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3 NUCLEAR REGULATORY COMMISSION

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5 STRATEGIC ASSESSMENT AND REBASELINING

6 STAKEHOLDERS PUBLIC MEETINGS

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8 SUPPORTING NRC DOMESTIC MISSION

9 AND NATIONAL OBJECTIVES IN THE

10 INTERNATIONAL AREA SESSION

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12 THURSDAY

13 OCTOBER 24, 1996

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15 WASHINGTON, D.C.

16 The Supporting NRC Domestic Mission and

17 National Objectives int he International Area Session was

18 held in the Jefferson East Ballroom of the Washington

19 Hilton and Towers at 1919 Connecticut Avenue, Northwest

20 at 2:15 p.m., James Shea, Deputy Director, Office of

21 International Programs, NRC, presiding.

22 PRESENT:

23 JAMES SHEA Sponsor

24 HOWARD J. FAULKER Writer

25 STEVEN F. CROCKETT Writer

1 ALSO PRESENT:

2 DOUG BROOKMAN Facilitator

3

4 AUDIENCE PARTICIPANT:

5 AL ANKRUM

6 DENNIS BECHTEL

7 JUDITH JOHNSRUD

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1 P-R-O-C-E-E-D-I-N-G-S

2 (2:00 p.m.)

3 MR. BROOKMAN: Okay, would you like to take a

4 short break; say a ten minute break -- ten, 15 minute

5 break? 15 minute break. So, we'll reconvene at 2:15 and

6 we'll start then. And just so you can make your plans; as

7 I understand it, at 4:30, everybody's going to reconvene

8 in the big room next door for a break wrap up.

9 That's the plan right now.

10 (Whereupon, the foregoing matter went off the

11 record at 2:01 p.m. and went back on the

12 record at 2:21 p.m.)

13 MR. BROOKMAN: If we could begin taking our

14 seats, please; I think we're just about to begin.

15 DEPUTY DIRECTOR SHEA: Welcome to the session

16 on Direction Setting Issue No. 20, International

17 Activities. I'm James Shea from the Office of

18 International Programs. As the sponsor for this issue, I

19 put together the paper addressing this topic along with

20 actually two writers. One was inadvertently left off the

21 cover slide.

22 Howard Faulkner, one writer; and Steve

23 Crockett, who is manning the viewgraphs today, the other

24 sterling writer from the Office of General Counsel who

25 helped us assemble this paper. And we appreciate his

1 efforts, and we'll try to correct the slide for the next
2 two presentations in Colorado Springs and Chicago.
3 The next slide will show the DSI itself. What
4 is the appropriate role of the NRC in the development and
5 implementation of policies on international nuclear
6 matters? This is basically asking what is the
7 international role of NRC. We basically, in general
8 terms, support NRC's domestic mission and responsibilities
9 through our international program; and also support U.S.
10 national objectives.
11 That's the name of the strategic arena that
12 we're in today. That characterizes our role in general
13 terms. So that's what we're asking in this paper: what
14 is the appropriate role of NRC in the current era of
15 restrictive budgets and other factors which I'll outline
16 in a moment that are affecting this area.
17 The next slide describes -- and actually, the
18 next two slides will describe our international functions.
19 We have several, and they are rather different. So,
20 rather than just talk about NRC's international role in
21 general terms, we decided to break it down into more
22 specific functions, basically four of them, which I'll
23 walk you through at this point.
24 The first is International Policy and Priority
25 Formulation. In this function, the NRC participates very

1 closely and actively in the development of U.S. Government
2 policies in the international nuclear area at our own
3 initiative or in response to requests from, for example,
4 the State Department or, at times, the White House.
5 The other aspect of this function is the
6 development of priorities for NRC's international
7 activities. That is, what priorities shall we use within
8 NRC for according resources to the different activities.
9 That's largely something that the Commission decides.
10 What should be a highest priority, medium, low; and the
11 resources that go with each.
12 The second major function is Export-Import
13 Licensing. And that includes, as indicated on the slide,
14 our basic export-import function. That is, the part in
15 which NRC licenses exports of nuclear commodities to go to
16 other countries. For example, reactors, major parts for
17 reactors, fuel, so on.
18 We are the direct licensing agent, although in
19 consultation with the agencies of the Executive Branch.
20 The second bullet under the Export-Import
21 Licensing notes that we have another role that's really
22 the converse of the first in which we at NRC consult on
23 the export related actions of other agencies, mainly the
24 Department of Energy and the Department of Commerce where
25 they have the responsibility for certain export actions.

1 For example, the Department of Energy is
2 responsible for technology transfers to other countries;
3 and the Commerce Department licenses dual use items:
4 items that can be used either for peaceful or military
5 purposes. But they consult with us to get our views
6 before they go ahead.
7 The next slide will show a continuation of the
8 description of the export-import function to include two
9 other items that we consider closely related to this
10 function, and so we have placed it in this category.
11 And the first of these is the implementation
12 of the agreement which is a presidential level agreement
13 between the United States and the International Atomic
14 Energy Agency in Vienna many years ago, in the Johnson
15 administration, to provide safeguards or apply safeguards
16 to facilities in the U.S.
17 That's part of the U.S. voluntary offer to
18 apply safeguards in the U.S. to show that we're willing to
19 take on the burden of safeguards that we were asking other
20 countries that had not developed nuclear weapons to also
21 assume.
22 Fourth aspect, or the very last one there,
23 under the export-import function is the assistance that
24 NRC provides to strengthen IAEA safeguards. This is an
25 ongoing effort that we have been engaged in for many years

1 to provide our technical experts who are specialists in
2 domestic safeguards in protection of our licensed
3 facilities, both literal and material, control and
4 accounting, and also physical protection; and provide that
5 expertise to the IAEA to help them do better throughout
6 the world -- to spread our influence throughout the world
7 since the U.S. relies upon the IAEA for applying
8 safeguards in countries where we export rather than
9 relying on our own bilateral safeguards, as we used to
10 many years ago.
11 Then the last two functions under our overall
12 set of four international functions, you see there in the
13 last two starred items. One is mutually beneficial
14 international Regulatory Exchanges. These are exchanges
15 of information between NRC and, for the most part, our
16 foreign counterparts -- the NRC's of various countries
17 abroad, which have similar responsibilities.
18 We provide them with information about what we
19 do, and they tell us about their experience: for example,
20 in reactor operating incidents, new approaches to
21 policies, research studies. All of these are transferred
22 back and forth in a very open and regularized manner.
23 We have formal arrangements with about 35
24 different countries to do this. This is, as the words
25 indicate, mutually beneficial exchanges.

1 The last item, the last function, is our
2 international safety and security assistance that we
3 provide to other countries. This is, for example, the
4 assistance we provide to the former Soviet Union and
5 Central and Eastern Europe to help strengthen their safety
6 -- their reactors and the safeguards on their facilities
7 and nuclear materials.
8 And that is something we do at the behest of
9 the U.S. Government to respond to the national interest.
10 Whereas, the mutually beneficial exchanges relate more to
11 our domestic needs and interests so we have the
12 information we need, the largest data set possible
13 worldwide to do our job effectively.
14 As noted in the previous discussion, Themis
15 Spies covered research. We also have a substantial
16 program of international safety research in support of our
17 domestic responsibilities. That's not explicitly
18 mentioned in the slide, but it's countenanced by our
19 overall international program.
20 But it relates so closely to our domestic
21 responsibilities that it is covered in the previous
22 presentation under DSI 22. Also, a point I might make is
23 that some of our international activities are performed
24 mainly to support our domestic responsibilities, and some
25 of them are performed mainly to support U.S. national

1 interests.

2 But the tend to be -- might say mutually

3 reinforcing. For example, activities of an exchange

4 character in which we engage to be able to do our domestic

5 safety job well can also support U.S. policy interest and

6 foreign policy interest in other countries by exerting

7 U.S. influence abroad. They tend to go together.

8 Now, the next slide starts to list -- and it

9 will take a few pages here to do it. I think it's three

10 all together -- three charts to discuss the key factors

11 that we see as influencing our international program in

12 the near future. I'm taking each of these four functions

13 and looking at the factors.

14 We see that in the policy and priority

15 formulation, that could be effective, of course, by

16 changes in U.S. foreign policy and national security

17 objectives which are constantly shifting, although they

18 have a certain basic goal of maintaining U.S. national

19 security. But the specific objectives do shift over time.

20 The NRC interest that we have ourselves can

21 affect the policy activities that we focus on and self-

22 initiate or request from the Executive Branch often come

23 to us to deal with. And they could change over time and

24 have done so.

25 The international agreements and conventions

1 that are developed usually by the Executive Branch with
2 our participation -- for example, the convention on
3 nuclear safety which enters into force, I believe it is,
4 today, the 24th of October. It was a long period in
5 development, and NRC was closely involved in that because
6 of our particular expertise and interest.
7 But that affects our work and our policy role.
8 If a significant foreign reactor incident should occur --
9 accident or incident -- why, that could cause us to shift
10 our focus. Of course, that happened after the Chernobyl
11 accident when there was a major impact on what we do. And
12 we have a large assistance program now, as I noted, to the
13 former Soviet Union and Central and Eastern Europe because
14 of that.
15 Diversion of strategic nuclear material or the
16 threat of such diversion is also a factor that can come to
17 affect us. The risks are greater now in Russia, for
18 example, since the break up of the former Soviet Union
19 that nuclear material would be diverted. And we are
20 responding accordingly with a major U.S. program of
21 assistance to strengthen safeguards.
22 It's primarily in Russia, but it's some other
23 countries as well.
24 The next slide continues with the key factors
25 looking at the second international function. And

1 basically here, we don't think there will be any
2 significant changes in the export-import area writ large.
3 Not just the case processing. We see that as remaining
4 about the same. But also the US-IAEA safeguards agreement
5 implementation, that's been pretty predictable and steady
6 for many years.
7 And assistance to IAEA safeguards is also
8 likely to remain at about the present modest level of a
9 few FTE's.
10 Now on the third function, our exchange
11 activities could be affected by safety issues that come up
12 in the U.S. or abroad, and that could come to affect
13 exactly what we do in our exchanges. The Nuclear Energy
14 Agency located in Paris is a major mechanism for NRC to
15 exchange information. And at the present time, the U.S.
16 funding for the NEA is under close review to see if that
17 should be reduced or possibly even eliminated, which could
18 cause an impact on NRC and the way we do our international
19 exchanges.
20 Our Chairman, Chairman Jackson, just about a
21 year ago proposed that there be an international nuclear
22 regulators forum for senior regulators around the world to
23 discuss issues of common interest and to plan policies
24 that could be well coordinated and reduce duplication or
25 mismanagement of resources -- duplication of resources.

1 This idea is moving ahead, and it's received
2 very positive reaction from the worldwide safety
3 community. And we expect it to be implemented within the
4 next year. And that could again affect the mechanisms,
5 the manner in which we do our exchanges and set a broad
6 policy framework, and could affect the priorities and the
7 mechanisms.
8 The next slide continues the final slide on
9 the key factors looking at that fourth function of
10 assistance to other countries. Of course, again, this
11 could be affected by changes in U.S. foreign policy and
12 national security objectives over the years. The
13 availability of external funding is an important element.
14 We are only able to have the assistance
15 program that we do now with the countries of the former
16 Soviet Union, Central and Eastern Europe because of the
17 availability of funding from the U.S. Agency for
18 International Development. And if that is reduced
19 significantly, as is a possibility in the future, then
20 that will affect what we're able to do.
21 The willingness and ability of countries to
22 accept assistance is another factor. Of course, they have
23 to be willing and able to be a recipient, or else you'll
24 never be able to get started. We try to constantly
25 evaluate the success of the assistance efforts. The

1 degree of that can affect what we do.

2 And finally, increased energy needs abroad --

3 as is happening in the Far East where you have a sizeable

4 growth of energy demand and plans for expanded nuclear

5 power, that can lead to requests for greater assistance

6 from NRC to help with fledgling regulatory groups or with

7 expansions of their responsibilities.

8 Now the next slide indicates what we saw

9 coming out of the strategic assessment review as the key

10 issue; and that is assistance, the fourth function. This

11 uses almost half of our FTE's devoted to all our

12 international activities at the present time, although

13 that is declining somewhat as we move toward contracting

14 out of some of the assistance funding that -- assistance

15 work that we do now using the AID funds.

16 The external funding and NRC FTE allocations

17 are declining, as I noted. Not just the funding, but also

18 the allocations of staff that we can provide to this. By

19 using contract efforts, we can reduce the number of staff

20 FTE's devoted to this, and contractors will provide the

21 staff to do this, and our staff will manage the effort.

22 We've made some progress in assistance, but

23 we've had some notable disappointments. In the slowness

24 of the results achieved to date, the results have been

25 slow to take, and we're evaluating the -- whether we

1 should refocus our efforts in a different direction
2 because of these disappointments.
3 So, we felt it was timely and important to
4 evaluate particularly the -- I'll use the abbreviation FSU
5 CEE assistance for this part of the world where most of
6 our efforts are focused, and to consider new approaches
7 that might make our assistance more effective. Maybe
8 focusing on fewer countries and their regulatory needs,
9 for example, the ones that really need it; or working with
10 organizations in addition to the regulator which have been
11 our main colleagues so far in this effort.
12 The next slide lists the options that were
13 considered in the strategic assessment. Five of them
14 listed there. I might note that they do cover a pretty
15 wide range from seeking to reduce our international role
16 to a bare minimum all the way up to expanding our current
17 level of activities.
18 And each of these five that you see there are
19 -- each one is distinct. But they could be merged or
20 combined in different ways to produce combinations of
21 options. But we tried to take an approach and define an
22 option with each of these five so that they could be
23 analyzed and looked at systematically.
24 Just briefly, the first option to try to
25 reduce our international role to a minimum, this option

1 would have us participating in U.S. policy development
2 only to the minimum degree necessary for accomplishing the
3 exchanges -- the regulatory exchanges that we would
4 retain.
5 We tried to eliminate our legal obligations
6 related to export-import functions -- try to divert
7 ourselves of that responsibility, try to get out of our
8 involvement in implementation of U.S. treaties. None of
9 them name NRC as a responsible implementing agent, but we
10 are still involved a great deal in implementing a number
11 of treaties.
12 And we would seek to get out of that. This
13 may not be feasible because of the legal restrictions and
14 the need for our expertise, but that would be the
15 philosophy of this option. Participate only in the
16 exchanges necessary for our domestic mission, and promptly
17 terminate assistance to other countries -- that would be
18 what would be involved in the first option.
19 A rather dramatic change from what we have at
20 the present time. In the second option, we would perform
21 our statutory role and, at the same time, try to limit our
22 other international activity to a minimum. We would --
23 that is, accept the export licensing role and the treaty
24 implementation role; but we would participate in exchanges
25 necessary for our domestic mission only, but not to

1 activities that would support U.S. national interest.

2 We'd wind down our assistance activities in an

3 orderly manner rather than an abrupt termination. But

4 basically, we would be sharply cutting back our present

5 level of international activities under this option with

6 little involvement in U.S. policy development except as it

7 related to our domestic mission.

8 Coming up -- and you see these are graded from

9 one exchange to the other. The third option would involve

10 conducting only activities that benefit our domestic

11 mission. That would be the philosophy or the approach

12 involved here. We would, looking at the four functions,

13 participate in U.S. policy development so far as it

14 benefitted our domestic mission.

15 We would perform our legal obligations related

16 to export-import activities; provide some assistance to

17 IAEA safeguards; participate in exchanges that broadly

18 benefit our domestic mission; take a little broader view

19 of our responsibilities; and we would cut back our

20 assistance efforts to those that might benefit our

21 domestic mission rather than ones that would respond to

22 U.S. national interest.

23 The fourth option is closest to the present

24 situation where we would participate in policy development

25 that would benefit either our domestic mission or U.S.

1 interest; perform our legal obligations under the export-
2 import area including IAEA, safeguards assistance.
3 Exchanges that broadly benefit the two activities are
4 domestic mission or U.S. national interest.
5 And we would provide carefully selected
6 assistance that would benefit either our mission or the
7 U.S. interest.
8 So that's pretty close to our present
9 situation. We do have some adjustment going on, as I
10 indicated, in the assistance area; but it's still a pretty
11 wide, but selected set of assistance activities that we
12 render at the present time.
13 And the last option would be one in which we
14 would try to expand the current level of activities with a
15 more active leadership role and policy development and do
16 more to strengthen IAEA safeguards, increase participation
17 exchanges, and provide a wide range of assistance even to
18 the point of seeking the necessary resources to do so --
19 actively look for more funding and money, rather than
20 being in a more reactive mode as of present.
21 The next two slides convey the Commission's
22 preliminary views after looking at the paper and the
23 options that we've presented. The vision decided that it
24 is desirable for NRC to conduct international activities
25 that are of importance and benefit both to NRC's domestic

1 mission and U.S. national interest, not just the domestic
2 mission.
3 So they took that broader view closer to
4 option four. And under this approach, the agency then --
5 just to recap -- as indicated, we would participate in
6 international policy and priority formulation much as at
7 the present interacting with state initiating some of
8 those activities; perform our current role in export-
9 import licensing and related matters as we do now
10 assisting IAEA safeguards; and implementing the U.S. IAEA
11 safeguards agreement.
12 And the next slide then will continue with
13 this. We would perform our current and prospective role
14 in treaty implementation. No change from the present.
15 Participate in exchange activities that benefit the two
16 roles. And we have a wide but carefully selected range of
17 assistance activities.
18 So that was the Commission's preliminary
19 views. The next slide continues with the caveat that the
20 Commission put on their decision, and that is we are to
21 examine the budget and priority of the individual
22 activities that are carried out in the international area
23 and develop a plan, including specific criteria, for
24 prioritizing our activities including research, which was
25 covered in DSI 22, to assist the Commission in determining

1 appropriate expansions or reductions of programs.

2 In some cases, sunsetting of activities if the

3 budget constraints were severe would be appropriate. And

4 we would be looking at efficiencies in programs and

5 developing the criteria for any eliminations of programs.

6 And finally, the last point, the Commission noted that

7 since NRC's budget is licensee fee based, the primacy of

8 international activities to the NRC mission would be an

9 important consideration in making these decisions.

10 So that's the -- an overview of the

11 international review that we accomplished. And I guess it

12 would be open to our facilitator in helping us see if

13 people have any questions or comments that they might like

14 to raise.

15 MR. BROOKMAN: Questions or comments for James

16 Shea based on his presentation, and then we'll turn to

17 more specific questions. Overview questions or comments?

18 What about the four questions that were listed. Do you --

19 were there important considerations that were omitted from

20 the issue papers written? Are the Commission's

21 assumptions accurate and projections for internal and

22 external factors adequate?

23 Are you finding any gaps in the analysis here

24 that you'd like to bring forward at this point? Were

25 there other options that you thought the Commission should

1 consider with respect to international activities? Did
2 they land on your favorite in choosing number four?
3 James, one question I had was you said, as was
4 the case with research, that given the budgetary situation
5 and these final realities, that you -- your group would be
6 charged with developing specific criteria. Have you, at
7 this point, begun to think through that task; and can you
8 give us kind of a sense of how that might line up?
9 DEPUTY DIRECTOR SHEA: We haven't really done
10 this in any detail or even discussed it amongst ourselves
11 to any degree. But I would think that the kinds of
12 criteria that we would use to prioritize the activities
13 would be the importance to the activities to the
14 accomplishing of the NRC's domestic mission, looking at
15 that very closely to see just how each activity
16 contributed and whether it should be listed as high
17 priority, medium, or low.
18 And at the same time, since the Commission has
19 said that we will take into account and support the United
20 States' national interest, we'd look at the activities
21 that fit more in that category as -- in terms of their
22 contributions that they would make to the U.S. national
23 interest.
24 A starting point, I would think, is to accept
25 and to put as high priority a category items that are

1 statutorily mandated that we have to do since the
2 Commission didn't indicate that we should try to extricate
3 ourselves from those functions. And we'd start there and
4 then just try to work our way through the criteria with
5 that framework.
6 That would be kind of an analytic framework, I
7 think. But we haven't carried it very far as to the
8 specifics.
9 MR. BROOKMAN: And then I note that in option
10 four listed on page 20 and 21 of the issue paper, you
11 actually list the priorities that would go with option
12 four. And I'll read them just very briefly and see if
13 folks think that these are on the mark -- if they should
14 be expanded, reduced.
15 And see if I understand this: these fairly
16 much track your existing priorities?
17 DEPUTY DIRECTOR SHEA: Yes, they do.
18 MR. BROOKMAN: So these priorities as listed
19 would be meet U.S. treaty obligations, actively
20 participate in the development of U.S. Government policy
21 relating the nuclear safety and security matters, perform
22 export-import licensing and associated safeguards
23 functions, cooperate in exchanging regulatory information,
24 assist the FSU (former Soviet Union) and CEE, centrally --
25 DEPUTY DIRECTOR SHEA: Central and Eastern

1 Europe.

2 MR. BROOKMAN: Thank you -- countries to

3 upgrade their safety and security, help build a solid

4 regulatory safety infrastructure in countries with

5 emerging nuclear power programs. So let me ask if those

6 seem to be a suitable listing of priorities -- if you see

7 additions that might be listed or omissions. Yes -- yes,

8 sir?

9 MR. ANKRUM: My name is Al Ankrum. I'm with

10 Pacific Northwest Laboratory. I was just wondering -- and

11 I apologize, I have not read the DSI on this issue. I

12 didn't come prepared with any comments -- wondering if

13 consideration has been given for further cooperation

14 between NRC and DOE on international programs? I'm aware

15 of a very large effort by the Department of Energy in

16 their international nuclear safety program, for example;

17 and I wondered if that had been considered among your

18 options.

19 DEPUTY DIRECTOR SHEA: Thank you. Yes, we

20 did. I put up a slide indicating that the key area that

21 we saw for focusing our efforts and attention is the

22 assistance area, assistance to particularly this part of

23 the world where there's been such serious problems. And

24 NRC is by no means the only agency working in this area

25 even within the U.S.

1 The Department of Energy has a major program
2 of assisting Russia, Ukraine, and other countries to
3 improve their safety focusing primarily on the operators -
4 - the plant operators, and developing operating procedures
5 and so on. And we are focused more on regulatory
6 improvements. But we need to work very closely together
7 on this.
8 In fact, in recent months or -- really over
9 the last year, I'd say DOE has been strengthening its ties
10 with the nuclear regulators in countries like Russia and
11 Ukraine to -- complementing our efforts. And we've had to
12 work closely together to do that.
13 And what I see developing as a closer
14 cooperation, and that is an area that we identified as one
15 to look at in the next phase when we go into
16 implementation and looking at specific improvements that
17 might be made, deficiencies, and effectiveness, and
18 improvements, strengthening our cooperation with DOE in
19 particular.
20 The U.S. -- also, I might say, it's not just
21 the U.S. that's assisting in this area. We're not the
22 only player. You have many other countries that are
23 assisting worldwide to improve safety in various countries
24 around the world. And so, there's a further need in the
25 big picture to coordinate the U.S. efforts with those of

1 other countries.

2 And that is being done. There are established

3 mechanisms to do that, and they need to be worked out and

4 improved as well to be sure that there's no duplication of

5 effort and the highest priority items are worked on as

6 well. That is a point that we plan to pursue.

7 MR. BROOKMAN: Additional comments on the

8 approach, priorities listed on page 21? I know that if

9 there's a technology transfer, that one of the nice things

10 about all the work that's gone on here and in the U.S.

11 nuclear power industry in support of risk based

12 assessment, that it's all getting applied -- a lot of it's

13 getting applied all over the former Soviet Union now.

14 So that's a wave that gets carried forward

15 even though the priorities have moved on here in the

16 states.

17 Additional comments, questions at this point

18 on option four or comments on the other options that are

19 listed here? Should, for example, the Commission try to

20 go for option five? That is, find some way to expand its

21 activities. Is this the appropriate level of effort?

22 James, would you like to comment on that

23 question?

24 DEPUTY DIRECTOR SHEA: Well, what occurs to me

25 is that this certainly is a conceivable option, but would

1 be a difficult one to implement given the reduced
2 resources that have become available to NRC in the last
3 few years. Our budget and staffing has come down in the
4 range of about 10%.
5 And while we are reimbursed in the assistance
6 area for expenses related to, for example, training of
7 foreign nationals in the U.S. and for our own travel and
8 expenses, the cost of those FTE's for those assistance
9 activities are not reimbursed. We have to dedicate those
10 ourselves.
11 And that represents a trade off for using
12 those people in domestic activities. And that is
13 particularly a high demand area at the present time as
14 NRC's responsibilities have, if anything, grown as we have
15 had these reductions. So, that's a difficult one to
16 implement in the assistance area.
17 In the exchange area, that tends to be done as
18 an outgrowth of our domestic work and is something that is
19 not affected in the same way as the assistance area. But
20 I think that's the biggest problem with expanding
21 assistance which is the key issue here. I think in IAEA
22 safeguards area, that's another area where we could
23 theoretically expand our activities.
24 That's part of the export-import area, but it
25 is an assistance type of activity in general. And that

1 would also be difficult to expand because of resource
2 restrictions. So both in the safety and safeguards area,
3 that would be tough one to do. Our policy role, first
4 function, is one that isn't too resource intensive.
5 It doesn't take a lot of effort, just a few
6 key people involved in developing, formulating policies
7 and priorities. So that's not so resource sensitive. But
8 the main area -- problem, I think, would be with
9 assistance. And no relief is in sight on the resource
10 front. I think we'll find that difficult. And it's
11 probably a factor why the Commission chose option four.
12 MR. BROOKMAN: Are there other major
13 international players in this aside from the ones that are
14 building a lot of new -- or the countries primarily in the
15 Far East where they're building new plants now, are they
16 also pinched budget wise, or are they steady state, or
17 what is their picture?
18 DEPUTY DIRECTOR SHEA: Well, they are all
19 facing resource restrictions of one kind or another around
20 the world. It's become a global phenomenon. But some
21 have more needs than others. For example, if one looks at
22 China, which has ambitious plans for a major expansion of
23 its reactor program and still has a rather small
24 regulatory organization -- they have a very serious task
25 on their hands to deal with this.

1 Japan is also expanding its nuclear power, but
2 at a more measured pace, and has an established regulatory
3 organization. So I see them as in a different category.
4 Indonesia is planning to build some nuclear power plants
5 now, but that will take time to develop. And hopefully
6 the regulatory organization could be in place in time to
7 handle the demands, although that's not entirely clear at
8 this point and a lot of help is needed.
9 So it varies quite a bit country to country.
10 Korea is expanding their nuclear program quite a bit, but
11 it seems to be able to keep up with the safety regulation,
12 although it sure puts stresses on their resources as well.
13 And especially with such a rapid expansion, there are some
14 concerns in that area.
15 And we try to then tailor our assistance
16 depending on where we can do the most good, whether our
17 reactors that we're familiar with -- for example, we can
18 help the most because we have the greatest technical
19 background and expertise to offer. And our own resources
20 are limited, so we have to prioritize.
21 I think that's the area of the greatest growth
22 that we see. It is the Far East.
23 MR. BROOKMAN: How about export-import
24 functions, will those increase as these new plants come on
25 line?

1 DEPUTY DIRECTOR SHEA: Well, it is a possible
2 if they purchase U.S. equipment -- reactor equipment. And
3 especially then we would be called upon to export. But I
4 think that would be a growth that we could probably have
5 it be gradual all over time, and it doesn't take a lot of
6 resources to process the more routine export licenses.
7 One complicated one can take a lot of resources.
8 But I think that could potentially be a growth
9 area, but not one demanding a big increase in resources
10 either on the technical reviews or the policy or legal
11 reviews. I think that will probably be manageable with
12 some small increases over time.
13 MR. BROOKMAN: And I note the one other thing
14 that seems to be a new addition is the Chairman's proposed
15 international nuclear regulator's forum. I presume that's
16 not a high expense item?
17 DEPUTY DIRECTOR SHEA: That's right. That is
18 one that commands high level attention, so it's quite a
19 high level activity, but not a lot of staff. People --
20 right now, they've been mainly in our Office of
21 International Programs. And with the reactor regulation,
22 have been helping put that effort together.
23 Implementing it could be -- could take some
24 effort. But not a lot, I don't think, because we'd be
25 mainly sorting out issues that the people -- senior,

1 Chairman, or equivalent and other agencies around the
2 world would discuss at their meetings doing the staff work
3 for that. Then having the decisions come out of the
4 meeting and making sure they get implemented.
5 With this initiative, no new organization is
6 envisioned being established in Geneva or Vienna with
7 bricks and mortar and a staff. It's going to be just a
8 coordination mechanism with periodic meetings certainly
9 and exchanges of paper, some of which has already taken
10 place in developing the concept, but probably supported
11 out of existing institutions.
12 So, I think that will again be part of the
13 policy formulation and development function. Relatively
14 few people with the requisite skills involved in doing
15 that. Not too resource intensive.
16 MR. BROOKMAN: So additional questions,
17 comments on the option four that's been chosen which is
18 essentially pretty close to the current level of activity
19 and the priorities as listed as well. Questions, comments
20 on those?
21 Yes, thank you.
22 MS. JOHNSRUD: Forgive me if this has already
23 been covered. I was next door, please.
24 MR. BROOKMAN: Your name, please.
25 MS. JOHNSRUD: Judith Johnsrud from

1 Pennsylvania. With respect to import and export
2 particularly of radioactive scrap metal, if EPA does
3 implement a rule that allows up to some yet unspecified
4 standard limit, and NRC then implements that rule, what
5 sort of role with the NRC then have to play with respect
6 to the importing and exporting of contaminated scrap metal
7 that's, you know, no longer under regulatory control, but
8 may be imported in -- at levels that might exceed this
9 standard that we recognize?
10 That's question one. Question two -- and
11 again, you may have dealt with this -- how do NAFTA, GATT,
12 and even possibly the ISO 14000 standards fit into NRC's
13 role in the future with regard to international trans
14 boundary trade in radioactive materials?
15 DEPUTY DIRECTOR SHEA: Thank you. I can offer
16 a few comments on those questions. And to set the
17 framework for this, in the last few years, NRC has
18 developed a policy actually through a rule making to
19 handle the export and import of waste materials --
20 radioactive waste materials.
21 And that is now in place and provides for a
22 mechanism for NRC to look at applications for such
23 material and reach certain standards to have a check by
24 our staff if it's coming into the country, see if it's
25 appropriate for regulation.

1 And if it's being exported, then we have to
2 check with the State Department, and they in turn will
3 find out if the material is indeed welcomed by the country
4 to which it is to be shipped. And there have been a
5 number of cases of vendors trying to make deals to send a
6 material abroad having worked out something with some part
7 of that government, and it turns out it doesn't have the
8 full support of the government -- maybe even private
9 sector people.
10 So, to bring that into some kind of framework
11 and control, there is this rule making; and now a rule in
12 place for export and import of waste. So I think that's
13 where the -- something like the radioactive scrap metal,
14 if it were to be brought in or sent out, would be dealt
15 with, I would think, to see if it meets the standards for
16 receiving specific treatment as a licensed item.
17 And the second question, I'm not quite sure
18 how that would play into this, but I think it would be in
19 that same framework that NRC would be looking at the
20 materials from the standpoint of their potential health
21 hazard if, let's say, we were importing materials that
22 would be coming in.
23 And I think when you mentioned the ISO
24 standards, perhaps you're thinking about the quality of
25 items that are, let's say, being imported. Would that be

1 the thought there, like valves or so on built abroad and -
2 -
3 MS. JOHNSRUD: Actually, I thought I
4 understood that under the ISO process, corporations could
5 fulfill certification requirements with respect to not
6 standards specifically for materials, but -- oh, dear;
7 operational approaches and processes and management
8 matters, and thereby gain exemptions from national
9 environmental requirements.
10 And it's not at all clear how this might apply
11 to U.S. standards that NRC and EPA have set and wish to
12 continue and have, you know, overruled. The international
13 help I think is the question.
14 DEPUTY DIRECTOR SHEA: Yes, I guess I really
15 can't give a good answer to that. I haven't thought about
16 that, and it is probably something that NRC as a whole
17 would need to look at here. I don't know if anyone else
18 from our group has had any thoughts on that. We have
19 several NRC people here who might have some experience.
20 But I don't think that's one that we really
21 faced yet in a policy matter. And it is a good point, so
22 we could consider that then and follow up to the
23 assessment.
24 MR. BROOKMAN: Additional -- yes, sir? Yes.
25 MR. BECHTEL: Excuse me. My name is Dennis

1 Bechtel and I represent a local government in Nevada. And
2 I apologize, I haven't had a chance to read through your
3 paper here, but I have a couple of questions. Is there a
4 great demand for NRC services abroad? How do you initiate
5 interaction with other governments?
6 I mean, is it just kind of an extension of the
7 Department of State or upon request of the government or -
8 - how does that work?
9 DEPUTY DIRECTOR SHEA: Well, the NRC is, I
10 guess, so well known around the world because of the large
11 nuclear program and its safety expertise and safeguards
12 expertise that when countries have a problem or see that
13 they need help, they often come to NRC directly to us,
14 sometimes through the State Department.
15 In which case, then the State Department would
16 come to us and say they've heard from certain countries
17 that they're anxious to have our services. That's usually
18 in helping them with their safety or safeguards
19 improvements. And we will then -- the State supports
20 this.
21 We always do our activities closely
22 coordinated with the Department of State to be sure
23 they're within the framework of foreign policy, and then
24 look at our resources to see if we're able to do this and
25 if we have the necessary skills to meet the need that has

1 been identified.

2 So, that's kind of the way that the process

3 works. Usually people do come to us looking for help in

4 that regard, and then we just address the case by case

5 basis.

6 MR. BROOKMAN: Isn't it sometime the

7 international bodies that in fact convey folks -- cause

8 them to come to you because of your specialized expertise?

9 DEPUTY DIRECTOR SHEA: Yes. In fact,

10 sometimes these bodies like the International Atomic

11 Energy Agency will provide the funding to support a

12 country's efforts where they do not have a whole lot of

13 money of their own. We, for example, have a program to

14 bring assignees, we call them -- foreign assignees from

15 other countries to work alongside our NRC staff people

16 for, say, six months to a year, sometimes longer, to learn

17 safety regulation.

18 It's usually in safety areas rather than

19 safeguards. And for the less developed countries, often

20 the IAEA will provide the financing for them to be able to

21 do this -- pay for their per diem and their travel during

22 their stay. And they may channel the request to us.

23 Sometimes an organization like the IAEA itself

24 can arrange to provide the assistance. We don't try to do

25 everything ourselves. We'll see if the IAEA can hire a --

1 somebody to provide -- if it's a consultant expertise. It
2 may be outside of the NRC, maybe outside the U.S.
3 Government. A private individual or group might be the
4 better one to do it.
5 But the groups all work together, I think,
6 very effectively. The individual countries, the
7 international bodies, mainly the IAEA -- not so much the
8 Nuclear Energy Agency on assistance activities since
9 that's a body that involves the more advanced countries
10 working together on advanced research or regulatory
11 problems.
12 But there's a relatively small nuclear
13 community, I find, out there. And so everybody gets to
14 know everyone else, and there's a lot of meetings and
15 opportunities to coordinate and identify needs. That's
16 generally how it works.
17 MR. BECHTEL: Are a lot of your interactions
18 related to, say, security requirements?
19 DEPUTY DIRECTOR SHEA: Some. Not as much as
20 the safety area. But it's very important. It's a part of
21 the U.S. national security, of course, to keep plutonium
22 or highly enriched uranium from falling into the wrong
23 hands which can come back to threaten us. But we have a
24 program to -- first of all, it's longstanding, to assist
25 the IAEA in strengthening their safeguards because they

1 are the point people in this area.

2 They send the inspectors out to check on the

3 nuclear materials in countries around the world where the

4 U.S. and other countries have exported their nuclear

5 material. And the U.S. -- these other countries have

6 ceded that responsibility to them and want to be sure

7 they're as strong as possible in their capabilities to do

8 it.

9 So we provide technical help and expertise,

10 training and so on to strengthen them. Then more

11 specifically, in the last few years, with -- I mentioned

12 this earlier -- the break up of the Soviet Union, concerns

13 grew about whether the controls on nuclear material were

14 adequate. In fact, that's been in the newspapers just in

15 the last few days about that.

16 And the U.S. Government is quite concerned

17 about that. Not just NRC, but this is a national concern

18 involving presidential level and the National Security

19 Council. And so, NRC, DOE, and other groups -- Defense

20 Department -- are all working together to bring their

21 individual expertise together to strengthen the control

22 of, let's say, the Russian government that they have over

23 nuclear materials and the weapons that they are collecting

24 in Russia and now dismantling.

25 And the materials that come out of that are,

1 of course, weapons grade and a real worry for the National
2 Security. So we have a small effort; a lot less than
3 safety, but focused in those areas. And occasional
4 interactions with other countries to help them develop
5 their materials control and accounting regulations, rules
6 and so on.
7 But mostly it's former Soviet Union these
8 days.
9 MR. BECHTEL: Thank you. I guess my second
10 question relates to the export of U.S. nuclear technology.
11 If U.S. technology is exported, is there some standards
12 that must be adhered to for another country to get, say, a
13 license for a U.S. made reactor?
14 DEPUTY DIRECTOR SHEA: Yes. Before that can
15 take place, the U.S. and the country that would receive
16 the export would have to have a formal agreement for
17 cooperation signed by the two countries. Not just NRC,
18 but this would be typically our State Department and
19 comparable body in the other country.
20 And that agreement sets out the terms and
21 conditions for exports. Before the country can receive
22 those, they have to meet certain standards: apply IAEA
23 safeguards, for example; have good physical protection on
24 the material; promise that it will be used only for
25 peaceful purposes; and the list goes on.

1 So those are very well defined requirements,
2 very specific. It's quite an elaborate process involving
3 a lot of government agencies reviewing all of these
4 exports, and everyone gets their views in before a final
5 decision is rendered. And foreign policy considerations
6 are brought in, as well as these specific criteria.
7 MR. BECHTEL: Thank you. Just one comment. I
8 sat through just a short briefing on ISO 14000. And as I
9 understand it -- I mean, that's more of a process. But I
10 don't think there's any deviation from a nation's
11 environmental standards, you know, by adhering to ISO
12 14000. I mean, U.S. standards in our case would apply,
13 and presumably whatever standards are in effect in other
14 nations.
15 So, I don't know if that helps or --
16 DEPUTY DIRECTOR SHEA: They're just moving in
17 that area. I think that 14000 is just a recent
18 development.
19 MR. BROOKMAN: Thank you for that comment.
20 Thank you. Additional questions or comments for James
21 Shea? James, I think we've covered the waterfront here.
22 DEPUTY DIRECTOR SHEA: Pretty well. Exhausted
23 people.
24 MR. BROOKMAN: Thank you very much. And
25 thanks to all of you. As I understand it, we're going to

1 reconvene perhaps at 4:30. We'll see how the other group
2 is doing. Perhaps they're finishing up a little bit early
3 as well, and we might reconvene for a brief session to end
4 the day.
5 So, as you circulate back towards the room
6 next door, we'll keep you briefed about when that's going
7 to happen.
8 Thanks again.
9 (Whereupon, the foregoing matter was adjourned
10 at 3:20 p.m.)
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C E R T I F I C A T E

This is to certify that the attached proceedings before the United States Nuclear Regulatory Commission in the matter of:

Name of Proceeding: STAKEHOLDERS PUBLIC MEETINGS SUPPORTING NRC DOMESTIC MISSION AND NATIONAL OBJECTIVES IN THE INTERNATIONAL AREA SESSION

Docket Number: N/A

Place of Proceeding: WASHINGTON, D.C.

were held as herein appears, and that this is the original transcript thereof for the file of the United States Nuclear Regulatory Commission taken by me and, thereafter reduced to typewriting by me or under the direction of the court reporting company, and that the transcript is a true and accurate record of the foregoing proceedings.

Irene Gray

IRENE GRAY
Official Reporter
Neal R. Gross and Co., Inc.

Direction Setting Issue No. 20
International Activities

October 24-25, 1996

Sponsor: James Shea, OIP
Writer: Howard J. Faulkner, OIP

DSI 20

- ★ What Is the Appropriate Role of the NRC in the Development and Implementation of Policies on International Nuclear Matters?

International Functions

- ★ International Policy and Priority Formulation
  - Participation in development of U.S. Government policies
  - Development of priorities for NRC's international activities
- ★ Export-Import Licensing
  - Export-import licensing function
  - Consultation on export-related actions of other agencies

International Functions (cont)

- Implementation of US-IAEA Safeguards Agreement
- Assistance to strengthen IAEA safeguards

★ Mutually Beneficial International Regulatory Exchanges

★ International safety and security assistance

Key Factors

- ★ NRC participation in U.S. international policy and priority formulation could be affected by
  - Changes in U.S. foreign policy and national security objectives,
  - NRC interests or requests from the Executive Branch,
  - International agreements and conventions,
  - Occurrence of a significant foreign reactor accident, and
  - Diversion of strategic nuclear material.

Key Factors (cont)

- ★ No significant change is likely in export-import area.
- ★ NRC's exchange activities could be affected by
  - Safety issues in the U.S. and abroad,
  - Current scrutiny of U.S. support for the Nuclear Energy Agency, and
  - Proposed International Nuclear Regulators Forum.

Key Factors (cont)

- ★ NRC's assistance to other countries could be affected by
  - Changes in U.S. foreign policy and national security objectives,
  - Availability of external funding,
  - Willingness and ability of countries to accept assistance,
  - Degree of success of assistance, and
  - Increased energy needs abroad.

Key Issue is Assistance

- ★ Uses almost half of NRC's FTEs for all international activities
- ★ External funding and NRC FTE allocations declining
- ★ Some progress made, but accompanied by notable disappointments
- ★ Timely and important to evaluate future FSU/CEE assistance and to consider new approaches

Options

- ★ Seek to reduce NRC's international role to a minimum.
- ★ Perform NRC's statutory role and limit other international activity to a minimum.
- ★ Conduct only activities of benefit to NRC's domestic mission.
- ★ Conduct activities of benefit to NRC's domestic mission or U.S. interests.
- ★ Expand current level of activities.

Commission's Preliminary Views

- ★ It is desirable for NRC to conduct international activities of importance and benefit to its domestic mission or U.S. national interests.
- ★ Under this approach the agency would:
  - Participate in international policy and priority formulation,
  - Perform its current role in export-import licensing and related matters,

Commission's Preliminary Views (cont)

- Perform its current and prospective role in treaty implementation,
- Participate in exchange activities of benefit to its domestic responsibilities or U.S. national interests, and
- Provide a wide but carefully selected range of safety and safeguards assistance.

Commission's Preliminary Views (cont)

- ★ NRC will examine the budget and priority of individual activities and develop a plan, with criteria, for prioritizing NRC's international activities, including research, to assist the Commission in determining appropriate expansions or reductions of programs, depending on future budget constraints.
- ★ Since NRC is licensee-fee based, the primacy of international activities to NRC's mission will be an important consideration.