the Commission is currently working closely with the State Department and the Department of Energy to provide DOD with all available information.

4. Question:

Please provide your best estimate of the amounts of plutonium and highly enriched uranium whose transfer you expect to approve or license over the next five years. Please include the recipient costs, the amount, number of shipments, and mode of transportation to be used.

Answer:

The Commission expects to license no plutonium exports subject to Section 603 requirements over the next five years. With respect to high-enriched uranium, foreign reactor operators are expected to request approximately 350 kilograms per year on average, although this amount may gradually decline in this timeframe as more reactors convert to the use of low-enriched uranium fuel. The major foreign user of HEU is the West German THTR reactor with annual reload requirements of approximately 170 kilograms. Current DOE costs for HEU are approximately \$27,000 per kilogram for 45% enriched material and approximately \$75,000 per kilogram for 93% enriched material. In addition, transportation, physical security and fuel fabrication costs can be expected to approximately double these costs. Exports, if approved, will probably be shipped in one or two shipments per year via West German or French military aircraft.