



DCS
United States Department of State

Washington, D.C. 20520

February 3, 1997

XSOU 8707/02

Mr. Carlton R. Stoiber
Director, International Programs
United States Nuclear Regulatory Commission
Rockville, Maryland

Dear Mr. Stoiber:

I refer to the letter from your office dated January 22, 1997, requesting the views of the Executive Branch as to whether amendment of an export license in accordance with the application hereinafter described meets the applicable criteria of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978:

NPC No. XSOU8707/02 -- Molycorp Inc. has applied for amendment of its existing license to add Malaysia and Russia as authorized destinations; 2) to increase the amount of thorium and uranium authorized for export from 200,000 to 300,000 kilograms; and 3) extend the expiration date to December 1, 2006. The existing license currently authorizes export to various countries of thorium and uranium occurring as contaminants in rare earth compounds which are processed for recovery of rare earth oxides utilized for non-nuclear industrial purposes such as polishing agents. The nuclear materials are not separated but remain with the discarded residues. The existing license is conditioned to require prior U.S. consent for either use or retransfer of the contained thorium or uranium.

It is the judgment of the Executive Branch that the proposed exports to the specified additional countries will not be inimical to the common defense and security of the United States, and is consistent with the provisions of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978, provided that the license continues to be conditioned for non-nuclear use only and to require U.S. Government consent for any use or retransfer of the contained thorium or uranium.

On the basis of the foregoing, the Executive Branch recommends that the license be amended as requested, subject to the provisos stipulated above.

Sincerely,

Richard J. K. Stratford
Director

Office of Nuclear Energy Affairs

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