

NIC NEWS

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Council Warns on Consequences of Nuclear Export Control Amendments To Senate National Defense Authorization Act (NDAA)

The U.S. Nuclear Infrastructure Council (USNIC) has advised the Senate Committee on Armed Services' leadership of its "vigorous opposition" to pending amendments to the NDAA adding new regulations for nuclear exports to certain countries with naval propulsion programs.

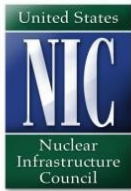
The Council said the proposed regulations are "unnecessary and duplicative" as they address an issue that is already exhaustively and stringently regulated by existing export control requirements promulgated by the National Nuclear Security Administration (NNSA) in concert with key U.S. nuclear security components.

The Council added that the amendments pose "potentially suffocating new layers of bureaucratic approval, delay and uncertainty to U.S. nuclear energy commerce in 40 percent or more of the global nuclear energy export market with negative impacts on American companies."

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The USNIC letter follows.

The USNIC is the leading U.S. business consortium advocate for new nuclear energy and the involvement of the American nuclear supply chain globally.



United States Nuclear Infrastructure Council
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June 10, 2015

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

The Honorable Jack Reed
Ranking Member
Committee on Armed Services
U.S. Senate
Washington, DC 20510

**Re: THE NATIONAL DEFENSE AUTHORIZATION ACT (NDAA) FOR FY2016
Amendments 1568 and 1629**

Dear Chairman McCain and Ranking Member Reed:

As the leading U.S. business consortium advocate for new nuclear energy and the involvement of the American nuclear supply chain globally, this is to advise you of the United States Nuclear Infrastructure Council's (USNIC) vigorous opposition to the referenced amendments 1568 and 1629 pursuant to the NDAA. Please note that while the views expressed herein reflect the consensus of the Council, they do not necessarily represent the specific views of the Council's individual member companies and organizations.

In our view, these amendments are:

Unnecessary and duplicative as they address a concern regarding diversion of technology to foreign naval propulsion programs that is already exhaustively and stringently regulated by existing export control requirements promulgated by the National Nuclear Security Administration (NNSA) in concert with key nuclear security components, including the Office of Naval Reactors and the DOE Office of Intelligence encompassing the Field Intelligence Elements at the National Laboratories (which are part of the intelligence community apparatus headed by the Director of National Intelligence) along with other critical national security entities including the Departments of Defense and State – as well as the U.S. Nuclear Regulatory Commission.

Add potentially suffocating new layers of bureaucratic approval, delay and uncertainty to U.S. nuclear energy commerce in 40 percent or more of the global nuclear energy export market with negative impacts on American companies;

Pose a chilling effect on safety and technical exchanges that could inhibit ongoing post-Fukushima nuclear energy safety development and slow testing, commissioning and training dialog important to new U.S. nuclear reactors now under construction;

Further enhance the global market position of foreign competitors, which are not similarly regulated;

Be a catalyst ultimately for the loss of tens of thousands of U.S. jobs and billions of dollars in exports according to the U.S. Department of Commerce's Civil Nuclear Trade Advisory Committee in the estimated \$1.5 trillion global nuclear energy marketplace;

Undercut a half-decade long effort to strengthen, improve and modernize the nuclear export control regime consistent with General Accountability Office recommendations for an effective, efficient and competitive regulatory process in tandem with national security objectives;

Generally impede American civil nuclear energy commerce, competitiveness and environmental progress while thwarting nuclear nonproliferation objectives with the U.S. less able to exert influence.

The bottom line is that AEA Section 57 already establishes strict requirements to prevent the improper transfer of U.S. technology to foreign naval nuclear programs. AEA Section 57b.(2) prohibits transfer of nuclear technologies that could be used in a naval nuclear propulsion system unless the Secretary of Energy determines, after consultations with other agencies that the transfer "will not be inimical to the interest of the United States." AEA Section 57b.(2) is implemented by U.S. Department of Energy's (DOE's) recently revised regulations at 10 C.F.R. Part 810. The purpose of 10 C.F.R. Part 810 is to prevent the risk of improper transfer or diversion of U.S. technology to foreign nuclear programs and to permit U.S. nuclear trade. The approval process under 10 C.F.R. Part 810 ensures that any request authorizing the export of nuclear technologies is thoroughly reviewed by experts from DOE and other agencies. As such, countries including China, India and Russia are already subject to Part 810 specific authorization provisions requiring an interagency determination that a proposed transfer of technology is not inimical to the interests of the U.S. under current regulations,

In short, this proposed legislation addresses a concern that is already contemplate, regulated and controlled by existing export control requirements. Inserting unnecessary additional governmental obstacles in the already extensive export control process will render U.S. companies less competitive in the global marketplace with resulting impacts on jobs and economic competitiveness with no apparent benefit to U.S. national security interests. The U.S. nuclear energy industry is the world leader with respect to nuclear nonproliferation and -- to the extent onerous and unnecessary regulations impede this involvement -- the less the United States will be able to exert influence in nonproliferation matters.

It is our hope that Senate will give continued careful consideration to the pernicious consequences of the proposed amendments 1568 and 1629 to the NDAA on U.S. civil nuclear energy commerce, competitiveness, jobs and environmental progress as well as nuclear nonproliferation.

Sincerely,

s/

David Blee
Executive Director