



United States Department of State

Washington, D.C. 20520

BUREAU OF OCEANS AND INTERNATIONAL  
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

May 10, 1985

Mr. James R. Shea  
Director of International Programs  
United States Nuclear Regulatory Commission  
Bethesda, Maryland

Dear Mr. Shea:

I refer to the letter from your office dated March 13, 1985, requesting Executive Branch views as to whether issuance of an export license in accordance with the application hereinafter described meets the applicable criteria in the Atomic Energy Act as amended by the Nuclear Non-Proliferation Act of 1978:

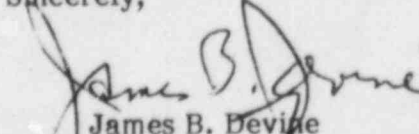
**NRC No. XMAT0306** -- Application by Poco Graphite, Inc. to amend license XMAT0306 to authorize export to Portugal of up to 10 metric tonnes of nuclear-grade graphite per year over a five-year period for various commercial and industrial applications.

It is the judgment of the Executive Branch that the export contemplated will not be inimical to the common defense and security of the United States, and that this 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: 1) individual pieces of graphite shipped under this license weigh no more than 200 kilograms; 2) individual shipments would be limited to 1,000 kilograms; and 3) no more than 10 metric tonnes per year would be shipped to Portugal.

As a non-nuclear-weapons state party to the Non-Proliferation Treaty, Portugal has committed itself to maintaining IAEA safeguards on all of its peaceful nuclear activities and has pledged not to produce or otherwise acquire any nuclear explosive device. It is, therefore, the judgment of the Executive Branch that criteria (1) and (2) for exports of nuclear components, substances and items under Section 109 of the Atomic Energy Act, as amended, are met. The remaining criterion, agreement not to retransfer any US-supplied nuclear component, without prior US consent, has been satisfied by the receipt of a note providing generic assurances from the Embassy of Portugal, the subject of our letter to you dated January 8, 1980. The application of the Portuguese note to the proposed export and to future exports to Portugal from the U.S. of nuclear components, substances and items has been further confirmed by an exchange of letters dated June 10 and 12, 1981, copies of which have been provided to the NRC.

On the basis of the foregoing, the Executive Branch recommends that the license be amended as requested.

Sincerely,

  
James B. Devine  
Deputy Assistant Secretary

8505300067 850510  
PDR XPORT  
XMAT-0306 PDR

XMAT0306  
amend. 01

EXPORT IMPORT  
INT'L SAFEGUARDS

85 MAY 14 1985

RECEIVED  
U.S.N.R.C.