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JAN 25 1979

MEMORANDUM FOR: James R. Shea, Director
Office of International Programs

FROM: William J. Dircks, Director
Office of Nuclear Material Safety
and Safeguards

SUBJECT: DRAFT NRC STAFF RECOMMENDATIONS PERTAINING TO PROPOSED
LICENSE TO EXPORT LOW ENRICHED URANIUM TO INDIA
(APPLICATION XSNM-1222)

We have reviewed the subject draft in response to a request from Jerry Onlinger on January 23. Recommendations are provided for treating the matters introduced on page 10 of the draft document.

The addition of a new discussion topic entitled, "NMSS Technical Review," is recommended for incorporation in the staff paper to follow the section entitled, "Broader Policy Considerations". The proposed addition is as follows:

NMSS Technical Review

NMSS has not received any information regarding the State System of Accounting and Control in India. Accordingly, NMSS is unable to make any determination regarding the capabilities of India's system to support the effective application of IAEA safeguards.

In addition, NMSS has not received any information concerning IAEA implementation activities and problems other than that included in the 1976 SSIR and the 1977 SIR documents and the letter from State to Chairman Hendrie dated December 19, 1978. NMSS conclusions based upon this information are reflected in Table V of the memorandum to Commissioner Gilinsky dated November 29, 1978, the additional analysis provided for Commissioner Kennedy on December 21, 1978, and the memorandum to Commissioner Ahearne dated January 3, 1979. The main conclusion of the NMSS examinations is that the available information on IAEA implementation is not sufficient to permit NMSS to evaluate the effectiveness of IAEA safeguards in India.

With respect to physical security, NMSS has reviewed the program in India and found it adequate for the purpose of this export.

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W. J. Dircks

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James R. Shea

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Because of the above changes, the following NMSS coordination statement is recommended:

NMSS Coordination Statement: "NMSS views on physical protection adequacy and the effectiveness of IAEA safeguards to deter and detect diversion in India are as stated above".

As a final consideration, I believe that the recommendations listed on page 10 of the draft staff paper should be identified with IP.

(Signed) William J. Dircks

William J. Dircks, Director
Office of Nuclear Material Safety
and Safeguards

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