



June 28, 1985

SECY-85-230

POLICY ISSUE
(Notation Vote)

For: The Commission

From: William J. Dircks
Executive Director for Operations

Subject: PROPOSED LICENSE TO EXPORT COMPONENTS TO THE MONJU FAST BREEDER REACTOR IN JAPAN (XCOM0988)

Purpose: To request Commission review of the proposed license. This request is being referred to the Commission under the provisions of 10 CFR 110.40(b)(4) since it involves the proposed export of components for use in an advanced (i.e. fast breeder) reactor project.

Discussion: On May 6, 1985 (Appendix A), Nissho Iwai America Corporation requested authorization to export various specially designed and prepared components, valued at \$1,103,160, to Japan for use in the MONJU prototype fast breeder reactor under construction by Power Reactor and Nuclear Fuel Development Corporation (PNC) of Japan. The items, which include approximately 13,800 feet of upper internal structure thermocouple wire, 4 accelerometers, 63 small sodium valves, 2 sodium-potassium filled pressure sensors, and 6 permanent magnet flowmeters, are being provided by the Department of Energy from the Clinch River Breeder Reactor Plant on a cost-free basis in exchange for operating and testing data.

Executive Branch Views:

In response to NRC's request for views on the proposed export, the Executive Branch, in a letter dated June 13, 1985 (Appendix B), advised that:

- o The proposed export would not be inimical to the common defense and security of the United States.

CONTACT:
E. O. Hemby, IPEI
49-27984

8507190356 850628
PDR SECY
85-230 PDR

Discussion:
(Continued)

- o The proposed export is consistent with the provisions of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978 (NNPA).
- o The proposed export meets the requirements of Criteria 1 and 2 of Section 109.b of the Atomic Energy Act of 1954, as amended, for the export of nuclear components because Japan, as a party to the NPT, has submitted to IAEA safeguards on its nuclear programs and has pledged not to produce or otherwise acquire any nuclear explosive device.
- o The proposed export also meets Criterion 3 of Section 109.b, agreement not to retransfer any U.S.-supplied component without prior U.S. consent, by the receipt of an assurance letter from the Embassy of Japan, the subject of State's letters to the NRC dated October 20, 1978 and March 13, 1979.

Staff Assessment:

The staff notes that this is the first application involving U.S. nuclear equipment for use in a foreign fast breeder reactor project. The staff agrees with the Executive Branch judgment that the proposed exports meet the applicable statutory export licensing criteria and, in addition, notes that such exports are not restricted under current Executive Branch nonproliferation policy. The staff notes that approval of the case would be beneficial to the U.S. since Japan, in exchange, has agreed to provide the U.S. with MONJU operating and testing data.

International
Safeguards
and Physical
Security Review:

Japan is a party to the Nonproliferation Treaty (NPT) and as a member has undertaken the obligation to accept IAEA safeguards on all source and special nuclear material in its peaceful nuclear activities. Since IAEA safeguards under the NPT cover only nuclear material, the reactor components themselves will not be subject to IAEA safeguards.

Japan has a history of negotiating IAEA Facility Attachments for its nuclear facilities in a timely manner. Because construction on the MONJU reactor has only recently begun and startup is not scheduled before 1991, there is no concern that the facility does not have a Facility Attachment at this early date.

Conclusion: Based upon the above considerations, the staff has concluded that the proposed component export meets the three export licensing criteria of Section 109.b of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978, and would not be inimical to the common defense and security of the United States.

Recommendation: That the Commission authorize the issuance of license XCOM0988 to Nissho Iwai America Company.

Scheduling: The 60-day period for Commission review of this application expires on August 13, 1985; the 120-day period expires on October 14, 1985. Nissho Iwai has requested timely consideration of the license request. DOE has also expressed urgency in obtaining the export license.

William J. Dircks
Executive Director for Operations

Appendices:

- A. Appl dtd 5/6/85 fm NIAC
- B. Ltr dtd 6/13/85
fm Dept of State

Commissioners' comments or consent should be provided directly to the Office of the Secretary by c.o.b. Tuesday, July 9, 1985.

Commission Staff Office comments, if any, should be submitted to the Commissioners NLT Wednesday, July 3, 1985, with an information copy to the Office of the Secretary. If the paper is of such a nature that it requires additional time for analytical review and comment, the Commissioners and the Secretariat should be apprised of when comments may be expected.

DISTRIBUTION:
Commissioners

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OPA
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ELD
SECY

APPENDIX A

APPLICATION FOR LICENSE TO EXPORT NUCLEAR
MATERIAL AND EQUIPMENT (See Instructions on Reverse)

1. APPLICANT'S USE		2. NRC USE		3. DOCKET NO.		4. LICENSE NO.							
May 6, 1985		GRM-1676		11003751		Xcom 988							
5. APPLICANT'S NAME AND ADDRESS				6. SUPPLIER'S NAME AND ADDRESS									
a. NAME Nissho Iwai American Corporation				b. NAME Department of Energy									
b. STREET ADDRESS 1211 Avenue of the Americas				c. STREET ADDRESS Office of Nuclear Energy Office of Breeder Demonstation Project									
c. CITY New York,		STATE NY		ZIP CODE 10036									
d. TELEPHONE NUMBER (Area Code - Number - Extension) (212) 704-6768				e. CITY Washington, D.C.		STATE 20545							
5. FIRST SHIPMENT SCHEDULED		6. FINAL SHIPMENT SCHEDULED		7. APPLICANT'S CONTRACTUAL DELIVERY DATE		8. PROPOSED LICENSE EXPIRATION DATE							
July, 1985		July, 1985		July, 1985		December, 1985							
10. ULTIMATE CONSIGNEE				11. ULTIMATE END USE									
a. NAME Power Reactor and Nuclear Fuel Development Corporation				b. NAME Prototype Fast Breeder Reactor - MONJU Project									
b. STREET ADDRESS 9-13, Akasaka 1-Chome,				11a. EST. DATE OF FIRST USE August, 1985									
c. CITY - STATE - COUNTRY Minato-Ku, Tokyo, Japan													
12. INTERMEDIATE CONSIGNEE				13. INTERMEDIATE END USE									
a. NAME Nissho Iwai Corporation				Import Agent authorized by the Ultimate Cosignee									
b. STREET ADDRESS 4-5, Akasaka 2-Chome				13a. EST. DATE OF FIRST USE August, 1985									
c. CITY - STATE - COUNTRY Minato-Ku, Tokyo, Japan													
14. INTERMEDIATE CONSIGNEE				15. INTERMEDIATE END USE									
a. NAME													
b. STREET ADDRESS													
c. CITY - STATE - COUNTRY				15a. EST. DATE OF FIRST USE									
16. NRC USE		17. DESCRIPTION (Include chemical and physical form of nuclear material, give dollar value of nuclear equipment and components)				18. MAX. ELEMENT WEIGHT		19. MAX. WT. %		20. MAX. ISOTOPE WT.		21. UNIT	
		1. UIS Thermocouple Wire 1 Lot 2. Accelerometers 4 Each 3. Small Sodium Valves 63 Pcs. 4. Sodium Potassium Filled Pressure Sensors 2 Each 5. 24" Permanent Magnet Flowmeters 6 Each Total Value for above 5-Items: US\$1,103,160.00											
22. COUNTRY OF ORIGIN - SOURCE MATERIAL				23. COUNTRY OF ORIGIN - SNM WHERE ENRICHED OR PRODUCED				24. COUNTRIES WHICH ATTACH SAFEGUARDS (If Known)					
25. ADDITIONAL INFORMATION (Use separate sheet if necessary)													
See Attachment *Copy to PDR and ACC 5-8-85													
26. The applicant certifies that this application is prepared in conformity with Title 10, Code of Federal Regulations, and that all information in this application is correct to the best of his/her knowledge.													
27. AUTHORIZED OFFICIAL				a. SIGNATURE T. Yoshimura				b. TITLE Mgr. Nuclear Energy & Equipment					

NIAC

**Nissho Iwai
American
Corporation**

1211 Avenue of the Americas
New York N.Y. 10036

Direct Number

(212) 704-6768

Telex Numbers

RCA 232641 233567

ITT 420405

TWX 710 581 6252

WUJ 620 912

WUD 126110 12329

Branch Offices

San Francisco

Los Angeles

Portland

Bellevue

Seattle

Chicago

Houston

Detroit

St. Louis

Anchorage

Atlanta

Philadelphia

Washington D.C.

May 6, 1985

ISD-0162

Export /Import and International Safeguards
U.S. Nuclear Regulator Commission
Office of International Programs
4340 East West Highway
Mall Stop 414A
East West South Tower Bldg.
Bethesda, MD 20815

Att: Ms. Elaine Hemby

Subject: Export Licenses for Equipment and Components
Transferred from Clinch River Breeder Reactor
Plant (CRBRP) to Power Reactor and Nuclear
Fuel Development Corporation (PNC), Japan

Dear Ms. Hemby:

Enclosed please find our export license applications for the
subject referenced material.

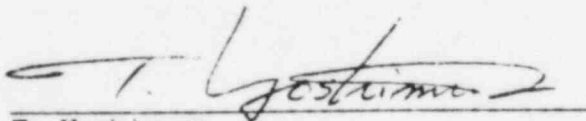
Approval of these applications at your earliest convenience
will be greatly appreciated.

I would like to visit you on May 10, 1985 for an explanation
of this application, if necessary. Please advise your convenience
for my visit.

Thank you.

Very truly yours,

NISSHO IWAI AMERICAN CORPORATION



T. Yoshimura

Manager

Nuclear Energy & Equipment

Industrial Systems & Development

Machinery Division

TY:grp

cc: NIC TK ATOMB
GRP FILE
ISD FILE

NIAC

Nissho Iwai American Corporation

1211 Avenue of the Americas
New York N.Y. 10036

Direct Number

(212) 704-6768

Telex Numbers

RCA 232641-233567

ITT 420405

TWX 710-581-6252

WUI 620-912

WUD 126110-12329

Branch Offices

San Francisco

Los Angeles

Portland

Bellevue

Seattle

Chicago

Houston

Detroit

St. Louis

Anchorage

Atlanta

Philadelphia

Washington, D.C.

ATTACHMENT

Ref: Item 25 In Application For Export License
Additional Information

April 22, 1985

ISD-0164

Export/Import and International Safeguards
U.S. Nuclear Regulatory Commission
Office of International Programs
4340 East West Highway
Mail Stop 414A
East West South Towers Bldg.
Bethesda, MD 20815

Subject: APPLICATION FOR EXPORT LICENSE
FOR EQUIPMENT AND COMPONENTS TRANSFER
FROM CLINCH RIVER BREEDER REACTOR PLANT
(CRBRP) TO POWER REACTOR AND NUCLEAR
FUEL DEVELOPMENT CORPORATION (PNC), JAPAN

APPLICANT'S REF. NO. GBM-1760

Gentlemen:

All commodity specified in the Application for Export License are now owned by the United States, and will be supplied to Power Reactor and Nuclear Fuel Development Corporation (PNC) by the Department of Energy (DOE) in accordance with mutual agreement.

We, Nissho Iwai Corporation/Nissho Iwai American Corporation were appointed by both DOE and PNC as a shipper of the commodity including the application of Export License.

We would appreciate your arranging approval of the export license as soon as possible.

We attached the following documents as the additional information:

1. The Producers of Commodity

Please refer to Attachment No. 1.

2. Ultimate End Use Statement

Please refer to Attachment No. 2.

3. PNC's Brochure:

- PNC
- FBR Steam Generator Development

These brochures explain the summary of PNC's fast breeder reactor project where the commodity will be installed.

The design power level of the PNC's fast breeder reactor project (MONJU) is 174 MWT in thermal power.

4. Explanation of Commodity:

Please refer to Attachment 3 which shows;

- 1) Name and quantity of component
- 2) Major material of component
- 3) Function of component
- 4) Outline of component
- 5) Location of installation of component at
PNC's fast breeder reactor - MONJU

5. DOE's letter to PNC dated December 3, 1985 with enclosures.

This document shows description, quantity, price, and data sheet of component to be transferred to PNC by DOE.

6. DOE's letter to Nissho Iwai American Corporation (an appointed shipper and applicant of the Export License) dated January 16, 1985.

This letter confirms description and quantity of commodity which are finally agreed to be transferred between DOE and PNC.

If you have any questions, please contact:

1) Overall Questions

Mr. T. Yoshimura
Nissho Iwai American Corporation
1211 Avenue of the Americas
New York, NY 10036

Telephone: (212) 704-6768

NIAC

Nissho Iwai
American
Corporation

New York Office

PAGE 3

- 2) Specific Questions, such as CRBRP, agreements between DOE and PNC, and technical matter of Commodity,
- 2-1) Department of Energy
Oak Ridge Operations
P.O. Box U
Oak Ridge, TN 37831
- Mr. E. A. Wright
Chief, Component Branch
Telephone: (615) 576-6023
- 2-2) Department of Energy
DP 122, GTN
Washington, D.C. 20545
- Mr. Roy F. Garrison
Telephone: (301) 353-5363
- Mr. Austin E. Wiles
Telephone: (301) 353-5385

Very truly yours,

NISSHO IWAI AMERICAN CORPORATION



T. Yoshimura
Manager
Nuclear Energy & Equipment
Industrial Systems & Development
Machinery Division

TY:grp

cc: NIAC FILE
NIC TK ATOMB
GRP FILE
ISD FILE



Department of Energy
Washington, D.C. 20545

JAN 10 1985

Mr. T. Yoshimura
NISSHO-IWAI American Corporation
Rockefeller Center
1211 Avenue of Americas
New York, NY 10036-8880

Dear Mr. Yoshimura:

In a December 28, 1983, letter from Mr. Shelby T. Brewer, Assistant Secretary for Nuclear Energy of the United States Department of Energy (DOE), to Mr. N. Yoshida, President, Power Reactor and Nuclear Fuel Development Corporation (PNC) of Japan, Mr. Brewer offered to make available to Japan, on a mutually agreeable basis, such items of major Clinch River Breeder Reactor Plant (CRBRP) equipment and components owned by the United States that can be integrated into the MONJU project.

Subsequent discussions, correspondence, and agreements identified a number of items that would be supplied to PNC by DOE at no cost in exchange for operating and testing data on these items. The items agreed upon are as follows:

1. 1 lot upper internal structure thermocouple wire (approximately 13,800')
2. 4 accelerometers
3. 63 small sodium valves
4. 2 sodium-potassium pressure sensors
5. 6-24" permanent magnet flowmeters

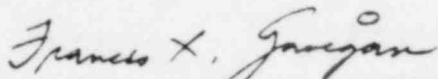
You have previously been provided detailed information on these items by PNC and Mr. E. A. Wright of DOE-CRBRP, Oak Ridge, Tennessee (615/576-6023). You have also been in telephone contact with Mr. Roy F. Garrison, (301/353-5363) and Mr. Austin E. (Gene) Wiles (301/353-5385) at DOE, Germantown, Maryland, regarding any assistance that DOE can provide in helping NISSHO-IWAI in obtaining an export license.

In a meeting at PNC in Tokyo, on January 14, 1985, among DOE and PNC representatives, it was agreed that NISSHO-IWAI would obtain the export license with assistance from DOE as required. Mr. T. Mochizuki was to talk to your company regarding this matter on January 14, 1985.

We would appreciate your arranging to take custody of all items for PNC at your very first opportunity. A prompt transfer will greatly assist our overall termination effort.

Mr. Ed Wright is available to assist you in this matter.

Sincerely,



Francis X. Gavigan, Director
Office of Breeder Demonstration
Projects
Office of Nuclear Energy

cc:

C. Kinoshita, PNC
D. Jones, PNC
E. Wright, CRBRP

APPENDIX B



United States Department of State

Washington, D.C. 20520

BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

June 13, 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 May 10, 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:

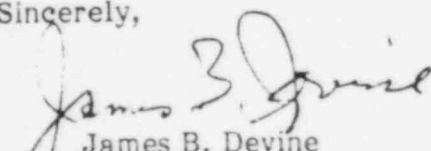
NRC No. XCOM0988 — Application by Nissho Iwai America Corporation to authorize export to Japan of the following components provided by the Department of Energy from the Clinch River Breeder Reactor Plant: approximately 13,800 feet of upper internal structure thermocouple wire, 4 accelerometers, 63 small sodium valves, 2 sodium-potassium pressure sensors, and six 24-inch permanent magnet flowmeters. These items are being provided by DOE on a cost-free basis for use in the MONJU prototype fast breeder reactor project in exchange for operating and testing data.

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.

As an NPT party, Japan 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 reactor components under Section 109 of the Atomic Energy Act, as amended, are met. The remaining criterion, agreement not to retransfer any U.S.-supplied component without prior U.S. consent, has been satisfied by the receipt of an assurance letter from the Embassy of Japan, the subject of our letters to you dated October 20, 1978 and March 13, 1979.

On the basis of the foregoing, the Executive Branch recommends that the license be issued.

Sincerely,


James B. Devine
Deputy Assistant Secretary

*Copy to FDR ~~_____~~ 6-14-85 *

NMSS/2, ELO/Dasher,

ea. Peterson

EXPORT CONTROL
INT'L SAFEGUARDS

'85 JUN 14 08:56

RECEIVED
U.S. N.R.C.

XCOM0988
1100 3751



DEPARTMENT OF STATE

WASHINGTON, D.C. 20520

RECEIVED
USNRC

79 MAR 14 P4:34

BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

OFFICE OF
INTERNATIONAL
PROGRAMS

March 13, 1979

Mr. James R. Shea
Director of International Programs
United States Nuclear Regulatory Commission
Room 6714 - MNBB
Bethesda, Maryland

Dear Mr. Shea:

I refer to my letter of October 20, 1978 transmitting a letter from the Embassy of Japan confirming that nuclear components, specially designed and prepared for use in a nuclear facility, deuterium (including heavy water) and nuclear grade graphite, exported from the U.S. to Japan, would not be re-transferred beyond the jurisdiction of Japan without prior approval of the United States.

Enclosed for the information of the Commission is a copy of a letter dated February 28, 1979 from the Japanese Embassy, written under instructions of the Government of Japan, reconfirming that nuclear components, items and substances, as defined in Appendix A of 10 CFR 110 published May 19, 1978, exported to Japan from the United States, are subject to Article 10 A(3) of the Japan-U.S. Agreement for Cooperation which provides that: "no material, including equipment and devices, transferred to the Government of Japan or authorized persons under its jurisdiction pursuant to the said Agreement for Cooperation shall be transferred beyond the jurisdiction of the Government of Japan without the prior consent of the U.S.A."

Sincerely,

Louis V. Nosenzo
Deputy Assistant Secretary

Enclosure:
As stated

EMBASSY OF JAPAN

2520 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20008

(202) 234-2266

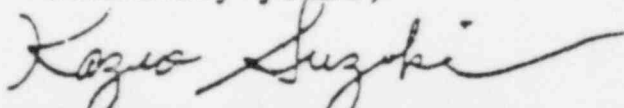
February 28, 1979

Mr. Louis V. Nosenzo
Deputy Assistant Secretary
Bureau of Oceans and International
Environmental and Scientific Affairs
Department of State
Washington, D.C. 20520

Dear Mr. Nosenzo:

With reference to your letter dated October 20, 1978, I should like to re-confirm, under the instructions of my home government, that in accordance with Article 10 A(3) of the Agreement for Cooperation between the Government of Japan and the Government of the U.S.A. Concerning Civil Uses of Atomic Energy, no material, including equipment and devices, transferred to the Government of Japan or authorized persons under its jurisdiction pursuant to the said Agreement for Cooperation shall be transferred beyond the jurisdiction of the Government of Japan without the prior consent of the U.S.A. In addition, I should like to inform you of the understanding of my home government that nuclear components, items and substances as defined in Appendix A of 10. CFR 110 of the U.S.A., published on May 19, 1978, are subject to the said Agreement when they are transferred to the Government of Japan or to authorized persons under its jurisdiction.

Sincerley yours,


Kazuo Suzuki



DEPARTMENT OF STATE

WASHINGTON, D.C. 20520

BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

100-101-20-100-100

October 20, 1978

Mr. James R. Shea
Director of International Programs
United States Nuclear Regulatory Commission
Room 6714 - MNBB
Bethesda, Maryland

100-101-20-100-100
100-101-20-100-100

Dear Mr. Shea:

Enclosed is a copy of a letter dated October 5, 1978 from the Embassy of Japan in answer to our letter of September 19, requesting confirmation that nuclear components specially designed and prepared for use in a nuclear facility, deuterium (including heavy water) and nuclear grade graphite, exported from the U.S. to Japan, would not be retransferred beyond the jurisdiction of Japan without the prior approval of the United States.

In its response, the Government of Japan confirms in accordance with Article 10 A (3) of the U.S.-Japan Agreement for Cooperation, that no material including equipment and devices will be transferred beyond the jurisdiction of Japan without the prior consent of the United States.

We believe it is clear that the Government of Japan considers their October 5 letter a confirmation of the undertaking sought in the U.S. request of September 19, that Japan will treat the components, items and substances referred to in the U.S. letter as constituting "material, including equipment and devices" transferred pursuant to the Agreement and thus subject to U.S. retransfers approval. However, to remove any possibility of ambiguity in this regard, we have advised the Government of Japan that it is our understanding these components, items and substances will be exported to Japan pursuant to our agreement for cooperation.

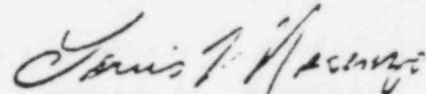
Thus, it is the judgment of the Executive Branch that the third criterion in Section 109 b. of the Nuclear Non-proliferation Act of 1978 is met.

It is also the view of the Executive Branch that the first two criteria of Section 109 b. of the NNPA -- IAEA safeguards and no nuclear explosive use -- are met by Japan's adherence to the NPT.

On the basis of the above, it is the judgment of the Executive Branch that the issuance of export licenses for the export of these components, items and substances to Japan will not be inimical to the common defense and security.

Therefore, it is the view of the Executive Branch that, in the absence of a material change in circumstances, all statutory requirements are satisfied for export licensing of nuclear components, substances and items to Japan.

Sincerely,



Louis V. Nosenzo
Deputy Assistant Secretary

EMBASSY OF JAPAN

2520 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20008

(202) 234-2266

October 5, 1978

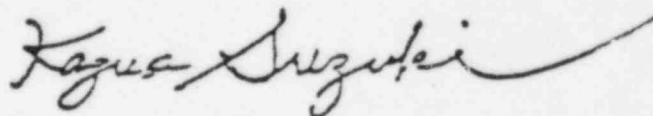
Mr. Louis V. Nosenzo
Deputy Assistant Secretary
Bureau of Oceans and International Environmental
and Scientific Affairs
Department of State
Washington, D.C. 20520

Dear Mr. Nosenzo:

With reference to Mr. Hoyle's letter dated September 19, 1978, I should like to confirm to you, under instructions from my home government, that, in accordance with Article 10 A (3) of the Agreement for Cooperation between the Government of Japan and the Government of the U.S.A. concerning civil uses of atomic energy, no material including equipment and devices, transferred from the U.S.A. to Japan, shall be transferred beyond the jurisdiction of the Government of Japan without the prior consent of the U.S.A.

Thank you for your cooperation in this matter.

Sincerely yours,



Kazuo SUZUKI
First Secretary (Scientific)



OFFICE OF THE
SECRETARY

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

July 11, 1985

MEMORANDUM FOR: Betsy Shelburne, Chief
Public Document Room Branch

THRU: Thomas R. Combs, Chief *SS/for TC*
Correspondence and Records Branch

FROM: *A. Bates* Andy Bates, Chief
Operations Branch

SUBJECT: SECY-85-230 - PROPOSED LICENSE TO EXPORT
COMPONENTS TO THE MONJU FAST BREEDER
REACTOR IN JAPAN (XCOM0988)

Attached for placement in the PDR is a copy of SECY-85-230.
A copy is also being sent to the Document Control System.
If you have any questions, please contact me at 41400.

Attachment:
As Stated

✓ cc: DCS with attach