

January 11, 2002

The Honorable W. J. "Billy" Tauzin, Chairman
Committee on Energy and Commerce
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am responding on behalf of the U.S. Nuclear Regulatory Commission (NRC) to your letter of December 11, 2001, concerning the need to improve the security of radioactive materials that may be imported or otherwise obtained by NRC materials licensees. You request that the NRC, as part of the top-to-bottom review of security matters concerning materials licensees, immediately conduct background checks for foreign nationals licensed in the last three years (or that have applications pending), expedite inspections of licensees that have not been inspected to-date, and establish an interface between the NRC's Licensee Tracking System (LTS) and the U.S. Customs Service's (USCS's) Automated Brokerage System.

The NRC is considering these actions as part of the top-to-bottom review of security and as part of our development of short-term interim compensatory measures. The NRC plans to focus on those quantities and types of licensed material that have a potential to pose a threat to public health and safety if in the wrong hands. The NRC and Agreement States have issued approximately 21,000 specific materials licenses, the great majority of which authorize quantities and types of licensed material that would be unlikely to pose a substantial threat to public safety, even considering possible terrorist activity. A more thorough assessment of the threats posed by radioactive materials will be conducted in our top-to-bottom review.

Your first request relates to background checks on foreign nationals who have received an NRC materials license. The NRC has not generally inquired about the citizenship of materials license applicants, individual authorized users, or other employees, nor has the NRC conducted security background checks for them. The backgrounds of licensee employees who have access to certain special nuclear material or classified information are investigated pursuant to NRC regulations. Because radioactive materials are used in a wide variety of academic, industrial, and medical applications, we expect there are many foreign nationals currently in the employment of materials licensees, and no doubt some of these individuals have access to radioactive materials. NRC issued 848 new specific licenses in calendar years 1999-2001, and Agreement States issued far more. Short of contacting each of the thousands of specific materials licensees with a request for additional information, we and the 32 Agreement States do not have a way to identify the nationality of employees of the licensees that were licensed in the last three years. However, as part of the top-to-bottom review, we are exploring the use of additional background checks as a security enhancement for those licenses which authorize quantities and types of licensed material that might pose substantial

public safety concerns with respect to terrorist activity. In the meantime, we have issued a threat advisory to materials licensees to ensure that these licensees undertake appropriate security precautions.

You also asked about the inspection of the physical premises of new licensees. The NRC's policy is to inspect new specific materials licensees within 6 months of issuance of the license, unless they have not then received radioactive material, in which case they are inspected within 12 months. In the meantime, we are undertaking expedited inspections for NRC materials licensees and applicants that have not yet been inspected in cases involving significant quantities of material.

Regarding your request for the NRC to interface the LTS with the USCS's Automated Brokerage System, the NRC staff has made an initial contact with the USCS to discuss the feasibility of establishing such an interface. Because the NRC is considering replacement of the LTS database system with a newer application, we do not advocate integrating the LTS with USCS systems. However, as part of the top-to-bottom review of security issues, we are exploring approaches to integrate USCS and NRC import/export information.

Please feel free to contact me if you have any questions.

Sincerely,

/RA/

Richard A. Meserve

cc: The Honorable James C. Greenwood, Chairman
Subcommittee on Oversight and Investigations

The Honorable Peter Deutsch, Ranking Member
Subcommittee on Oversight and Investigations

The Honorable Robert C. Bonner, Commissioner
United States Customs Service

Identical Letter sent to:

The Honorable John D. Dingell, Ranking Member
Committee on Energy and Commerce
United States House of Representatives
Washington, D.C. 20515