			- ()						
NRC FORM 7 (3-94) 10 CFR 110 APPLICATION FOR LICENSE TO EXPORT NUCLEAR MATERIAL AND EQUIPMENT (See Instructions on Reverse)			APPROVED BY OMB: NO. 3150-0027 EXPRES: 3-31-07 ESTIMATED BURDEN PER RESPONSE TO COMPLY WITH THIS INFORMATION COLLECTION REQUEST: HOURS. THIS MANDATORY SUBMITTAL IS REVIEWED TO ENSURE THAT THE APPLICABLE STATUTO REGULATORY, AND POLICY CONSIDERATIONS ARE SATISFIED. FORWARD COMMENTS BEGARD BURDEN ESTIMATE TO THE INFORMATION AND RECORDS MANAGEMENT BRANCH (T-6 F33), U.S. NUCLE REGULATORY COMMENSION, WASHINGTON, DC 20555-0001, AND TO THE PAPERWORK REDUCT PROJECT (3150-0027), OFFICE OF MANAGEMENT AND BUDGET, WASHINGTON, DC 20033.						
	DATE OF APPLICATION b. APPLICANT'S REFERENCE			2. NRC				B. LICENSE NUMB	
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NRC would expe							<u>d10</u>	SECERED	
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Washington, D.C. 20520

January 28, 2000

Ms. Janice Dunn Lee Acting Director, International Programs United States Nuclear Regulatory Commission Rockville, Maryland

Dear Ms. Lee:

I refer to the letter from your office requesting the views of the Executive Branch as to whether issuance of an export license in accordance with the application hereinafter described meets the applicable criteria of the Atomic Energy Act of 1954, as amended:

NRC No. XSNM03097--Westinghouse Electric Company has applied for authorization to export to South Africa 11,950 kilograms of U-235 contained in 239,000 kilograms of uranium enriched to a maximum of 5 percent in the form of uranium dioxide in completed fuel assemblies for reload of Units 1 & 2 of the Koeberg Nuclear Power Station. Westinghouse proposes an initial shipment of 4 lead assemblies followed by 9 reload regions to take place between February 2000 and December 31, 2008.

It is the judgment of the Executive Branch that the proposed export 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.

The proposed export to South Africa would take place pursuant to the Agreement for Cooperation Between the United States and South Africa which entered into force on December 4, 1997, as confirmed in the assurance letter and attachments from the South African Ministry of Department of Minerals and Energy transmitted by the Embassy of South Africa on January 26, 2000, a copy of which is enclosed.

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

Sincerely,

Richard J.K. Stratford Director Nuclear Energy Affairs

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Enclosure: as stated.



EMBASSY OF SOUTH AFRICA 3051 MASSACHUSETTS AVENUE, N. W. WASHINGTON, D. C. 2000B (202) 232-4400

URGENT

TRANSMISSION BY FAX

- TO : Department of Energy
- FOR ATT : Mr Uzzle NN-43 Fax no : 202-566-1348
- FROM : Mrs Anna-Marie Moulton Fax No : 202-2320910

DATE : 20000126

SUBJECT : ASSURANCES FROM THE SOUTH AFRICAN DEPARIMENT OF MINERALS AND ENERGY FOR THE EXPORT OF URANIUM TO THE KOEBERG NUCLEAR POWER STATION IN SOUTH AFRICA.

- 1. Our recent telephonic conversation in the abovementioned regard, refers.
- 2. Copies of the awaited assurances and related documentation are herewith copied for your urgent attention. It would be appreciated if the Embassy could be informed whether the first shipment will now be able to go ahead as scheduled.
- 3. Thank you very much for your patience and understanding in this regard.

Kind regards

ANNA-MARIE MOULTON FIRST SECRETARY FAX NO. : 2022320910 DISARMAMENT - DFA Jan. 26 2000 04:11PM P2 012 351 1416 P.02

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FROM : SA. AMB.

22/01 '20 13:27

DEPARTMENT OF MINERALS AND ENERGY Minerals and Energy for Development and Frospericy Private Bag X 59, Pretoria, 0001 Mineralia Centre, 391 Andries Street Fretoria Tel: 012 317 9282; Int: +27 12 317-9388 Fax: 012 317 9388; Int: +27 12 317-9388 Cell: 082-467-4519; e-mail: sdw@m=pta.pwv.gov.za

24 January 2000

TO : Mr Jim Freund L'SA Embassy FAX : 012-342-6163

NUCLEAR FUEL SUPPLY BY WESTINGHOUSE TO ESKOM: CONFIRMATION OF COMPLIANCE WITH SA/USA AGREEMENT

Please find attached a letter and three attachments addressed to the Department of Energy: Nuclear Transfer and Supplier Policy Division. These are submitted for your attention following your enquiries and kind offer to forward same to the Department of Energy.

Regards

Schalk de Waal DIRECTOR: NUCLEAR ENERGY

COPY:

Ms K Vala. Department of Foreign Affairs, Fax: 351 1416

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Ġ.	Enquiries:	Schalk d. Waal	Tel No:	012) 317 9282		
IS AND ENER	Date: 24	<u>اهشيعين</u> 2008	E2/5/9/3 Ref No:			

Director Nuclear Transfer and Supplier Policy Division Department of Energy United States of America Washington, DC

For Amention: Ms Trisha Dedik

Dear Ms Dedik

FROM

NUCLEAR FUEL SUPPLY BY WESTINGHOUSE TO ESKOM

Your request for confirmation of compliance with the terms and conditions of the "Agreement for Co-operation between the Republic of South Africa and the USA concerning peaceful uses of nuclear energy" refers. This letter serves to provide such confirmation. Please find attached the following Authorities signed by the Minister of Minerals and Energy

- Authority to Eskom to manufacture nuclear fuel by entering into a contract with Westinghouse (8 April 1999).
- Authority to Eskom to acquire, process and use special nuclear material (1 November 1999).
- Authority to Eskom to import new nuclear fuel into the Republic of South Africa (24 January 2000).

÷ ...

The latter Authority requires compliance with the SA/USA Agreement.

Yours faithfully

ALLER STREET AND STREET

Edelaa

DIRECTOR-GENERAL: MINERALS AND ENERGY

FAX ND. : 2022320910

Jan. 26 2000 04:12PM P4



Minister of Minerals and Energy

E2/5/9/3/DME/ESK/001/2000

AUTHORITY TO ESKOM TO IMPORT NEW NUCLEAR FUEL INTO THE REPUBLIC OF SOUTH AFRICA

By virtue of the powers vested in me in terms of section 21(1)(p) of the Nuclear Energy Act, 1993 (Act No 131 of 1993) | Phumzile Miembo-Ngcuka, Minister of Minerels and Energy, hereby authorise ESKOM, Maxwell Drive, Sandton (P O Box 1091, Johannesburg, 2000, Republic of South Africa), to import new fuel for Koeberg Nuclear Power Station, from Westinghouse, United States of America in accordance with the following details:

Shipping Date &	Number	of	fuel	Delivery at facility
Delivery Date	assemblies	3		
11/02/2000	i 4 nuclear	fuel asser	nolies,	Koenerg Nuclear
	conteining	-1820 Kg	U as	Power Station
March 2000	U02 enriche	ed at 3,9%		

Specific conditions of this Authority are:

- (i) The nuclear material must be subjected to International Atomic Energy Agency Safeguards at all times.
- (ii) The nuclear fuel shall be subject to the terms and conditions of the "Agreement for Co-operation between the Republic of South Africa and the United States of America concerning peaceful uses of nuclear energy".
- (iii) This Authority must be produced to the appropriate United States Custom Officials, who must confirm the gross mass of the consignment transported in the Annexure attached hereto. A copy of the completed Annexure must be submitted to the Department of Minerals and Energy.
- (iv) Any additional official documentation regerding this Authority shall be promptly lodged by Eskom with the Department of Minerals and Energy.

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Pg. 04

(v) Prior formal notification of the import of the nuclear fuel and details of the quantity, composition, transfer of responsibility, dates and locations must be submitted to the Atomic Energy Corporation (Manager: Safeguards, P.O. Box 582, Pretoria, 0001) and the Department of Minerals and Energy (Director: Nuclear Energy, Private Bag X59, Pretoria, 0001).

This Authority is valid until 30 April 2000.

Issued as finsteria ... on this..... 2. 4. day of

Frances-

PHUMZILE MLAMBO-NGCUKA MINISTER OF MINERALS AND ENERGY 26-JAN-2000 09:25

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Minister of Minerals and Energy

E2/5/9/3/DME/ESK/005/99

AUTHORITY TO ESKOM TO AQUIRE. PROCESS AND USE SPECIAL NUCLEAR MATERIAL

By virtue of the powers vested in me in terms of sections 21(1)(c), 21(1)(g), 21(1)(h)and 21(5) of the Nuclear Energy Act, 1993 (Act No 131 of 1993) I, Phurozile Mianico-Ngcuka, Minister of Minerals and Energy, hereby authorise ESKOM, Maxwell Drive, Sandton (P O Box 1091, Johannesburg, 2000, Republic of South Africa), as follows:

- 1 To acquire 12165 kg 4.03% enriched uranium as Uranyl Nitrate Hydrate, as a once off purchase, from United States Enrichment Corporation (USEC) to be delivered to Westinghouse, Colombia, USA, during the period commencing on 15 December (S99 and ending on 15 January 2000).
- 2. To process the 4.03% enriched uranium by down blending it to 3.9% enrichment at Westinghouse, Colombia, USA.
- 3 To use the 3.9% enriched uranium for the manufacture of nuclear fuel at Westinghouse, Colombia, USA.

Specific conditions of this Authority are:

- (i) The nuclear material must be subjected to International Atomic Energy Agency Safeguards at all times.
- (ii) Eskom shall supply confirmation documentation to the Department of Minerals and Energy of completion of the transactions.
- (iii) Any additional official documentation regarding this Authority shall likewise, be promptly lodged by Eskem with the Department of Minerals and Energy.
- (iv) A certified copy of this Authority, and subsequent details of the transactions must be furnished to the Manager: Safeguards, P.O. Box 582, Pretoria, 0001

This Authority is valid until 31 January 2006.

RETORIA ONTINS 1St day of Novemba 1999

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Minister of Minerals and Energy

E2/5/9/3/DME/ESK/005/99

AUTHORITY TO ESKON TO AQUIRE, PROCESS AND USE SPECIAL NUCLEAR MATERIAL

By virtue of the powers vested in me in terms of sections 21(1)(e), 21(1)(g), 21(1)(h)and 21(5) of the Nuclear Energy Act, 1993 (Act No 131 of 1993) I, Phumzile Mlambo-Ngcuka, Minister of Minerals and Energy, hereby authorise ESKOM, Maxwell Drive, Sandton (P O Box 1091, Johannesburg, 2000, Republic of South Africa), as follows:

- 1. To acquire 12165 kg 4.03% enriched uranium as Uranyl Nitrate Hydrate, as a once off purchase, from United States Enrichment Corporation (USEC) to be delivered to Westinghouse, Colombia, USA, during the period commencing on 15 December 1999 and ending on 15 January 2000.
- 2 To process the 4.03% enriched uranium by down blending it to 3.9% enrichment at Westinghouse, Colombia, USA.
- 3. To use the 3.9% enriched uranium for the manufacture of nuclear fuel at Westinghouse, Colombia, USA.

Specific conditions of this Authority are:

- (i) The nuclear material must be subjected to International Atomic Energy Agency Safeguards at all times.
- (ii) Eskom shall supply confirmation documentation to the Department of Minerals and Energy of completion of the transactions.
- (iii) Any additional official documentation regarding this Authority shall likewise, be promptly lodged by Eskom with the Department of Minerals and Energy.
- (iv) A certified copy of this Authority, and subsequent details of the transactions must be furnished to the Manager: Safeguards, P.O. Box 5S2, Pretoria, 0001.

This Authority is valid until 31 January 2000.

RETORIA on this 1St day of November 1999

PHUMZINE MLAMBO-NGCUKA MINISTER OF MINERALS AND ENERGY.

ivale Bag X646 Protocila (201) (012) 3179-291 Far: (012) 322-5659 • Private Bag X9111 Cape Tewn S100 (221) 462-233 (92 Part (021) 463 (055)

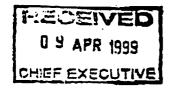
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Pg. 86





Minister of Minerals and Energy

E2/5/9/5/DME/ESK/002/1999

AUTHORITY TO ESKOM TO MANUFACTURE NUCLEAR FUEL

By virtue of the powers vested in me in terms of sections 21(1)(0) and 21(5) of the Nuclear Energy Act (Act No 131 of 1993) I, PENUELL MPAPA MADUNA, Minister of Minerals and Energy, hereby authorise

ESKOM Megawatt Park Maxwell Drive Sandton

FO Box 1091 Johannesburg 2000 Republic of South Africa

to enter into a contract with Westinghouse (USA) for the manufacture of nuclear fuel for the Koeberg Nuclear Power Station.

Specific conditions of this Authority are:

- (i) All nuclear material must be subjected to IAEA Safeguards at all times, including non-proliferation requirements.
 (ii) Any additional official decomposation of the subject of the subject
- (ii) Any additional official documentation regarding this Authority shall be promptly lodged by Eskom with the Department of Minerals and Energy.
- (iii) This Authority is limited to a maximum of three fuel reloads and four lead fuel assemblies.
- (iv) Eskom shall apply for a separate authority for the importation of any fuel manufactured in terms of the Westinghouse contract. Any such application must be supported by a formal submission demonstrating the availability of a licensed spent fuel storage facility for spent fuel arising from the Westinghouse contract.
- A certified copy of this Authority must be furnished to the Senior Manager.
 Nuclear Non-Proliferation Department, Atomic Energy Corporation of South Africa Ltd, P.O. Box 582, Pretoria.

This Authority is valid until 31 December 2003.

Issued at PRETCRIA on this S. day of APRIL 1999.

DR P M MADUNA

MINISTER OF MINERALS AND ENERGY

Privera 925 Ndik Presoria 000: 20 (012) 3179-291 Fam (012) 322-8699 - Frivate Bag X9111 Cape Town 5000 20 (031) 462-2510/5 Fam (021) 401-0559

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Washington, D.C. 20520

January 28, 2000

BUREAU OF NONPROLIFERATION AFFAIRS

MEMORANDUM FOR JANICE DUNN LEE NUCLEAR REGULATORY COMMISSION

Enclosed is an Executive Branch analysis covering the proposed export to South Africa of 239,000 kilograms of uranium enriched to a maximum of 5 percent in U-235 for reload of Units 1 and 2 of the Koeberg Nuclear Power Station. In accordance with P.L. 95-242, the analysis explicitly addresses how the requirements of Section 126 a.(1)of the Atomic Energy Act are met, including the specific criteria of Sections 127 and 128, as well as certain additional factors, envisaged by Section 126 a.(1).

As stated in my letter of January 28, 2000, the Executive Branch, on the basis of its review of this case, has concluded that the requirements of the Atomic Energy Act, as amended, have been met and that the proposed export would not be inimical to the common defense and security of the United States. South Africa has adhered to the provisions of the 1997 U.S.-South Africa Agreement for Cooperation.

Therefore, the Executive Branch recommends issuance of the requested export license.

RAI Sun Jour

Richard J. K. Štratford Director Nuclear Energy Affairs

Enclosure: analysis.

STOR FEB - 2 PH 2: 26

Attachment 3

EXPORT LICENSE APPLICATION ANALYSIS

XSNM03097

Destination:

South Africa

Transaction:

Westinghouse Power Corporation has applied for authorization to export to South Africa 11,950 kilograms of U-235 contained in 239,000 kilograms of uranium enriched to a maximum of 5 percent in the form of completed fuel assemblies for the Koeberg Nuclear Power Station. The low enriched uranium (LEU) will be shipped to ESKOM of Sandton, Johannesburg, the operator of the Koeberg Nuclear Power Station for loading into the Koeberg reactors.

Date of Application: July 28, 1999

1. Applicable Agreement for Cooperation

The proposed export will be subject to the terms and conditions of the Agreement for Cooperation Between the Government of the United States of America and the Government of the Republic of South Africa Concerning Peaceful Uses of Nuclear Energy which entered into force on December 4, 1997. This was confirmed by letter dated Janaury 24, 2000 from South African Ministry of Minerals and Energy, with attachments, transmitted by the Embassy of South Africa on January 26, 2000, copies of which are enclosed with the Executive Branch cover letter.

South Africa has adhered to all provisions of that Agreement for Cooperation.

2. Extent to Which Export Criteria Are Met

A. Section 127 Criteria

As provided in Section 127 of the Atomic Energy Act, as amended, the following criteria govern exports for peaceful nuclear uses from the United States of source material, special nuclear material, production or utilization facilities, and any sensitive nuclear technology:

Criterion (1)

"IAEA safeguards as required by Article III(2) of the Treaty will be applied with respect to any such material or facilities proposed to be exported, to any such material or facilities previously exported and subject to the U.S.-South Africa Agreement for Cooperation, and to any special nuclear material used in or produced through the use thereof."

South Africa is a Party to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), having deposited its instrument of ratification on July 10, 1991 and has entered into an agreement with the International Atomic Energy Agency on September 16, 1991 (INFCIRC 394) to maintain safeguards on all its peaceful nuclear activities.

Therefore, it is the Executive Branch view that criterion (1) is met.

Criterion (2)

"No such material, facilities, or sensitive nuclear technology proposed to be exported or previously exported and subject to the applicable agreement for cooperation, and no special nuclear material produced through the use of such materials, facilities, or sensitive nuclear technology, will be used for any nuclear explosive device or for research on or development of any nuclear explosive device."

As a non-nuclear weapon state Party to the NPT, South Africa is precluded from acquiring, developing or manufacturing nuclear explosive devices for any purpose.

It is therefore the Executive Branch view that criterion (2) is met.

Criterion (3)

"Adequate physical security measures will be maintained with respect to such material or facilities proposed to be exported and to any special nuclear material used in or produced through the use thereof. Following the effective date of any regulations promulgated by the Commission pursuant to Section 304(d) of the Nuclear Non-Proliferation Act of 1978, physical security measures shall be deemed adequate if such measures provide a level of protection equivalent to that required by the applicable regulations."

The Executive Branch has assessed the physical security measures maintained by the Government of South Africa with respect to nuclear material and determined that they are adequate for the material covered by this license application.

Article 7 " Physical Protection" of the U.S.-South Africa Agreement for Cooperation provides that adequate physical protection shall be maintained with respect to source or special material and equipment transferred pursuant to the Agreement and special nuclear material used in or produced through the use of material or equipment so transferred. Article 7 further provides that these measures shall as a minimum provide protection comparable to the recommendation set forth in IAEA Document INFCIRC/225/Revision 2, concerning the physical protection of nuclear material, or in any revision of that document agreed to by the parties.

A U.S. team of physical protection experts visited South Africa in May 1998 and concluded that physical protection measures at the Koeberg Nuclear Power Station met the criteria of INFCIRC/225/Rev. 3 for Category III nuclear material.

Therefore it is the view of the Executive Branch that criterion (3) is met.

Criterion (4)

"No such materials, facilities or sensitive nuclear technology proposed to be exported, and no special nuclear material produced through the use of such material will be retransferred to the jurisdiction of any other nation or group of nations unless the prior approval of the United States is obtained for such retransfer. In addition to other requirements of law, the United States may approve such retransfer only if the nation or group of nations designated to receive such retransfer agrees that it shall be subject to the conditions required by this section."

Article 5 "Storage and Retransfers" of the 1997 U.S.-South Africa Agreement for Cooperation provides that material, equipment and components transferred to pursuant to the Agreement and any special nuclear material produced through the use of any such material or equipment shall not be retransferred beyond the jurisdiction of the recipient party's territorial jurisdiction unless the parties agree.

Therefore it is the Executive Branch view that criterion (4) is met.

Criterion (5)

"No such material proposed to be exported and no special nuclear material produced through the use of such material will be reprocessed, and no irradiated fuel elements containing such material removed from a reactor shall be altered in form or content, unless the prior approval of the United States is obtained for such reprocessing or alteration."

Article 6 "Reprocessing and Enrichment" of the 1997 U.S.-South Africa Agreement for Cooperation provides that material transferred pursuant to the Agreement or produced through the use of material or equipment so transferred shall not be reprocessed, altered in form or content, or further enriched unless the parties agree.

Therefore, it is the view of the Executive Branch that criterion (5) is met.

Criterion (6)

"No such sensitive nuclear technology shall be exported unless the foregoing conditions shall be applied to any nuclear material or equipment which is produced or constructed under the jurisdiction of the recipient nation or group of nations by or through the use of any such exported sensitive nuclear technology."

The proposed export does not involve the transfer of sensitive nuclear technology. Criterion (6) is, therefore, not applicable.

B. Section 128 Criterion

Section 128 A. (1) of the Atomic Energy Act, as amended, establishes the following additional criterion: "As a condition of continued United States export of source material, special nuclear material, production or utilization facilities, and any sensitive nuclear technology to non-nuclear-weapon states, no such export shall be made unless IAEA safeguards are maintained with respect to all peaceful nuclear activities in, under the jurisdiction of, or carried out under the control of such state at the time of the export."

Since South Africa is a Party to the NPT and has entered into an agreement with the IAEA to maintain safeguards on all of its peaceful nuclear activities, it is the view of the Executive Branch that this criterion is met.

3. Additional Factors

The Executive Branch believes the framework of commitments, assurances, and safeguards is adequate for the purposes of this export.

4. Inimicality Judgment

Based on review of the proposed export, it is the judgment of the Executive Branch that the proposed export will not be inimical to the common defense and security and that the requested license should be issued. XSNM03097 -- EXECUTIVE BRANCH ANALYSIS FOR EXPORT TO SOUTH AFRICA OF LEU FOR RELOAD OF Units 1 and 2 of the KOEBERG NUCLEAR POWER STATION

Drafted:NP/NE:RDeLaBarre 01/20/00 DelabarreR/NRC/ANALYSIS

Clearances:

NP/NE:RStratford NP/NE:JDooley DOE:RGoorevich L/PM:DKaye

NRC No. XSNM03097--Westinghouse Electric Company application to export to South Africa 11,950 kilograms of U-235 contained in 239,000 kilograms of uranium enriched to a maximum of 5 percent in the form of completed fuel assemblies for reload of Units 1 & 2 of the Koeberg Nuclear Power Station.

Drafted:NP/NE - R.E 01/27/00

Clearances:

NP/NEA - R. Stratford L/PM – Orde Kittrie DOD/DTRA – Bill Witter DOE/NN-43 - Christine. Riendeau AF/S – D.Gatto/Koplovsky