

April 14, 1998

FOR: The Commissioners

FROM: Carlton R. Stoiber, Director /s/
Office of International Programs

SUBJECT: PROPOSED LICENSE TO EXPORT HEAVY WATER TO THE UNITED ARAB EMIRATES (XMAT0392)

PURPOSE:

To request Commission review of the proposed issuance of a license to Cambridge Isotope Laboratories, Inc. involving the export of deuterium (heavy water). The application is being referred to the Commission in accordance with 10 CFR 110.40(b)(3).

DISCUSSION:

On April 19, 1996 Cambridge Isotope Laboratories, Inc. applied for a license (Attachment 1) to export to the United Arab Emirates (UAE) up to 7,500 kilograms of heavy water per year for a total of 22,500 kilograms over a three year period for use as a coring fluid tracer in oil wells.

In response to NRC's request for views on the proposed export, the Executive Branch, in a letter dated January 12, 1998 (Attachment 2), recommends that the license be issued to Cambridge Isotope Laboratories, Inc. The authorized end users are all U.S. oil exploration and production companies operating in the UAE. The letter notes that, as a party to the Non-proliferation Treaty (NPT), the UAE 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 of the U.S.-supplied heavy water without prior U.S. consent, has been satisfied by the receipt of a diplomatic note from the UAE Ministry of Foreign Affairs dated November 1997. Accordingly, 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 that the export is consistent with the provisions of the Atomic Energy Act of 1954, as amended by the Nuclear Non-proliferation Act of 1978, provided that the license is conditioned to limit individual shipments of heavy water to a maximum of 500 kilograms. No other conditions have been placed on the export by the Executive Branch.

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CONCLUSION:

The staff concurs with the Executive Branch judgment that the proposed export would not be inimical to the common defense and security of the United States and also meets the three specific export licensing criteria of Section 109b of the Atomic Energy Act of 1954, as amended. There are no applicable international safeguards or foreign physical protection requirements for the proposed export.

RECOMMENDATION:

That the Commission authorize the issuance of the requested license to Cambridge Isotope Laboratories, Inc.

Carlton R. Stoiber, Director
Office of International Programs

Attachments: 1. 4/19/96 Cambridge Isotope Laboratories, Inc. Export License Application
2. 1/12/98 DOS Ltr RJStratford to CRStoiber
3. 6/18/96 NMSS memo TSSheer to RHauber