

December 5, 2016

EA-16-249

Mr. Alfred Angelone
Department Manager
Mitsubishi International Corporation
One Oxford Centre
301 Grant Street, Suite 3050
Pittsburgh, PA 15219

SUBJECT: MITSUBISHI INTERNATIONAL CORPORATION – EXPORT OF NUCLEAR
REACTOR COMPONENTS AND NOTICE OF VIOLATION

Dear Mr. Angelone:

This letter refers to exports of nuclear reactor components by Mitsubishi International Corporation (MIC), under a U.S. Nuclear Regulatory Commission (NRC) general license in accordance with Title 10 of the *Code of Federal Regulations* (10 CFR), Section 110.26(a). Section 110.54(a)(1) of 10 CFR requires, in part, that licensees making exports under a general license or specific license must provide quarterly reports of exports of nuclear facilities and equipment shipped during the previous quarter to the U.S. Department of Commerce (DOC). The results of this review were discussed with you on November 7, 2016, by Mr. Stephen Baker of my staff,

Based on its review of information concerning the exports, the NRC has determined that a Severity Level IV violation of NRC requirements occurred. Specifically, in calendar year 2009, Mitsubishi failed to report the export of nuclear reactor components, including equipment associated with reporting requirements under the Protocol Additional to the Agreement Between the United States of America and the International Atomic Energy Agency for the Application of Safeguards in the United States (hereinafter referred to as the Additional Protocol), to the NRC and the Bureau of Industry and Security, and DOC, for exports of zirconium tubes shipped. As of November 18, 2016, Mitsubishi has provided the required export notifications to the DOC and the NRC.

The violations were evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The violations are cited in the enclosed Notice of Violation (Notice).

A. Angelone

- 2 -

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. If you have additional information that you believe the NRC should consider, you may provide it in your response. The NRC will use your response, in part, to determine whether or not further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter, its enclosures and your response will be made available electronically for public inspection in the Public Document Room or from the NRC's document system Agencywide Documents Access and Management System accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy or proprietary information so that it can be made available to the public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such information, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information).

Please contact Andrea R. Jones at (301) 287-9072 if you have any questions regarding this matter.

Sincerely,

/RA/

Peter J. Habighorst, Chief
Export Controls and Nonproliferation Branch
Office of International Programs

Enclosure:
Notice of Violation

A. Angelone

- 2 -

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Peter J. Habighorst, Chief
Export Controls and Nonproliferation Branch
Office of International Programs

Enclosure:
Notice of Violation

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***via e-mail**

OFFICE	OIP/ECNP	NMSS	OE	BC:ECNP/OIP
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NOTICE OF VIOLATION

Mitsubishi International Corporation
Pittsburgh, Pennsylvania

EA-16-249

During a U.S. Nuclear Regulatory Commission (NRC) review completed on November 1, 2016, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

Section 110.26(a) of Title 10 of the *Code of Federal Regulations* (10 CFR) issues a general license to persons who wish to export nuclear reactor components that are of U.S. origin, and described in paragraphs (5) through (11) of Appendix A to 10 CFR Part 110, to destinations listed in paragraph (b) of 10 CFR 110.26.

Section 110.54(a)(1) of 10 CFR states, in part, that persons making exports under the general license established by 10 CFR 110.26(a) shall submit a report of exports of nuclear facilities and equipment shipped during the previous quarter by January 15, April 15, July 15, and October 15 of each year on DOC/NRC Forms AP-M or AP-13, and associated forms. The reports must contain information on all nuclear facilities, equipment, and non-nuclear materials listed in Annex II of the Additional Protocol. In accordance with 10 CFR 110.54(a)(2), these required reports must be submitted to the Bureau of Industry and Security, U.S. Department of Commerce.

Contrary to the above, Mitsubishi International Corporation (MIC) exported nuclear reactor components of U.S. origin and described in paragraphs (5) through (11) of Appendix A to 10 CFR Part 110 to destinations listed in paragraph (b) of 10 CFR 110.26, and failed to submit to the NRC and U.S. Department of Commerce the required reports associated with the export of these nuclear reactor components. Specifically, Mitsubishi exported zirconium tubes described as "ZRY-4 TREX Type 8" and "ZRY-4 TREX Type 9" to Japan on February 3, 2009, and March 30, 2009. Zirconium tubing is a nuclear reactor component described in paragraph (6) of Appendix A to 10 CFR Part 110 as well as paragraph 1.6 of Annex II to the Additional Protocol. As such, MIC was required by 10 CFR 110.54(a)(1) to submit quarterly reports to the Bureau of Industry.

This is a Severity Level IV violation (NRC Enforcement Policy, Section 6.15)

Pursuant to the provisions of Title 10 of the *Code of Federal Regulations* (10 CFR) 2.201, MIC is hereby required to submit a written statement or explanation to the Director, Office of International Programs, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, within 30 days of the date of this Notice of Violation. This reply should be clearly marked as a "Reply to a Notice of Violation (EA-16-249)" and should include for the violations: (1) the reason for the violation, or, if contested, the basis for disputing the violation or severity level; (2) the corrective steps that have been taken and the results achieved; (3) any additional corrective steps that will be taken; and (4) the date when full compliance will be or was achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, the NRC may issue an Order or a Demand for Information requiring you to explain why your license should not be modified, suspended, or revoked or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

Enclosure

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

In accordance with 10 CFR 2.390, "Agency Rules of Practice," your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS) accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction.

In accordance with 10 CFR 19.11, you may be required to post this Notice within 2 working days of receipt.

Dated this 5th day of December 2016.