



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

May 7, 1996

CHAIRMAN

The Honorable Lawrence Scheinman
Assistant Director
Bureau of Nonproliferation and
Regional Arms Control
U.S. Arms Control and Disarmament Agency
Washington, D.C. 20451

Dear Mr. Scheinman:

The Commission recently completed its review of two Department of Energy technology transfer cases to authorize U.S. industry participation in the Korea Peninsula Energy Development Organization's (KEDO) reactor project in North Korea. Our response to the Department's Office of Arms Control and Nonproliferation, dated March 29, 1996, posed no NRC objection to the authorizations, given the President's approval of the underlying Agreed Framework between the United States and the Democratic Peoples' Republic of Korea (DPRK). Nevertheless, our review drew our attention to certain points which we believe require timely consideration by the United States in its support of the KEDO reactor project.

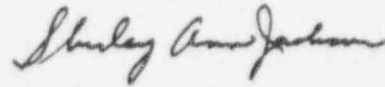
We recommend early and continuing actions by the United States and other KEDO participants to foster a sound safety culture for the project. This view was confirmed in recent meetings I held with senior Korean officials where they emphasized the need to consider the safety aspects of the proposed project. The Koreans also expressed a desire for a larger and more acknowledged role in the KEDO project.

Both safety and nonproliferation are key national security goals, but are not within the purview of any single U.S. Government organization. Nevertheless, nuclear safety and nuclear nonproliferation policies that are mutually reinforcing can and should be developed. In this connection, the Commission believes there should be no trade off between nuclear safety and nonproliferation aspects of the KEDO project. With respect to the project's nonproliferation objective, the Commission understands the fundamental importance of establishing the initial inventory of nuclear material in North Korea and facilitating early full-scope safeguards inspections by the International Atomic Energy Agency (IAEA). We trust that all U.S. agencies share this view.

One other point needs to be mentioned. Based on a provision in the KEDO-DPRK Supply Agreement, it appears KEDO may need to arrange exports of reactor fuel and major reactor components from the United States to North Korea, directly or through South Korea, in the next few years. As you know, such exports would require NRC export licenses which could not be issued in the absence of an Agreement for Cooperation between the U.S. and the DPRK (possibly also involving the IAEA). Although the Supply Agreement provision acknowledges the need for such an agreement, there is no suggestion of how difficult and time consuming it would be to negotiate and conclude this instrument.

I hope these points will be carefully considered. I am sending similar letters to the Department of State and the Department of Energy.

Sincerely,

A handwritten signature in cursive script, reading "Shirley Ann Jackson".

Shirley Ann Jackson



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May 15, 1996

Dr. Rajagopola Chidambaram
Chairman, Atomic Energy Commission
Anushakti Bhavan
Chhatrapati Shivaji Maharaj Marg
Bombay 400 039
India

Dear Dr. Chidambaram:

I would like to follow up on our conversation on April 18 at the Japan Atomic Industrial Forum annual meeting in Nagoya. I appreciated very much the opportunity to share thoughts on the future direction of our nuclear safety dialogue.

You mentioned in Nagoya that you did not favor using the U.S./India rupee fund to support the three nuclear safety cooperation projects that NRC had worked out with the Atomic Energy Regulatory Board, but that India would prefer using its own resources for this purpose. Since NRC has no funds allocated to this purpose, we thought that the availability of this source would enable us to proceed expeditiously on these projects of mutual benefit. We are still very much interested in implementing the projects and, if you are able to provide funding, we would like to proceed. Please let me know how we can move to closure on this mutual work.

Finally, I look forward to seeing you in the United States, perhaps when you travel to Seattle for the professional conference you mentioned during our conversation. I would be happy to host discussions with you in Washington, as well as arrange site visits to NRC-licensed facilities you may wish to see.

Again, I appreciate our exchange of views in Japan, and look forward to hearing from you soon.

Sincerely,

Shirley Ann Jackson

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