



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

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January 10, 1979

MEMORANDUM FOR: Gerald G. Oplinger, Assistant Director
Export/Import and International Safeguards
Office of International Programs

FROM: T. S. Sherr, Chief
Technology Assessment Branch

SUBJECT: DRAFT NRC STAFF COMMENTS PROPOSED FOR THE HEARING
ON EXPORT OF SPECIAL NUCLEAR MATERIAL
(LICENSE NO. XSNM-1222)

We appreciate the opportunity to review the draft comments prepared by your staff for use in the upcoming hearing on the export of special nuclear material to India. Revisions to parts of pages 4 and 5 are proposed in our enclosed comments.

In order to expedite the transmittal of our comments, this memorandum is being forwarded to you without complete NMSS coordination. Any additional comments which may be raised as a result of NMSS coordination will be forwarded as soon as possible.

T. S. Sherr, Chief
Technology Assessment Branch

Enclosure:
As stated

NATIONAL SECURITY INFORMATION
All information disclosed is subject to
Administrative and Criminal sanctions.

unclassified

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ENCLOSURE

COMMENTS ON DRAFT NRC STAFF PAPER
PERTAINING TO EXPORT HEARING
DATED 1/8/79

Page 2, 5th line from the bottom:

Deletion of the phrase "at TAPS" is recommended since the exported material would go to the fuel fabrication plant at Hyderabad as well as the reactor facility.

Page 4, 2nd paragraph, 2nd sentence:

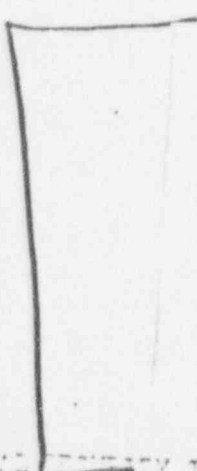
We believe that the parenthetical reference should also include the recent memoranda addressed to Commissioners Kennedy and Ahearne, or all the reference should be dropped.

Page 4, 2nd paragraph, 3rd sentence:

We do not believe that it is presently WISS's role to make the policy judgment described in the referenced sentence. However, there would be no objection if IP considered it necessary for it to make such a judgment.

Page 4, 2nd paragraph, last 2 sentences:

A general revision and expansion of the last two sentences is recommended to bring better focus to the issues under discussion. The proposed revision is as follows:



Classified by Atomic IP Draft
Declassify on 1/6/99
or on 1/6/99 (if 12 or 1 year)
Date of Review

Page 4, bottom; and Page 5, top:

General revision of this paragraph is also recommended for the following reasons:

1. We have reservations about raising the question of export termination to other countries. How much concern is placed on IAEA implementation problems may be country specific, depending on the nature of the assurances received and the durability considerations. []
[] retain this statement, we recommend that Sweden be deleted
2. We do not believe that it is necessary or desirable for staff to render the Proposed judgment in the last sentence, especially on the part of NMSS.

The proposed revision is as follows:

Similar to other forms of audit reporting, the identification of system deficiencies does not necessarily mean that a law (agreement) has been violated or that the auditor is unable to form a reliable judgment as to the status of a business. With respect to 1977, the IAEA has confirmed, taking into account all circumstances including qualitative observations, that in all 40 States where safeguards agreements were in full implementation, all safeguarded nuclear material remained in the declared peaceful nuclear activity or was otherwise adequately accounted for. The IAEA reported that its safeguards operation did not detect any diversion of a significant quantity of nuclear material during 1976 and 1977. []

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However, the reporting of deficiencies does indicate that there is a definite need for improvement in the implementation of safeguards. Improvement in safeguards at bulk handling facilities is such an area. The U.S. Government strongly supports the efforts of the IAEA to critically review Agency safeguards and intends to work through the Agency to correct deficiencies noted in safeguards implementation reports.

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