



United States Department of State

Washington, D.C. 20520

November 4, 1999

PDR 03
DCS/DF02
NISS
DOE/OR
NAC/NISS

Ms. Janice Dunn Lee
Director, International Programs
United States Nuclear Regulatory Commission
Rockville, Maryland

Dear Ms. Lee:

I refer to the letter from your office dated September 3, 1999, 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. XCOM1102 - Westinghouse Electric Company has applied for amendment to its existing NRC license to authorize the export to Brazil for use by Industrias Nucleares do Brasil S.A. (INB) of the following nuclear power plant fuel assembly components: top nozzle assemblies, bottom nozzle assemblies, top grid assemblies, bottom grid assemblies, mid-grid assemblies and thimble screws. Westinghouse also requests authorization to export to Brazil the following nuclear power plant fuel fabrication equipment for use by INB: one skeleton/bulge fixture; one fuel assembly loader; one bar code reader; one granite surface plate; and one drag force check gauge. Westinghouse in its original 1996 XCOM1102 application had requested authority to export to Brazil zirconium fuel cladding tubes, reactor internals and other components covered in Appendix A(5) through A(9) of 10 CFR Part 110 for the Angra I and 2 Nuclear Power Plants and any other commercial nuclear power plants to be built in Brazil.

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 is consistent with the provisions of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978.

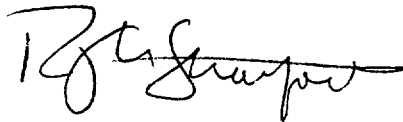
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PDR EXPORT XCOM-1102

As a party to the NPT, the Government of Brazil has committed itself to maintain IAEA safeguards on all of its peaceful nuclear activities and has pledged not to produce or otherwise acquire any nuclear explosive device, therefore satisfying criteria (1) and (2) of Section 109b of the Atomic Energy Act, as amended, for exports of nuclear components, substances and items. The remaining criterion, agreement not to retransfer any U.S.-supplied component, substance or item without prior U.S. consent, has been satisfied by the receipt of diplomatic notes and letters from the Brazilian Ministry of Foreign Affairs, dated October 26, 1999 confirming that the proposed exports will be subject to the 1999 Agreement for Cooperation between the Government of the United States and the Government of the Federative Republic of Brazil concerning Peaceful Uses of Nuclear Energy. In addition, the Government of Brazil has provided certifications from the Minister of State of Science and Technology and the President of the National Nuclear Energy Commission regarding conditions to be applied to these exports. The Brazilian assurances cover not only the items specifically listed in the Westinghouse amendment request but also cladding tubes, guide tubes, instrumentation tubes, bars, leaf springs and plates for nozzles for fabrication of fuel elements for the Angra I Nuclear Power Plant.

My letter of January 23, 1997 regarding the original XCOM1102 application recommended approval of the 25 pieces of zircaloy-4 fuel cladding tubes which were the sole items addressed by Brazilian Government assurances dated January 22, 1997. I also noted in that letter that the Executive Branch anticipated being able to provide favorable recommendations regarding other items proposed for export in the Westinghouse application upon receipt of the appropriate Brazilian Government assurances. On the basis of the foregoing, the Executive Branch recommends that a license be issued authorizing export of all the items listed by the Brazilian Government in their assurances.

Sincerely,



Richard J. K. Stratford

Director

Office of Nuclear Energy Affairs

Enclosures: U.S. Embassy Brasilia telegrams 4042 and 4044

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Printed By: Lula J Ellis 11/04/99 01:00:27 PM

BRASILIA 4042

From: AMEMBASSY BRASILIA
Subject: GOVERNMENT OF BRAZIL END-USE
ASSURANCES FOR NUCLEAR
COMPONENTS EXPORT

MRN: 4042
ICNbr: TED0142

Date/Time: 041549Z NOV 99
Precedence: PRIORITY

Cable Text:

TED0142
ACTION PM-00

INFO	LOG-00	NP-00	AID-00	AMAD-01	CEA-01	CIAE-00	COME-00
	CTME-00	DINT-00	DODE-00	DOEE-00	ITCE-00	WHA-01	SRPP-00
	EB-00	EXME-00	E-00	UTED-00	FRB-00	H-01	TEDE-00
	INR-00	IO-00	ITC-01	LAB-01	L-00	ADS-00	AC-01
	NRC-01	NRRC-00	NSAE-00	NSCE-00	OES-01	OIC-02	OMB-01
	OPIC-01	PRS-00	ACE-00	P-00	SP-00	SSO-00	STR-00
	TRSE-00	USIE-00	EPAE-00	PMB-00	DRL-02	G-00	SAS-00

/015W

-----0BAB98 041606Z /38
P 041549Z NOV 99 *Nov 4, 1999*
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 7658
INFO AMCONSUL RIO DE JANEIRO PRIORITY
AMCONSUL SAO PAULO PRIORITY

UNCLAS SECTION 01 OF 02 BRASILIA 004042

STATE FOR PM/NE FOR ROBIN DELABARRE

E.O. 12958: N/A
TAGS: KNNP, TRGY, ENRG, KSCA, BR
SUBJECT: GOVERNMENT OF BRAZIL END-USE ASSURANCES FOR NUCLEAR
COMPONENTS EXPORT

REF: STATE 121479

BRASILIA 01 OF 02 4042

1. (U) EMBASSY HAS RECEIVED FROM THE MINISTRY OF EXTERNAL
RELATIONS A DIPLOMATIC NOTE AND ATTACHMENTS CONVEYING THE
END-USE ASSURANCES REQUESTED REFTEL IN CONNECTION WITH U.S.
AUTHORIZATION FOR EXPORT TO BRAZIL FOR USE BY INDUSTRIAS
NUCLEARES DO BRASIL S.A. (INB) OF THE FOLLOWING NUCLEAR
POWER PLANT FUEL FABRICATION EQUIPMENT: ONE SKELETON/BULGE

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FIXTURE, ONE FUEL ASSEMBLY LOADER, ONE BAR CODE READER, ONE GRANITE SURFACE PLATE, AND ONE DRAG FORCE CHECK GAUGE, HARDWARE COMPONENTS. WESTINGHOUSE ELECTRIC REQUESTED AUTHORIZATION FOR EXPORT OF THESE ITEMS PURSUANT TO A CONTRACT (NUMBER 2/98/025) SIGNED BETWEEN WESTINGHOUSE AND INB ON JUNE 17, 1999.

2. (U) INFORMAL TRANSLATION OF MFA NOTE NUMBER DDS/DCS84/ENER-BRAS-EUA, DATED OCTOBER 26, 1999:

"THE MINISTRY OF EXTERNAL RELATIONS PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE UNITED STATES OF AMERICA AND, WITH REFERENCE TO THE PROPOSED IMPORT BY INDUSTRIAS NUCLEARES DO BRASIL S.A., FROM WESTINGHOUSE ELECTRICAL COMPANY, OF EQUIPMENT (SKELETON/BULGE FIXTURE, FUEL ASSEMBLY LOADER, BAR CODE READER, GRANITE SURFACE PLATE, DRAG FORCE CHECK GAUGE, HARDWARE COMPONENTS) FOR THE FABRICATION OF NUCLEAR FUEL ELEMENTS FOR THE BRAZILIAN NUCLEAR POWER REACTORS, HAS THE HONOR TO TRANSMIT, ANNEXED HERETO, THE FOLLOWING GUARANTEES OF THE BRAZILIAN GOVERNMENT:

A) STATEMENT SIGNED BY DR. JOSE MAURO ESTEVES DOS SANTOS, PRESIDENT OF THE NATIONAL NUCLEAR ENERGY COMMISSION (CNEN), ON SEPTEMBER 16, 1999, ACCOMPANIED BY THE CERTIFICATE OF END USE SIGNED BY DR. RONALD ARAUJO DA SILVA, INDUSTRIAL DIRECTOR OF INDUSTRIAS NUCLEARES DO BRASIL, ON JULY 12, 1999; AND

B) CERTIFICATE SIGNED BY AMBASSADOR RONALDO MOTA SARDENBERG, MINISTER OF STATE OF SCIENCE AND TECHNOLOGY, ON SEPTEMBER 24, 1999.

2. IN RELATION TO THE OPERATION IN QUESTION, THE MINISTRY OF EXTERNAL RELATIONS CONFIRMS, IN ADDITION, THE FOLLOWING:

A) THAT THE ABOVE-REFERENCED MATERIAL WILL BE SUBJECT TO THE AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL CONCERNING PEACEFUL USES OF NUCLEAR ENERGY, WHICH ENTERED INTO FORCE ON SEPTEMBER 15, 1999, AND WHICH REPLACED THE AGREEMENT FOR COOPERATION CONCERNING CIVIL USES OF ATOMIC ENERGY, SIGNED ON JULY 17, 1972, MENTIONED IN THE ANNEXED GUARANTEES;

B) THAT THE MATERIAL IN QUESTION WILL NOT BE USED FOR MILITARY PURPOSES, IN CONFORMITY WITH THE STIPULATION OF

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ARTICLE VIII (2) OF THE REFERENCED AGREEMENT; AND

C) THAT THE END USER INDICATED IN THE STATEMENT ABOVE MENTIONED IS AUTHORIZED TO RECEIVE AND POSSESS THE MATERIAL."

BRASILIA, OCTOBER 26, 1999

/s/

END OF TEXT OF NOTE

3. (U) INFORMAL TRANSLATION OF ATTACHED "CERTIFICATE":

"I CERTIFY TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA THAT THE COMPANY INDUSTRIAS NUCLEARES DO BRASIL S.A. - INB, THE IMPORTER OF THE EQUIPMENT NOTED IN THE CERTIFICATE OF END USE, ANNEXED, PRODUCED BY WESTINGHOUSE ELECTRIC CORPORATION, DECLARED TO THE MINISTRY OF SCIENCE AND TECHNOLOGY THAT IT WILL UTILIZE THE EQUIPMENT IN ITS INDUSTRIAL UNIT, LOCATED IN THE MUNICIPALITY OF RESENDE, STATE OF RIO DE JANEIRO, TO FABRICATE NUCLEAR FUEL ELEMENTS FOR BRAZILIAN NUCLEAR POWER REACTORS AND THAT THEY WILL BE USED ONLY TO THE SPECIFIED PURPOSE AND ACCORDING TO THE TERMS OF THE MENTIONED CERTIFICATE.

THE MINISTRY OF SCIENCE AND TECHNOLOGY, MCT, ASSURES THAT INDUSTRIAS NUCLEARES DO BRASIL S.A., INB, A COMPANY WHOSE MAJORITY SHAREHOLDER IS THE NATIONAL NUCLEAR ENERGY COMMISSION, CNEN, A FEDERAL AUTHORITY LINKED TO THE MCT, WILL FULFILL ALL THE COMMITMENTS IN THE CERTIFICATES ISSUED BY INB AND BY CNEN, ANNEXED, WHICH I NOW RATIFY.

BRASILIA, SEPTEMBER 24, 1999

/s/

BRASILIA 02 OF 02 4042

RONALDO MOTA SARDENBERG

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MINISTER OF STATE OF SCIENCE AND TECHNOLOGY"
END OF TEXT OF "CERTIFICATE"

4. (U) BEGIN ORIGINAL ENGLISH TEXT OF ATTACHED "STATEMENT":

THE BRAZILIAN NUCLEAR ENERGY COMMISSION (COMISSAO NACIONAL DE ENERGIA NUCLEAR) - CNEN, FEDERAL AGENCY, UNDER THE RESPONSIBILITIES OF THE BRAZILIAN MINISTRY OF SCIENCE AND TECHNOLOGY (MINISTERIO DA CIENCIA E TECNOLOGIA) - MCT, STATES THAT THE BRAZILIAN NUCLEAR INDUSTRIES S/A (INDUSTRIAS NUCLEARES DO BRASIL S/A) - INB WILL COMPLY WITH THE TERMS OF THE ATTACHED CERTIFICATE, DATED JULY 12, 1999, SENT TO WESTINGHOUSE ELECTRIC CORPORATION, REFERRING TO THE SUPPLY OF THE EQUIPMENT TO BE USED IN THE FABRICATION OF NUCLEAR FUEL ASSEMBLIES FOR BRAZILIAN NUCLEAR POWER PLANTS.

CNEN AS THE MAIN SHAREHOLDER OF INB AND ON THE BEHALF OF THE BRAZILIAN GOVERNMENT ASSURES THAT THE EQUIPMENT LISTED IN THE MENTIONED CERTIFICATE WILL NOT BE RE-TRANSFERRED OR RE-EXPORTED WITHOUT THE CONSENT OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND IT WILL NOT BE USED TO PRODUCE NUCLEAR EXPLOSIVE DEVICES. THIS EQUIPMENT WILL BE SUBJECT TO THE AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF BRAZIL CONCERNING CIVIL USES OF ATOMIC ENERGY WHICH ENTERED INTO FORCE ON SEPTEMBER 20, 1972. ADDITIONALLY, THE NUCLEAR POWER PLANT FUEL ASSEMBLIES PRODUCED WITH IT WILL BE UNDER SAFEGUARDS OF THE BRAZILIAN-ARGENTINE AGENCY FOR ACCOUNTING AND CONTROL OF NUCLEAR MATERIAL (ABACC) AND THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA).
RIO DE JANEIRO, SEPTEMBER 16TH, 1999

/s/

JOSE MAURO ESTEVES DOS SANTOS
CHAIRMAN
BRAZILIAN NUCLEAR ENERGY COMMISSION
CNEN"

END TEXT OF "STATEMENT."

5. (U) BEGIN ORIGINAL ENGLISH TEXT OF ATTACHED "END-USE STATEMENT":

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INDUSTRIAS NUCLEARES DO BRASIL S.A. - INB HEREBY CONFIRMS THAT THE EQUIPMENT (SKELETON/BULGE FIXTURE, FUEL ASSEMBLY LOADER, BAR CODE READER, GRANITE SURFACE PLATE, DRAG FORCE CHECK GAGE (SIC), HARDWARE COMPONENTS) TO BE SUPPLIED BY WESTINGHOUSE ELECTRIC CORPORATION UNDER CONTRACT WITH INB FOR USE IN THE FUEL FABRICATION FACILITY OF INB TO MANUFACTURE NUCLEAR FUEL FOR BRAZILIAN NUCLEAR POWER PLANTS, WHEN RECEIVED IN BRAZIL WILL BE SUBJECT TO THE AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL CONCERNING CIVIL USES OF ATOMIC ENERGY, WHICH ENTERED INTO FORCE ON SEPTEMBER 20, 1972 AND THAT THERE WILL BE NO NUCLEAR EXPLOSIVE USE OF THE TRANSFERRED NUCLEAR MATERIAL OR NUCLEAR MATERIAL PRODUCED THROUGH THE USE OF THE SUPPLIED MATERIAL.

RIO DE JANEIRO, JULY 12, 1999

/s/

RONALD ARAUJO DA SILVA
INDUSTRIAL DIRECTOR

END TEXT OF END-USE STATEMENT

6. (U) EMBASSY WILL POUCH THE DEPARTMENT ORIGINAL NOTE AND ATTACHMENTS TO THE ATTENTION OF NP/NEA - R. DELABARRE.

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BRASILIA 4044

From: AMEMBASSY BRASILIA
Subject: GOVERNMENT OF BRAZIL END-USE
ASSURANCES FOR NUCLEAR
COMPONENTS EXPORT (NRC LICENSE
REQUEST NO. XCOM1102)

MRN: 4044
ICNbr: TED0287

Date/Time: 041610Z NOV 99
Precedence: PRIORITY

Cable Text:

TED0287
ACTION PM-00

INFO	LOG-00	NP-00	AID-00	AMAD-01	CEA-01	CIAE-00	COME-00
	CTME-00	DINT-00	DODE-00	DOEE-00	ITCE-00	WHA-01	SRPP-00
	EB-00	EXME-00	E-00	UTED-00	FRB-00	H-01	TEDE-00
	INR-00	IO-00	ITC-01	LAB-01	L-00	ADS-00	AC-01
	NRC-01	NRRC-00	NSAE-00	NSCE-00	OES-01	OIC-02	OMB-01
	OPIC-01	PRS-00	ACE-00	P-00	SP-00	SSO-00	STR-00
	TRSE-00	USIE-00	EPAE-00	PMB-00	DRL-02	G-00	SAS-00

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-----0BAE96 041627Z /38

P 041610Z NOV 99
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 7661
INFO AMCONSUL RIO DE JANEIRO PRIORITY
AMCONSUL SAO PAULO PRIORITY

UNCLAS SECTION 01 OF 03 BRASILIA 004044

STATE FOR PM/NE FOR ROBIN DELABARRE

E.O. 12958: N/A
TAGS: KNNP, TRGY, ENRG, KSCA, BR
SUBJECT: GOVERNMENT OF BRAZIL END-USE ASSURANCES FOR
NUCLEAR COMPONENTS EXPORT (NRC LICENSE REQUEST NO.
XCOM1102)

REF: STATE 121479

BRASILIA 01 OF 03 4044

1. (U) EMBASSY HAS RECEIVED FROM THE MINISTRY OF EXTERNAL
RELATIONS A DIPLOMATIC NOTE AND ATTACHMENTS CONVEYING END-
USE ASSURANCES REQUESTED REPTEL IN CONNECTION WITH THE
TRANSFER TO BRAZIL FOR USE BY INDUSTRIAS NUCLEARES DO

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BRASIL S.A. (INB) OF THE FOLLOWING NUCLEAR POWER PLANT ASSEMBLY COMPONENTS: TOP NOZZLE ASSEMBLIES, BOTTOM NOZZLE ASSEMBLIES, TOP GRID ASSEMBLIES, BOTTOM GRID ASSEMBLIES, MID-GRID ASSEMBLIES AND THIMBLE SCREWS, CLADDING TUBES, GUIDE TUBES, INSTRUMENTATION TUBES, BARS, LEAF SPRINGS AND PLATES FOR NOZZLES.

2. (U) EMBASSY NOTES THAT THE LAST SIX ITEMS LISTED (CLADDING TUBES TO PLATES FOR NOZZLES) WERE NOT/NOT REFERENCED REFTEL. CONSULTATIONS WITH WESTINGHOUSE AND INB PRODUCED SOMEWHAT VARYING, ALTHOUGH NOT NECESSARILY INCOMPATIBLE, EXPLANATIONS FOR THE INCLUSION OF THESE MATERIALS IN THE GOB END-USE ASSURANCES. WESTINGHOUSE'S ED MCDONAUGH INDICATED THAT IN 1996 THE COMPANY HAD SOUGHT AUTHORIZATION TO EXPORT ALL ITEMS LISTED IN AND CONTROLLED BY 10 CFR 110, APPENDIX A5-A9. MCDONAUGH EXPLAINED THAT THE GOB CHOSE, AT THAT TIME, TO ISSUE END-USE ASSURANCES ONLY FOR 25 ZIRCOLOY TUBES. HE FURTHER STATED THAT THE NRC AGREED TO LEAVE OPEN THE COMPANY'S LAUNDRY LIST LICENSE APPLICATION, TO AVOID THE NEED FOR WESTINGHOUSE TO RE-INITIATE THE LENGTHY APPLICATION PROCESS EACH TIME BRAZIL MIGHT REQUIRE OTHER CONTROLLED ITEMS. THUS, THE GOB IS, ACCORDING TO MCDONAUGH, ABLE TO GRANT END USE ASSURANCES FOR ANY ITEMS ON THIS LIST, AS THE NEED IS DETERMINED. EMBASSY NOTES THAT THE HISTORICAL INFORMATION PROVIDED BY MCDONAUGH ROUGHLY TRACKS BACKGROUND THE DEPARTMENT PROVIDED REFTEL.

3. (U) ON THE LOCAL FRONT, INB EXPLAINS THAT THE INCLUSION OF THESE ITEMS WAS OCCASIONED BY AN EXCHANGE OF PHONE AND EMAIL CORRESPONDENCE BETWEEN INB AND WESTINGHOUSE IN JUNE OF THIS YEAR. AS NOTED, THESE TWO EXPLANATIONS MAY BE ENTIRELY COMPLEMENTARY. NONETHELESS, EMBASSY NOTES DEPARTMENT'S NOTE (REFTEL, PARAGRAPH 6B) THAT, PER WESTINGHOUSE, QUOTE AFTER ISSUANCE OF AN NRC LICENSE BASED ON BRAZILIAN GOVERNMENT ASSURANCES, NO SHIPMENTS OF COMPONENTS WILL BE MADE TO BRAZIL WITHOUT A SIGNED CONTRACT WITH THE BRAZILIAN END USER END QUOTE. WE WONDER WHETHER THE CLADDING TUBES, GUIDE TUBES, INSTRUMENTATION TUBES, BARS, LEAF SPRINGS AND PLATES FOR NOZZLES ARE COVERED UNDER THE CONTRACT REFERENCED REFTEL (CONTRACT #2/98/025, SIGNED ON JUNE 17, 1999) OR BY SOME OTHER CONTRACT.

4. (U) IN A SEPARATE DIPLOMATIC NOTE, THE MINISTRY OF EXTERNAL RELATIONS CONVEYED END-USE ASSURANCES IN CONNECTION WITH WESTINGHOUSE'S REQUEST FOR U.S. AUTHORIZATION FOR EXPORT TO BRAZIL OF NUCLEAR POWER PLANT FUEL FABRICATION EQUIPMENT ITEMS, PURSUANT TO CONTRACT #2/98/025, ALSO NOTED REFTEL. THE TEXTS OF THAT NOTE AND ANNEXED MATERIALS ARE BEING TRANSMITTED SEPTTEL.

5. (U) INFORMAL TRANSLATION OF MFA NOTE NUMBER DDS/DCS85/ENER-BRAS-EUA, DATED OCTOBER 26, 1999:

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"THE MINISTRY OF EXTERNAL RELATIONS PRESENTS ITS COMPLIMENTS TO THE EMBASSY OF THE UNITED STATES OF AMERICA AND, WITH REFERENCE TO THE PROPOSED IMPORT BY INDUSTRIAS NUCLEARES DO BRASIL S.A., FROM WESTINGHOUSE ELECTRICAL COMPANY, OF EQUIPMENT (TOP NOZZLE ASSEMBLIES, BOTTOM NOZZLE ASSEMBLIES, TOP GRID ASSEMBLIES, BOTTOM GRID ASSEMBLIES, MID-GRID ASSEMBLIES, THIMBLE SCREWS, CLADDING TUBES, GUIDE TUBES, INSTRUMENTATION TUBES, BARS, LEAF SPRINGS AND PLATES FOR NOZZLES) FOR THE FABRICATION OF NUCLEAR FUEL ELEMENTS FOR THE NUCLEAR REACTOR ANGRA 1, HAS THE HONOR TO TRANSMIT, ANNEXED HERETO, THE FOLLOWING GUARANTEES OF THE BRAZILIAN GOVERNMENT:

A) STATEMENT SIGNED BY DR. JOSE MAURO ESTEVES DOS SANTOS, PRESIDENT OF THE NATIONAL NUCLEAR ENERGY COMMISSION (CNEN), ON SEPTEMBER 16, 1999, ACCOMPANIED BY THE CERTIFICATE OF END USE SIGNED BY DR. RONALD ARAUJO DA SILVA, INDUSTRIAL DIRECTOR OF INDUSTRIAS NUCLEARES DO BRASIL, ON JULY 12, 1999; AND

B) CERTIFICATE SIGNED BY AMBASSADOR RONALDO MOTA SARDENBERG, MINISTER OF STATE OF SCIENCE AND TECHNOLOGY, ON SEPTEMBER 16, 1999.

2. IN RELATION TO THE OPERATION IN QUESTION, THE MINISTRY OF EXTERNAL RELATIONS CONFIRMS, IN ADDITION, THE FOLLOWING:

A) THAT THE ABOVE-REFERENCED MATERIAL WILL BE SUBJECT TO
BRASILIA 02 OF 03 4044

THE AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL CONCERNING PEACEFUL USES OF NUCLEAR ENERGY, WHICH ENTERED INTO FORCE ON SEPTEMBER 15, 1999, AND WHICH REPLACED THE AGREEMENT FOR COOPERATION CONCERNING CIVIL USES OF ATOMIC ENERGY, SIGNED ON JULY 17, 1972, MENTIONED IN THE ANNEXED GUARANTEES;

B) THAT THE MATERIAL IN QUESTION WILL NOT BE USED FOR MILITARY PURPOSES, IN CONFORMITY WITH THE STIPULATION OF ARTICLE VIII (2) OF THE REFERENCED AGREEMENT; AND

C) THAT THE END USER INDICATED IN THE STATEMENT ABOVE MENTIONED IS AUTHORIZED TO RECEIVE AND POSSESS THE

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MATERIAL."

BRASILIA, OCTOBER 26, 1999

/s/

END OF TEXT OF NOTE

6. (U) INFORMAL TRANSLATION OF ATTACHED "CERTIFICATE":

"I CERTIFY TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA THAT THE COMPANY INDUSTRIAS NUCLEARES DO BRASIL S.A. - INB, THE IMPORTER OF THE COMPONENTS FOR NUCLEAR FUEL ELEMENTS NOTED IN THE CERTIFICATE OF END USE, ANNEXED, AND PRODUCED BY WESTINGHOUSE ELECTRIC CORPORATION, DECLARED TO THE MINISTRY OF SCIENCE AND TECHNOLOGY THAT IT WILL UTILIZE THE EQUIPMENT IN ITS INDUSTRIAL UNIT, LOCATED IN THE MUNICIPALITY OF RESENDE, STATE OF RIO DE JANEIRO, TO FABRICATE NUCLEAR FUEL ELEMENTS FOR THE NUCLEAR REACTOR ANGRA 1 AND THAT THE REFERENCED MATERIALS WILL BE USED ONLY FOR THE SPECIFIED PURPOSE AND ACCORDING TO THE TERMS OF THE MENTIONED CERTIFICATE.

THE MINISTRY OF SCIENCE AND TECHNOLOGY, MCT, ASSURES THAT INDUSTRIAS NUCLEARES DO BRASIL S.A., INB, A COMPANY WHOSE MAJORITY SHAREHOLDER IS THE NATIONAL NUCLEAR ENERGY COMMISSION, CNEN, A FEDERAL AUTHORITY LINKED TO THE MCT, WILL FULFILL ALL THE COMMITMENTS IN THE CERTIFICATES ISSUED BY INB AND BY CNEN, ANNEXED, WHICH I NOW RATIFY.

BRASILIA, SEPTEMBER 16, 1999

/s/

RONALDO MOTA SARDENBERG
MINISTER OF STATE OF SCIENCE AND TECHNOLOGY"

END OF TEXT OF "CERTIFICATE"

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7. (U) BEGIN ORIGINAL ENGLISH TEXT OF ATTACHED
"STATEMENT":

THE BRAZILIAN NUCLEAR ENERGY COMMISSION (COMISSAO NACIONAL DE ENERGIA NUCLEAR) - CNEN, FEDERAL AGENCY, UNDER THE RESPONSIBILITIES OF THE BRAZILIAN MINISTRY OF SCIENCE AND TECHNOLOGY (MINISTERIO DA CIENCIA E TECNOLOGIA) - MCT, STATES THAT THE BRAZILIAN NUCLEAR INDUSTRIES S/A (INDUSTRIAS NUCLEARES DO BRASIL S/A) - INB WILL COMPLY WITH THE TERMS OF THE ATTACHED CERTIFICATE, DATED JULY 12, 1999, SENT TO WESTINGHOUSE ELECTRIC CORPORATION, REFERRING TO THE SUPPLY OF NUCLEAR FUEL ASSEMBLY COMPONENTS (TOP NOZZLE ASSEMBLIES, BOTTOM NOZZLE ASSEMBLIES, TOP GRID ASSEMBLIES, BOTTOM GRID ASSEMBLIES, MID GRID ASSEMBLIES, THIMBLE SCREWS, CLADDING TUBES, GUIDE TUBES, INSTRUMENTATION TUBES, BARS, LEAF SPRINGS AND PLATES FOR NOZZLES) TO BE USED IN THE FABRICATION OF NUCLEAR FUEL ASSEMBLIES FOR ANGRA 1 NPP.

CNEN AS THE MAIN SHAREHOLDER OF INB AND ON THE BEHALF OF THE BRAZILIAN GOVERNMENT ASSURES THAT THE MATERIAL DESCRIBED ABOVE WILL NOT BE RETRANSFERRED OR REEXPORTED WITHOUT THE CONSENT OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND IT WILL NOT BE USED TO PRODUCE NUCLEAR EXPLOSIVE DEVICES. THIS MATERIAL WILL BE SUBJECT TO THE AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF BRAZIL CONCERNING CIVIL USES OF ATOMIC ENERGY WHICH ENTERED INTO FORCE ON SEPTEMBER 20, 1972. ADDITIONALLY, THE NUCLEAR POWER PLANT FUEL ASSEMBLIES PRODUCED WITH IT WILL BE UNDER SAFEGUARDS OF THE BRAZILIAN-ARGENTINE AGENCY FOR ACCOUNTING AND CONTROL OF NUCLEAR MATERIAL (ABACC) AND THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA).

RIO DE JANEIRO, SEPTEMBER 16TH, 1999

BRASILIA 03 OF 03 4044

/s/

JOSE MAURO ESTEVES DOS SANTOS
CHAIRMAN
BRAZILIAN NUCLEAR ENERGY COMMISSION
CNEN

END TEXT OF "STATEMENT."

8. (U) BEGIN ORIGINAL ENGLISH TEXT OF ATTACHED "END-USE
STATEMENT":

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INDUSTRIAS NUCLEARES DO BRASIL S.A. - INB HEREBY CONFIRMS THAT THE FUEL ASSEMBLY COMPONENTS (TOP NOZZLE ASSEMBLIES, BOTTOM NOZZLE ASSEMBLIES, TOP GRID ASSEMBLIES, BOTTOM GRID ASSEMBLIES, MID GRID ASSEMBLIES, THIMBLE SCREWS, CLADDING TUBES, GUIDE TUBES, INSTRUMENTATION TUBES, BARS, LEAF SPRINGS, PLATES FOR NOZZLES) TO BE SUPPLIED BY WESTINGHOUSE ELECTRIC CORPORATION UNDER CONTRACT WITH INB FOR USE IN FABRICATION OF FUEL ASSEMBLIES FOR THE RELOADS OF ANGRA NUCLEAR POWER PLANT UNIT 1 WHEN RECEIVED IN BRAZIL WILL BE SUBJECT TO THE AGREEMENT FOR COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL CONCERNING CIVIL USES OF ATOMIC ENERGY, WHICH ENTERED INTO FORCE ON SEPTEMBER 20, 1972 AND THAT THERE WILL BE NO NUCLEAR EXPLOSIVE USE OF THE TRANSFERRED NUCLEAR MATERIAL OR NUCLEAR MATERIAL PRODUCED THROUGH THE USE OF THE SUPPLIED MATERIAL.

RIO DE JANEIRO, JULY 12, 1999

/s/

RONALD ARAUJO DA SILVA
INDUSTRIAL DIRECTOR

END TEXT OF END-USE STATEMENT

9. (U) EMBASSY WILL POUCH THE DEPARTMENT THE ORIGINAL NOTE AND ATTACHMENTS TO THE ATTENTION OF NP/NEA - R. DELABARRE.

GULLIKSEN
NNNN

End Cable Text

Printed By: Lula J Ellis 11/04/99 12:59:49 PM

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