

MEMORANDUM TO: Ronald D. Hauber, Director
Division of Nonproliferation,
Exports and Multilateral Relations
Office of International Programs

FROM: Theodore S. Sherr, Chief
Licensing and International
Safeguards Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

SUBJECT: XSOU-8776, EXPORT OF NATURAL
URANIUM RODS TO CANADA

We have reviewed the subject application and provide the following international safeguards and foreign physical protection information for your consideration. This case involves the export of natural uranium in the form of metal rods and derbies to Canada for conversion at CAMECO and ultimate use as power reactor fuel.

International Safeguards

Canada is a party to the Non-Proliferation Treaty and, as such, accepts IAEA safeguards on all source and special nuclear material in its peaceful nuclear activities. The latest IAEA Annual Report shows that an IAEA Facility Attachment has been negotiated and is in force for the Canadian Mining and Energy Corporation (CAMECO).

We note that the IAEA Safeguards Implementation Report for 1998 states that, with the exception of the DPRK situation, "...the Secretariat did not find any indication that nuclear material which had been declared and placed under safeguards had been diverted for any military purpose or for purposes unknown, or that facilities, equipment or non-nuclear material placed under safeguards were being misused. All the information available to the Agency supports the conclusion that the nuclear material and other items placed under safeguards remained in peaceful nuclear activities or were otherwise adequately accounted for."

Physical Protection

An evaluation was performed during a visit to Canada in September 1996. The conclusion of this review was that Canada's physical protection program was consistent with the then-current version of INFCIRC/225 (i.e., Rev. 3). Staff has reviewed subsequent information received to date, and has determined that there is no indication that the physical protection program has degraded in this country. In addition, staff has determined, on the basis of currently available information, that physical protection measures to protect against proliferation of nuclear weapons are in conformance with the current version of INFCIRC/225 (i.e., Rev.4).

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