

**UNITED STATES OF AMERICA**  
**NUCLEAR REGULATORY COMMISSION**

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**BRIEFING ON OIP PROGRAMS, PERFORMANCE AND PLANS**

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**PUBLIC MEETING**

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**Nuclear Regulatory Commission**

**One White Flint North**

**Rockville, Maryland**

**TUESDAY**

**MAY 11, 2004**

**9:30 a.m.-10:55 a.m.**

The Commission met in open session, pursuant to notice, Chairman Nils J. Diaz, presiding.

COMMISSIONERS PRESENT:

NILS J. DIAZ, Chairman of the Commission

EDWARD MCGAFFIGAN, Member of the Commission

JEFFREY MERRIFIELD, Member of the Commission

STAFF AND PRESENTERS SEATED AT THE COMMISSION TABLE

JANICE DUNN LEE, Director of International Programs

EDWARD BAKER, Deputy Director, OIP

(This transcript is produced from electronic caption media and audio video media provided by the Nuclear Regulatory Commission.)

**PROCEEDINGS**

CHAIRMAN DIAZ: Thank you. Well, good morning again after we tried to play chairs in here. We now can proceed with our meeting.

The Commission is meeting this morning for a unclassified briefing on the agency's international activities. This is one of a series of program reviews we have been conducting this year. Today's briefing is the fifth comprehensive international program review the agency has held since we adopted a program review format. Our last international program review was held on August 21, 2002. So, obviously, we have a backlog of issues in here, and we look forward to being brought up to date.

NRC's international activities, although small in size compared to our other major programs, are very broad in scope. They are also very diverse. They cover safety, security, emergency preparedness, safeguards, reactors, materials, and research, and involve NRC employees in a variety of NRC offices. They have always been and continue to be an important component of the nation's foreign policy programs.

NRC's international activities have continued to grow in complexity and intensity, especially after 9/11. The Commission recognizes that we continue to face important challenges in this area and look forward to today's briefing.

We have a lot to cover this morning. So, I believe that, you know, we are going to be presented with a series of very, very good summary statements.

And my fellow Commissioners, do you have anything?

COMMISSIONER MCGAFFIGAN: No, Mr. Chairman.

COMMISSIONER MERRIFIELD: No, Mr. Chairman, I always look forward to this briefing, and the only thing that I would make as an opening remark, and you have

commented on it is I think, hopefully, next year we can get the period to be just a little closer because I think it is more useful for us to hear this yearly because of the dynamic nature of the international arena in which we are a part of. So hopefully, with the vigilance of our staff and our SECY, we can make sure that it is not more than a year the next time we have this meeting.

CHAIRMAN DIAZ: Sure will. Madame Secretary told me we are not going to be as busy next year.

COMMISSIONER MCGAFFIGAN: She knows something I do not know.

CHAIRMAN DIAZ: Janice, please.

MS. DUNN LEE: Thank you, Mr. Chairman, and members of the Commission. It is my pleasure to provide the NRC's annual program review of international activities to the Commission in this public meeting. And as you noted, our last program review took place in August of 2002.

As the work of the agency continues to expand in the areas of domestic safety, security, and preparedness, so to does the focus of our international activities, where NRC is looked to as an acknowledged leader. Our international activities are also shaped by the proliferation of challenges posed by new threats to the security of the United States and the world order.

Our interface with the variety of agencies, with the Congress, and with our international partners has intensified as we work to develop integrated national and international strategies to deal with the threat of terrorism. This mix of on-going work, new challenges, and the need for resources to address the complex program are, in my terminology, new realities in conducting international activities.

First, let me say that I am pleased and proud to say that the NRC program of international activities, which are conducted by many offices and all levels of staff, including the Commission, reflects a well-structured and integrated program, a knowledgeable and sensitive staff, and an informed and involved Commission. Perhaps the most important element underpinning the program is the improved use of communication tools. The staff has been listening to the Commission. It has been filtering and analyzing input from external sources, and it has been producing not just more but better and more timely products for Commission consideration.

The International Council, which is comprised of the directors of the major program offices and includes representatives of the Offices of the Executive Director for Operations and the General Counsel is an initiative that I began four years ago. I am pleased to report that the IC continues to be a useful and effective communications vehicle and has proven to be key in the success of our international programs. In fact, it has been so successful that in the past year, several international counterpart organizations have asked me personally how I manage to keep the staff and the program offices currently informed. Well, I will address this more specifically later under the topic of communications.

I am pleased that others want to model themselves after us. After all, imitation by others is the highest form of compliment.

This year, I am pleased to have representatives from all the major program offices, which support and conduct the agency's international activities. With me in the first row are senior managers from those offices to whom I will turn to as needed to respond to specific questions that you may have during the briefing. I will make the overall presentation about NRC's international programs, performance, and plans, and then invite

the Commission to offer comments, ask questions, and provide guidance. And if this is agreeable and there are no immediate questions, I will proceed.

To date, the growing demand for NRC participation in U.S. government and international activities has been accomplished within the current budget. The budget for OIP and international activities in the program offices is approximately 1 percent of the agency's budget. Starting with fiscal year 2006 budget, the staff is working in line with the Commission's guidance for more transparency to identify the resources expended in international activities that directly contribute to NRC's program goals.

Why do we undertake these activities? These efforts support the U.S. Government's nuclear nonproliferation treaty commitment to enable the peaceful uses of nuclear energy. They support the NRC's mission to enhance nuclear safety and contribute to the common defense and security. And they create a harmonized international nuclear environment in which licensees can engage in their own international activities. However, the Commission should know that the demands on the staff and on agency resources are accelerating. And I would like to highlight for you some of these new realities which will require resource considerations in the near and the longer term.

As part of the changes brought by the September 11, 2001, terrorist attacks, there has been a global reconsideration of the security aspects of the commercial uses of radioactive materials. In parallel with security enhancements enforced for NRC and Agreement State licensees, and these are in the areas of irradiators, manufacturers, and distributors, the Commission has now directed the staff to enhance its controls over the export and import of these risk significant materials. The staff has been at the forefront of U.S. Government efforts to impose greater controls on high-risk sources through the

negotiation of the code of conduct on the safety and security of radiological sources.

We are also in the process of drafting a rulemaking, incorporating changes to the export/import section of 10 CFR Part 110. It is anticipated that as a result of changes to 10 CFR Part 110, the export/import case load will double in the Fiscal Year 2005, and the Commission will have to review many first-of-a-kind cases. This increase, does not, however, fully account for the anticipated staff time, which will be devoted to assisting potential applicants to understand and implement the new requirements and acquire knowledge of the regulatory infrastructure in importing countries.

Another new reality is the growth in bilateral cooperation. For example, as the Commission well knows, there has been an increase in requests for classified discussions. To enable these discussion, the staff has encountered a wide array of classified information exchange practices in other countries. The regularizing of these contracts has been labor intensive, a situation that will continue for some time to come. In addition, Commission staff has responded to requests to participate in a wide range of international workshops, conferences, IAEA assessment missions, and other bilateral and multilateral activities.

The impact of these broad ranging requests for NRC information and staff expertise is managed, to some degree, with our present communication tools, such as our web site and teleconferencing. The bottom line, however, is that growing international demands continue to have an impact on the relatively small NRC staff, and we are seeking Commission guidance on how best to prioritize and respond to these requests.

I will now turn to a review of the major international programmatic activities.

The NRC's single mandated international activity is the licensing of export and

imports of nuclear facilities and materials. This activity, because it proceeds almost seamlessly after over a quarter century of experience, is the heart and soul of the agency's international programs. I have a personal affinity with this program since I started my career here at NRC as an export licensing officer. Staff continues to process over one hundred cases each year in a timely manner and within available resources.

Most recently, the challenge of enhancing domestic and international controls over radioactive materials has brought the licensing function to the fore. The Commission should take great credit for its intimate involvement in the successful negotiation of the Code of Conduct and its related guidance. As I have been repeatedly told, the Commission's insightful input, its swift turn around on developing issues, and its wholehearted support for this important international activity put the NRC staff in a leadership position at international meetings. When other agencies struggled to get the highest level attention and had internally divided opinions, the NRC has had a united, coherent approach from top to bottom.

The Commission, and in particular I would like to note the active and insightful participation of Commissioner McGaffigan, has also provided strong support as the staff has developed a rulemaking to implement both domestic security enhancements and related changes to the export/import provisions. The issue of transportation of bulk sealed sources and other nuclear materials pose difficult domestic and international challenges. The staff's leadership in the development of the National Source Tracking System has enabled the U.S. Government to interweave its disparate efforts to track nuclear materials entering and leaving the country.

While the spotlight has most recently been on the control of radioactive materials,



we should not lose sight of other sensitive export/import activities, many of which are related to the U.S. Government's nuclear nonproliferation policies. For example, the decision to use mixed oxide fuel in U.S. commercial reactors for the disposition of material declared excess to the National Nuclear Weapons Program has NMSS staff actively engaged domestically and internationally.

From NRC's perspective, it is particularly noteworthy that for the first time, a foreign government is deeply involved in several aspects of U.S. nonproliferation policy. A French company is a member of the consortium developing the infrastructure needed for this program. The MOX fuel fabrication facility, which we will license, is based on French technology. And the lead test assemblies are to be designed and manufactured in France. In this connection, the Department of Energy submitted an application to the NRC for a license to export to France approximately 140 kilograms of plutonium, which will be used for the fabrication of the MOX lead test assemblies.

Another significant export licensing issue involves the continued use of highly enriched uranium as target material to produce medical isotopes. Export/import licensing is only one means to combat the spread of nuclear materials. The staff's long time participation in the work of the nuclear supplier's group and the subgroup of nuclear export controls and in the application of international safeguards, both in the U.S. and abroad, are all front line activities. Staff should be given credit for responding to new challenges by creating innovative solutions.

Two cases in point are the recent rulemaking activities for the export of graphite out of reactor components. The Commission approved the staff's resource savings recommendations to move the control of nuclear grade graphite for non-nuclear use to the

Department of Commerce and to allow the import of reactor components under NRC general license provisions.

Moving on to bilateral cooperation, the key question here is how to continue accommodating the many requests for bilateral meetings or other cooperation and how to adequately budget for the steadily increasing activities. While NRC takes great pride in its first among equals status internationally, that status comes at a price. Unlike export/import licensing, in which we collect a fee for our services, the bilateral and multilateral activities are funded by the part of our overall budget, which is off the fee base.

With NRC in the lead internationally in so many areas, our bilateral discussions have focused on safety, security, and preparedness and are conducted by all the major program offices. In the important area of bilateral safety cooperation, information exchanges for NRR of late typically have focused on license renewal, power uprates, the Reactor Regulatory Oversight Program, risk-informed regulations, and for NMSS staff, materials transportation, decommissioning, and waste disposal.

We have seen a year marked by increased requests for technical meetings, both in the U.S. and abroad. In addition to continuing our practice of annual bilateral information exchanges with our regulatory counterparts in seven countries, and let me name them, Japan, France, Switzerland, the UK, South Korea, Canada, and Taiwan, we have now added Spain. The latter was initiated at the Commission level when several Commissioners from the Spanish Regulatory Authority came to the U.S. to participate in the first high-level bilateral in November of 2003.

I also want to note the many important bilateral cooperative nuclear safety research agreements that we have with our international partners, managed by the Office of

Research. These agreements enable the NRC to leverage our research dollars into productive, mutually beneficial activities.

Emergency planning and incident response has also emerged as an area of renewed interest. Our international counterparts are now upgrading their abilities to respond to radiological emergencies and are consulting with the NRC on how we work with our licensees and also with local, state, and federal response forces. For example, during the August 2003 blackout, the Canadian Nuclear Safety Commission was not unable to immediately activate their emergency operation center because of loss of power to their headquarters building.

And at this time I would like to recognize Commissioner Merrifield for his continuing interest in NRC's relationship with Canada, such as his initiation of the trilateral forum between the U.S., Mexico, and Canada to focus on material and security issues. He has also promoted closer exchanges on inspection practices, and I think this has been very useful.

This past year, we have seen increased bilateral requests to participate in Executive Branch-led initiatives, such as the new Joint Standing Committee for Nuclear Energy Cooperation with Argentina and Brazil. South Africa has also expressed a desire for such a forum. These meetings will occur annually, similar to the ones that we already participate with the Executive Branch in South Korea and Taiwan.

In addition and as a result of a changing world order, the NRC has been requested by the Executive Branch to step up nuclear safety engagement with India and now Pakistan. The Executive Branch has been repeatedly notified of NRC's lack of funding to undertake expansion in these areas. In the meantime, staff is working diligently to identify

external sources of funding. Needless to say, staff engagement with these countries will be difficult without additional funding.

Moving on to nuclear safety assistance activities. As with our bilateral cooperation activities, the agency has experienced a growth in requests for technical assistance, but the resources and funding to implement these requests have diminished.

Let me start with our Foreign Assignee Program, which continues to be robust. Since August 2002, the NRC has hosted 11 assignees from eight different countries. Furthermore, we are currently working on nine additional pending requests. Foreign assignee contributions to the NRC have been noted. Moreover, they take home with them an appreciation for how a world class regulatory agency implements its responsibilities.

I want to make special mention of NRC's regional offices' participation in the foreign assignee program. The regional offices have been exceptional in their responsiveness to requests and development of meaningful assignments for our assignees, and they are excellent hosts. Our nuclear safety assistance activities continue with the already established programs in the Russian Federation, Ukraine, Kazakhstan, and Armenia.

I would like to depart for just a moment to discuss the current situation in the Russian Federation. Much remains to be understood about President Putin's announcement of the major changes in the national government structure. We currently understand that our counterpart, the Russian Regulatory Agency, will continue to have responsibilities for licensing, inspection, and enforcement. However, the responsibility for issuing regulations and standards is in question. Mr. Malyshev, the new Chairman, has requested support from the NRC and the G-7 to reinforce the importance of an independent regulator.

And I want to take this time to recognize and commend Chairman Diaz for his leadership and his recent actions to enhance regulatory cooperation with the Russian Federation, including discussions with top State and Department of Energy officials. The NRC's ability to meet the challenges of assisting this strategically important ally will require new thinking as the traditional sources of funds dwindle.

With this in mind, OIP has requested funds to support assistance to Russia in the Fiscal Year 2006 budget. I am also pleased to note some progress in our work with the Department of Energy in the area of materials protection control and accounting in the Russian Federation. DOE has given NSIR staff high praise as being both knowledgeable and supportive of their complex technical program.

In the area of emergency planning, Kazakhstan recently modified its national level radiological response plan to specifically address terrorism related incidences.

In the area of assistance for security activities, staff has worked closely with Armenia in initiating a program for control of sources, which includes conducting a needs based assessment, developing laws and regulations, and consultation in the development of a source tracking system.

Now, I would like to move on to our multilateral activities. It would not be possible for me to enumerate all the activities in which the staff participates in with the International Atomic Energy Agency and with the Nuclear Energy Agency. I would, therefore, like to focus on a few highlights and commend to the Commission a more detailed description in the forthcoming annual paper on NRC participation in IAEA and NEA activities.

Let me take this opportunity to thank the staff for its diligence in participating in these many activities, as together they create a network of opportunity for the Commission

to effectively and efficiently affect developments in nuclear safety, security, and emergency preparedness.

I would like to mention one activity, which has drawn the IAEA, the NEA, and the NRC staff together and that is the fuel cleaning accident that occurred in April of 2003 at the Hungarian Paks Unit II reactor. As part of the discussion with Hungarian authorities, NRC proposed the NEA-IAEA Cooperative Research Project to examine the damaged fuel from the cleaning tank. The objective of the proposed project is to provide the nuclear community with unique data derive from the damaged fuel. Such collaboration, obviously, helps avoid duplicative efforts.

I will now give a brief synopsis of the highlights of some of NRC's multilateral work.

Last year, the IAEA created the Nuclear Safety and Security Department. This department receives funding not only from the regular budget but a substantial amount of extra budgetary funding from the U.S. government. As part of this effort to coordinate activities, NRC staff has been active also in the development of the IAEA action plan, which is now being reviewed by IAEA member states. NRC staff has also been active in a wide range of safety and security missions undertaken by the IAEA.

Page 19 of the briefing slide package reflects those missions in which staff has participated. Missions can take anywhere from one to three weeks in the field with additional time expended for pre- and post-trip work. As you all know, we are currently in the planning stages for the OSART mission at the Brunswick nuclear power plant in North Carolina. The actual assessment will occur in 2005.

Now, I would like to turn for a brief discussion of recent activities in the Nuclear Energy Agency. As with the IAEA, senior NRC managers are in key positions of leadership

in the NEA committees. Through their guidance, the NEA has maintained its position as a world class, multilateral technical agency. In the Radioactive Waste Management Committee, key decisions were reached on continuing mandates for the forum on stakeholder confidence and decommissioning activities.

Another notable development was the creation of a subgroup to review papers from the International Commission on Radiological Protection.

Equally, the staff has been active in the Committee on the Safety of Nuclear Installations. During the year, the staff developed a proposal for data preservation program to ensure that key experimental data from the past programs are not lost as facilities close and people retire.

The Committee on Nuclear Regulatory Activities continues to focus on measuring the effectiveness of regulatory inspections at various phases of power plant construction and operations.

I am also pleased to note the continued Commission level participation in what has now become the annual June NEA meeting. We have been informed that the NRC commitment to attend this meeting has been the primary draw for other senior level regulators.

And let me just close this section by noting the recent leadership changes at the NEA and in its committees. Former Congresswoman Connie Morella assumed her post as U.S. ambassador to the OECD, which is the parent organization of the NEA. Ambassador Morella continues to hold NRC, which was in her congressional district, in high regard, and we have a strong supporter in her in Paris. Dr. Gail Marcus has now assumed her position as the Deputy Director General of the NEA, and Mr. William Magwood of the Department

of Energy has assumed the chairmanship of the NEA Steering Committee.

Moving on to other multilateral forum, the staff, along with DOE, was at the forefront of the first review meeting of the Waste Convention. The intensive preparation and the high kudos NMSS staff received demonstrates the U.S. seriousness in implementing this important international instrument. Like the Convention on Nuclear Safety, the joint convention has review meetings every three years, a cycle with important ramifications for NRC's planning and budgeting. I should note here that staff is currently preparing for the 2005 Convention on Nuclear Safety Review Meeting. We are working to repeat the very successful participation by the NRC three years ago.

Another international instrument of high importance to the U.S. Government from a nonproliferation standpoint has been the Additional Safeguards Protocol. In a recent major nonproliferation address, the President has advanced the idea that only those countries that have implemented Additional Protocols should be considered for the supply of nuclear goods and services.

I would also like to call the Commission's attention to the upcoming 2005 NPT Review Conference. The NPT is the world's most widely adhered to multilateral arms control treaty and is considered a cornerstone of the nuclear nonproliferation regime. However, in today's climate, the multilateral nuclear nonproliferation and disarmament process faces critical challenges, imbalancing the NPT's three pillars, and these are verification, disarmament, and technical cooperation.

The participation of staff experts in IAEA missions and workshops and the hosting of IAEA funded fellows are two of many possible examples of how NRC contributes to achieving the NPT fundamental bargain between nuclear weapons and non-weapon



states.

DOE's National Nuclear Security Administration, the NNSA, is working with the IAEA to develop the Global Radiological Security Partnership Program. Through a combination of U.S. contributions and matching grants from other countries, the global partnership will seek to create buy-in from all countries in the effort to ensure the safe and secure use of radiological sources. NRC staff has assisted the Executive Branch in creating an interagency consensus on this approach and in coordinating the diverse source related activities each agency is undertaking, not only with the IAEA, but in its bilateral relationships with other countries.

The staff is also consulting with NNSA on the possibility of funding for NRC to participate in bilateral regulatory strengthening activities, such as providing training in the development of national source registries.

In calendar year 2004, the United States is the head of the group of eight industrialized nations. And in preparation for the June summit at Sea Island, Georgia, the G-8 has focused on completion of the guidance for the Code of Conduct and anticipates that the head of states will announce that each of the eight countries will be implementing the guidance in June 2005.

In addition, the U.S. has been seeking to make the President's new nonproliferation initiatives a G-8 wide policy. This includes among other thing, requiring states to implement the Additional Protocol as a condition of supply, to strengthen the NPT by preventing the spread of sensitive nuclear fuel technology, and to develop and adhere to stricter criteria for IAEA board membership.

I noted at the outset of this briefing some elements related to enhanced

communications with our domestic and foreign counterparts that have contributed to the success of our program. The International Council is prospering, serving as both the communication and coordination mechanism. And I continue to be very proud of the staff's concerted efforts to keep the Commission informed by the flow of a wide variety of papers. I refer the Commission to the graphic on the next slide as an illustration of the wide range of information that is reviewed and analyzed by staff. I also want to recognize the value of Commission input and guidance, including imparting clear management priorities, which is vital to our success.

In the area of trip reports, a significant accomplishment for all offices is the standardization of the format and their streamlined routing. When you note the breath of international travel, over 400 trips per year, I am sure that you would agree that this is quite an accomplishment.

Other areas of communication include our daily report of cables, which continues to improve in content and transmission. Considering the sheer volume of cable traffic, over 40,000 since May of 2003 when we first went electronic, I am proud of my staff as it manages this information and works to make it user friendly.

Similarly, GNOSIS, OIP's compilation of daily unclassified international news reports has been refined and expanded. This unique service has been complimented and requested by other U.S. Government agencies. In considering communications with the Executive Branch, I note the growing number of activities in which we are asked to participate, where staff communicates the message of independent regulatory control as the foundation of a well managed national and international nuclear energy infrastructure.

At the National Security Council alone, we have helped to identify the regulatory

impact on initiatives, such as the Fissile Material Cut-Off Treaty, the activities of the Nuclear Supplier's Group, and new bilateral activities with selected countries. In each of these areas, the need for the incorporation of a strong regulatory program is being taken into account. Let me just note that the volume is heavy, and the cry is loud for NRC participation.

Another area of communication that we have addressed is in response to Chairman Diaz's request for notification to our international partners of emerging technical issues. Through the International Council, I have worked with NRC program office managers to outline a plan for promptly identifying and communicating emerging technical information, expertise, operating experiences, and on-going research.

As I started my briefing about the influence of safety, security, and preparedness in the conduct of our international programs and the challenges confronting us by a new world order, I want to conclude with a short summary of accomplishments and a brief look ahead.

In the area of accomplishments, I would like to take note of the following.

NRC continues to be a recognized leader in nuclear safety and security matters. We are well represented at international meetings and hold key positions on important multilateral organizations. We continue to derive great value from our bilateral activities, as they provide us with insights into alternative approaches to regulatory issues of concern.

Some of the bigger issues ahead include assessing the impact on our program if China ultimately decides to purchase an American designed reactor. While the Code of Conduct is currently a non-legally binding instrument, there have been suggestions that the possibility of negotiating the Code as a legally binding document. The same would hold

true if there is movement for a convention on safety and security of research reactors.

Another look ahead issue is the international community's concern regarding liability in the event that a radiological dispersion device is set on by a malicious act. The Commission recently asked us to engage with the European Union about practices related to the control of radioactive sources. These activities can, however, only be undertaken with adequate resources. We look forward to receiving guidance from the Commission in this regard.

Needless to say, significant challenges lie ahead. The Office of International Programs and all the program offices are committed to address these challenges, and at the same time, improve our work environment. Whether the challenge is managing emergent work, hiring new staff, or delivering on program expectations, we are working to both enhance the effectiveness and efficiency of our offices and to serve the American public.

Let me close by saying that I am proud of our accomplishments and our relationships with the international community, and I want to especially recognize my staff. They have risen to the new challenges and demands, both professionally and personally. Without their support, the Commission could not successfully engage in this wide ranging program.

Now I would be pleased to answer any questions that you may have or call upon my colleagues to answer.

CHAIRMAN DIAZ: Thank you so very much, Janice, on that for not only the briefing but for all the work that you do. And thanks to your staff and to all the supporting crew that makes your things possible. I believe that the Commission is very aware of the activities

that you conduct and of the value of these activities to both the agency and the United States.

Let me now go to what I think is one of the key issues that you raised is the fact that international activities are increasing in scope, in depth, in complexity, and resources are being stretched to your limits. I think that it is very important that the Commission be aware early of those conditions and the need to address them.

So the question is, we realize there is an issue, there are problems, you have outlined the key areas, but before the Commission acts, I think we should have a comprehensive review of what are the things that really needs to be added in a manner that both programmatically and budget-wise can be addressed and can be addressed timely. So have you done such work, or if not, when do you think you are going to be able to provide us with a comprehensive review of all the activities that go beyond where it has been already budgeted to our needs, either more FTEs, more resources, and, of course, the prioritization of these activities in a manner that the Commission can make decisions on them?

MS. DUNN LEE: Well, I would respond to that question by saying that we have been working these issues really through the budget process. Many of the things that I have reflected in this briefing today are reflected in the upcoming budget review for the Commission, and this was our attempt to at least identify and request support for these new emerging activities.

We are happy to supply additional information that the Commission may need with respect to prioritization. I think we continue to do that almost on a daily basis, as we evaluate what is coming up. We think it is important for us to tell the Commission what we

are being asked to do, and we seek Commission guidance in this regard. If you ask is there one comprehensive paper that we have done? The answer is no, not recently, but I think these considerations go on almost on a daily basis as we continue to receive these activities. And we communicate them in small chunks to the Commission. It has not been --

CHAIRMAN DIAZ: Yes, but I understand that, but you know we receive small chunks from 100,000 different places. So I want one chunk.

MS. DUNN LEE: Okay. I hear you.

CHAIRMAN DIAZ: One chunk, comprehensive, tied, related to each other. Whatever is in the budget, we will realize it is in the budget. Whatever is not, we need to realize it. Okay? I am sorry.

MR. BAKER: I would like to add to that the fact that some of the requests that we are getting, particularly the Executive Branch requests are very difficult for the staff to prioritize within our current considerations because those deal with our primary mission: safety, security, and preparation. There is not a prioritization for what the Executive Branch is asking us to do because it is not within our core mission.

One of the principle things that we would look to the Commission for is how do we consider this within what we generally consider our core mission because those requests generally come in through the Commission? The Commission in dealing with the Hill or dealing with the State Department agree that this is something we should pursue. However, when we, as the Office of International Programs and the program offices, sit down to come up with our common prioritization scheme, those things come out at the bottom because they are not our core mission. So they end up being what the CFO calls

above fiscal guidance requests. So it is hard to balance.

CHAIRMAN DIAZ: Well, that is why we need to have these issues clearly identified in a manner that if you cannot prioritize them, then we should. So there is a need to see every one of these issues set in the proper context with the proper resources because we are all being pressed, like Janice very eloquently said, with multiple issues coming at each one of us from different places. In this case, OIP is no different than any of the other program offices, which is also being turned into doing many other things. So we need to put it into a process.

I agree we have received a tremendous amount of information that comes in bits and pieces in different ways and with different priorities. Eventually, it all needs to be mastered and managed, and decisions need to be made. To do that, you need to do your best piece of work and put it in a comprehensive package.

I think Commissioner Merrifield seems to be raring to jump in. I will relax.

COMMISSIONER MERRIFIELD: Mr. Chairman, I am reflecting on your comment. I agree with you that we need to think about a way that we can prioritize this. I use an example with the staff sometimes. The difficulty that the three of us have, and we demand a lot of information, a lot things from our staff, using your triangle, we have got 3,000 people at this agency who all flow information up to the three of us. So the in-boxes that we have are choked each and every day with a vast amount of data. So it is very difficult for us as a Commission, I think we do a pretty good job of it, but it does create a challenge for the Commission to reflect on all that and put it all together in a way that synthesizes and makes sense.

On the Chairman's suggestion, I think part of the difficulty the staff has is dealing

with us as well. Sometimes we ask them to bring us various rocks. Sometimes they get it right, and sometimes they do not, not necessarily of their own fault.

What may make sense for us to think about is perhaps a bit more interactive discussion between our staffs and the International Council to sort of think about how do we go about setting up some priorities of the Commission. What are the things we want? Are we more interested in the multinational activities of IAEA? How do we want to prioritize the emerging issues in the countries that are developing where there are priorities? How do we want to deal with the important bilateral relationships?

I think the staff needs to bring a lot of that information to us, but it is going to require a dialogue from our offices with them to help them synthesize and to come up with some of those priorities.

CHAIRMAN DIAZ: I think it has to be an interactive process, but I think that eventually, just like all other offices, the Commission needs to have one wholesome piece that we can sink our teeth into because we have too many other things coming and going. There is no way that it can be managed or properly resources allocated. I think that whichever way it can be done, I am open to suggestions.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, I think there is a particular difficulty that OIP faces. Number one, there are things that emerge throughout the year. All the offices face that, but when you have a relatively small budget and something emerges, say with China or whatever, it is a more difficult thing than for a large office. There also is this issue, I mean, a lot of the funding uncertainty comes with what other agencies are willing to bring us in on. We have, I think, traditionally been reluctant to spend money on AID activities because it primarily comes from our licensees, and it is not



our statutory mission. That is the U.S. Agency for International Development or others, depending on how the money is allocated by the Congress.

We have had some very good relationships with some of those agencies, and they have given us money. We have been able to count on it and plan on it. Then we have had in all honesty, particularly with the Department of Energy, some real difficulty getting agreement on, even after Commission meetings. Going back five years ago, not currently, you have a Commission meeting, staff is going to get some money, and I am not sure it ever came.

So it is difficult, and part of that, part of the Commission decision-making could be that we will do some of this stuff contingent on receiving funds from other parties. And if we do not receive the funds from other parties, even though we think it should be a high Executive Branch priority, we are not going to devote our largely licensee fee related funds to developing it.

So they have to parch this stuff. What is the stuff that is our core mission, and how do we prioritize that? What is this stuff that really should be a priority? Some of it should be funded by us, and some of it should be funded by others. Then, there are all of these emerging issues. It is a difficult job. Not that we should not tackle it, and I think we actually get pretty good, I mean, last summer when we dealt with the OIP budget in the budget process, we had pretty good information on which to make a decision.

CHAIRMAN DIAZ: I think we have been getting good information. Essentially, I believe that you are re-emphasizing what I said that even to address the Executive Branch, we need to have all of these things put into a perspective that we can say we are incapable, being a national agency, to conduct this breath of scope of international

activities without the proper support and the proper recognition. And I think it is very, very critical at this time, when the nation is actually considering what to do in so many of these areas, that we be as clear as possible. I understand there are going to be variations, and I understand that we have met those challenges many times. But I do not think there is any way that we can go forward without a completed realization of where we need to put the resources and what the priorities are.

COMMISSIONER MERRIFIELD: Mr. Chairman, not to impede further on your time, but I think --

CHAIRMAN DIAZ: I am taking it off your time.

COMMISSIONER MERRIFIELD: That is fine. One clarification. As a result of changes made by Congress, the money that is targeted toward the Office of International Programs is off the fee base, i.e., it is not imposed on our licensees. That is a change. Now it comes from general revenues. It does change the dynamic, I think, which is important.

I would also reflect, Mr. Chairman, we have important work that we are doing. If we think at some point, we have enough things on our plate that are related to the security of our nation, it may well be that we wish to go to Congress and say, "We really do need more money." I can reflect on that more, but I will wait until I get my time.

CHAIRMAN DIAZ: Very good. Thank you so very much.

MR. BAKER: Chairman, could I add one other comment to the discussion?

CHAIRMAN DIAZ: Sure.

MR. BAKER: Thank you. I agree with everything you said, and I think we can plan based on historically what a level of effort would be. We are still going to face the

challenge of what country is going to come in, and what topic are they going to ask for. I will use one example. The Lithuanians came in last year and asked about decommissioning. They spent a week here.

It is not possible for us or the program offices to really plan for that topic. We can plan for a level of effort and interaction, but it is very difficult for us to work and for the program offices then to have to pull people off of something they are working on to address a specific topic that there is no way we can forecast. And that is really one of the biggest challenges for the program offices, is trying to make that accommodation.

CHAIRMAN DIAZ: I have realized that. I believe that soon we should be able to increase the connectivity between those emerging issues. What is happening is something that this summer, hopefully, we will have time to look at it. I will then discuss it with my fellow Commissioners. I think there are ways of getting around that, but I am very aware of that concern.

All right. Let me go on. In the same issue, I have been trying to get from your crystal ball, these deltas that you are seeing and coming, do you think they are going be equally distributed between bilateral assistance, IAEA, NEA, export, or import? Are you seeing this across the board, or is any one area that you believe is going to require more resources in a delta basis and that is an increase than the others?

MS. DUNN LEE: Let me just try to answer that and maybe Ed can give his own version. I think the major area where we are going to see the delta right now is in the export licensing area with the new work that is going to be coming up as a result of our revisions to the export/import requirements for control of sources. That is going to have, especially in the near term, an impact. I think that is going to challenge us. We do not

exactly know what that is going to be, but we are trying to anticipate that.

MR. BAKER: I would agree with that statement with regard to OIP. I think with regard to the program offices, the challenges are going to be in the bilateral area, particularly with the three that Janice mentioned, which is Russia, India, and Pakistan. The facilitation that we do I think we can handle within the current resources, but the work is actually done by the program offices. They will be impacted. So, I would say those two areas, and, of course, anything more that comes along in the bilateral would have even more impact.

CHAIRMAN DIAZ: Well, I think that is very clear. You, of course, like the agencies, you are using the theme of what we do things now in our safety, security, and preparedness. From the present perspective, not from what we are going to do in the future, are we achieving our objectives in these areas? Are we promoting the right balance between safety, security, and preparedness?

MS. DUNN LEE: I would say very definitely so and that is really reflective of the types of discussions that are requested, the types of topics that are requested with those clear focuses on the three areas.

CHAIRMAN DIAZ: Okay. Alright. The rulemaking on the export/import, which I think is an issue, where are you? When do you expect to complete it?

MS. DUNN LEE: I am going to let Ed answer that question.

MR. BAKER: The current schedule is for that to come to the Commission by the end of this month, although you are going to see a request for an extension. We had two staff members, who are working on that with family emergencies in between February and now. So, we did had some staff that was unavailable, and we also had to wait for some

information from the interim database so that we can prepare the impact --

MS. DUNN LEE: Regulatory analysis.

MR. BAKER: -- regulatory analysis. Thank you. But we are very close.

MS. DUNN LEE: And that data just came in very recently.

CHAIRMAN DIAZ: Okay.

MR. BAKER: The rule has been around for interoffice comment, and we are just about to send it for the interagency.

CHAIRMAN DIAZ: Alright. The issue of internal communications. I am just going to raise something that I think is very important because you got 40,000 e-mails. We are all being bombarded. The communications era is upon us. So one of the things that I personally believe, and I believe my fellow Commissioners have the same issue, is that there has to be an awareness of the sensitivity of the information piece as it flows internally and the timing of it. So it not only flows as a dynamic process.

And then, as far as the sensitivity of it to the Commission, there has to be, and I know that everybody is trying, but I think we need to take it one more step in realizing when do sensitive types of information need to come to the Commission. It is a matter of timing and sensitivity because we are all trying to do many multiple things, and when something does not arrive at the right time and the right place, then we all get very, very concerned about it. So I am going to end my use of my time by urging you to become cognizant of the sensitivity of issues and the timing, both internally and as it needs to come out to the Commission. The external factor, I think, we are dealing with it.

MR. BAKER: Okay.

CHAIRMAN DIAZ: Alright. Commissioner McGaffigan.

COMMISSIONER MCGAFFIGAN: Thank you, Mr. Chairman. I join the Chairman in complimenting the staff, both in the International Programs Office and all the program officers are right behind you for just a tremendous effort. I do think that we are in an enormously better place than we were a several years ago. I think the desk officers are right up there do a wonderful job keeping us informed about what is going on in their countries. They take real responsibility for keeping us informed about the regulatory programs in the countries that they cover.

I think your licensing officers on the licensing side do a great job, and they are going to be challenged to do an even greater job as we implement the Code of Conduct, which will be, really it is a Presidential G-8 priority.

I am interested in what the length of that extension request might be that you were referring to. I understand people have to take emergency family leave, and I applaud that. But what is the length of the extension request?

COMMISSIONER MERRIFIELD: Before you answer that, I just wanted to --

COMMISSIONER MCGAFFIGAN: It will give you a chance to think straight.

COMMISSIONER MERRIFIELD: Well, I just wanted to concur. Commissioner McGaffigan gave some very warm plaudits to the Office of International Programs and the staff in the program office. I want to associate myself with the warm remarks that Commissioner McGaffigan made.

COMMISSIONER MCGAFFIGAN: Okay. Now back to the extension request.

MR. BAKER: The request is for four weeks.

COMMISSIONER MCGAFFIGAN: Four weeks until sometime in June?

MR. BAKER: Yes, to the Commission.

COMMISSIONER MCGAFFIGAN: Okay, but we need to, if indeed at the Sea Island Summit, there is going to be a commitment, we need to get on with that. I do want to particularly commend the staff for the work that has been done to get consensus on the guidance. Essentially, with the G-8 agreeing on what the guidance for export and import control regulations are, there is a decent chance that a year from now or a little more than a year from now, we will have a group of mutually reinforcing in export and import control regulations, tailored obviously in each country's case to their national system, which is in each country different.

But I think that would be an enormous accomplishment. There is a lot written about arms control without treaties. In some sense, you will have through these mutually reinforcing export and import control regimes on high-risk radiation sources covered by the Code of Conduct, the beginnings of a very effective international regime that really will have teeth to it through individual national decisions that are mutually reinforcing.

So I think it is a tremendous accomplishment. I understand we broke a few rule books in terms of laying down pieces of paper before the IAEA committees, not letting them draft them for us and all that sort of thing and that was an Executive Branch, it was not just us. It was the State Department, the Department of Energy. A lot of people deserve credit, but a lot of the intellectual property in those documents came from this agency, and I commend the staff. As I say, looking on it, this will be one of the singular achievements of this agency over a period of time.

Now, one issue that I have raised with some of you privately, it would be nice if our Canadian colleagues, who know generally where we are going, could get their export/import control regulations out in something like the same period of time. It would be

nice if the Mexicans, who are not a member of the G-8, but we have, thanks to Commissioner Merrifield, a trilateral relationship with, it would be nice if the whole North American free trade area could have mutually reinforcing export/import control regimes.

And it would be particularly important in my view to work with Mexico because it is important that this not appear to be the big countries imposing something on the smaller countries. We worked through the IAEA, and it is clearly not our intention, but bringing Mexico along, would potentially be very important. It might be something we need some help from other agencies with as well.

MR. BAKER: There is a trilateral meeting coming up in July, and this is a topic of discussion at that meeting. The Canadians are very close, in terms of schedule with us. So I think that will take care of itself. Then, we and the Canadians will be able to be talking about where we are going with the Mexicans in Ottawa in July.

COMMISSIONER MCGAFFIGAN: I hope those discussions go well, and I hope we can to the extent this is really a Presidential priority. I recognize we are an independent regulatory agency, but I think this is a case where we should bend a little and provide whatever resources we can if the Mexicans are receptive.

COMMISSIONER MERRIFIELD: Commissioner, I would say I think you picked out an important area. The only thing I would reflect on that is if the staff has any issues they think ought to be elevated earlier to the Commission where we can be useful, either in providing guidance or in providing further assistance to them, prior to the July meeting with Mexico and Canada, I hope that they take the opportunity to do so.

COMMISSIONER MCGAFFIGAN: Okay. One issue I would like to raise, the CSS process within the IAEA, the Committee on Safety Standards and its subcommittees.



Obviously, we regard as very important. We are going to get, as Janice said, an annual paper about IAEA and NEA interactions. I think we are kept so currently informed nowadays that there will be no surprises in that paper, but we are about to go through a transition with some of the senior leaders. Who will be going to the June meeting?

MS. DUNN LEE: It is my understanding that Bill Travers is going to the June meeting.

COMMISSIONER MCGAFFIGAN: Okay. After that, it will be Luis Reyes who will go? Is that settled? I mean one of the slides indicates that --

MS. DUNN LEE: It is not finalized yet.

COMMISSIONER MCGAFFIGAN: It is not finalized. Then there are other responsibilities for some of the other subcommittees, and those are also not finalized.

MS. DUNN LEE: Well, I think most of them are finalized.

COMMISSIONER MCGAFFIGAN: Carl is going to remain on his subcommittee despite moving to the Office of Research, or is it going to switch? Carl Paperiello.

MS. DUNN LEE: Maybe one of the program offices could answer that.

MR. CRAIG: I believe Carl is going to remain for one more meeting on it at a minimum.

COMMISSIONER MCGAFFIGAN: Okay.

CHAIRMAN DIAZ: I think there are on-going discussions because of the series of schedule issues about the participation. Nothing has been resolved. As soon as it is resolved --

COMMISSIONER MCGAFFIGAN: These are very important issues that are coming before some of these committees where we do need to ensure that whoever goes is well

briefed by the predecessor and that there is continuity in the agency position. That is not OIP's responsibility. That is the responsibility of the individuals involved. There are important issues coming up there.

One problem that I see and I have discussed this with Mr. Taniguchi at IAEA, we have an elaborate process where government regulators are well represented through the Committee on Safety Standards before the Board of Governors takes a decision on safety issues. I think our staff does an excellent job in the main committee and the four subcommittees.

In security, there is no equivalent structure. There is an advisory committee on security sort of comparable to INSAG that reports to the Director General on which the U.S. is represented by a Sandia employee, I believe very recently. But there is no committee on safety structure. There is no committee on security standards. I think that is a real problem structurally. I hope we continue to discuss that with the IAEA because it is governments that implement security standards, and it is governments, just as the same as on safety standards.

In our case, our people could, because we handle both safety and security, and that is our statutory mission, we could easily handle both in every one of the subcommittees. But there have been some, and I am not going to go into any detail, but there are some actions on the security side that I think would have benefitted by having national regulators looking over the shoulder of the IAEA staff and providing the sort of oversight that the CSS does for safety. Do the same on security. I think it is a problem, and I think we need to get it addressed sooner rather than later. And I know the mission, I think, probably shares that view.

MS. DUNN LEE: Yes. Just let me comment very briefly that the new representative to this Advisory Committee on Security is keenly aware of our interest in being kept informed and to have an interactive dialogue prior to meetings, post-meetings. We have already gotten off to a good start. There was just a recent meeting, and we have had a debrief already. I think that there is going to be very active engagement where there really was not previously.

COMMISSIONER MCGAFFIGAN: But the Advisory Committee on Security is like INSAG. I do not think that we can expect a Sandia National Lab employee who has -- it is like Dick Meserve does not represent us on INSAG. He represents his personal views, and I think that is what the committee is told by the Director General that people, who sit on the Advisory Committee on Security, basically are representing their individual views, as I understand it. There needs to be a structure where national regulators, national security regulators, provide guidance on whatever security standards and tech docs, etc., that the IAEA is going to produce. Otherwise, we are going to end up with disconnects between what the IAEA is doing in security and what we are doing without having much of an opportunity to influence the IAEA outcomes. So I urge you to think about that.

The final issue, the issue of budgets. Commissioner Merrifield made the point that the stuff is off the fee base. Ten percent of our budget will be in the coming fiscal year off the fee base. I think that it is the Commission's view, at least certainly it is my view, that larger than 10 percent of our budget really deserves to be off the fee base.

So at the margin, to the extent that we add anything in international programs, and we get 10 percent, that marginal dollar is still potentially coming out of the fees of our licensees. While the 10 percent has been taken off the fee base to the extent that we

increase activities in this area, unless we can get Congress to change the 10 percent to something larger, and there is a provision in the pending Energy Bill that would effectively do that by putting much of our security program off the fee base, probably 5 percent of our budget, something on that order.

If we get that sort of relief, then the margin, we are probably back to where this all can be accommodated. But at the margin, this stuff does not come out of general fund money, it comes out of fee money.

That is my final point. Thank, Mr. Chairman.

CHAIRMAN DIAZ: Thank you, Commissioner McGaffigan. Commissioner Merrifield?

COMMISSIONER MERRIFIELD: Thank you very much, Mr. Chairman. I am reminded, when we had this meeting today, that the first visit I had abroad when I was a Commissioner was to Slovenia. When I was there, I was hosted by Miroslav Gregoric, who was then the Chairman of the Slovenian Regulatory Authority. I was somewhat newly commissioned as a member of the Commission. I think I had been on board about nine months at that point, and I had an opportunity to go through the three-loop Westinghouse unit of Krsko and meet with his staff and what not.

I remember walking with him in the afternoon, and he was quizzing me on various elements of Reg. Guide 1.174. And it was at that point, number one, I realized that I did not know as much about Reg Guide 1.174 as he did, I have learned more since then, but also I recognize the significant impact that what we do as a regulator in interacting with our international counterparts has a strong bearing on the safety of nuclear regulatory programs in the countries abroad.

So this clearly to me is important stuff, and I think we do it well. It is a real priority, and I am glad today we have an opportunity to hear what Janice and her staff are accomplishing in the areas where we may need to have further reflection.

My travels increase my realization that these issues that we focus on have a lot of layers to them. There is the important work that we do internationally on a multilateral context, both through IAEA, NEA, and otherwise. We make an important impact there in our expertise. We have a significant contribution in effectuating how policies are going to come out from those bodies because it may have some direct or indirect effect on ourselves.

We have important bilateral relations that we have identified over the years because it is a dynamic relationship. We give as well as we get. There are countries, France, UK, Canada, and others, where that is clearly the case. Korea, and Japan. We have a lot of information that goes back and forth.

Increasingly, and I think the development of the new program in the United States of Dominion wanting to seek licensing of the ACR 700, the advanced CANDU reactor, potentially for use at the North Anna site, recognizes that we may need to get in some cases more than we give. And, obviously, we are not a regulator of CANDU reactors. We have international counterparts, Canada, Korea, China, India, Argentina, Romania, Pakistan, and others, who do. The need for having relationships to take advantage of that is important. It is important for our licensees. It is important that we do that so that we are where we need to be as it relates to safety.

Going on down the line, despite some feelings in Europe about wanting to shut down some of their reactors, there are countries out there that are thinking about building

reactors that otherwise do not have them now, Kazakhstan, Indonesia, Vietnam, Thailand, among them. So there are a lot of areas that potentially we could be involved with.

I heartedly agree with the Chairman. We, in a synthesized, harmonized way need to holistically look at how we effectuate utilization of our limited dollars and use those in the areas that would be of greatest impact to the American people we serve and internationally where we can really make a difference. I look forward to further engagement in that process. But it is important stuff, and I am glad we are doing it.

A few questions I would want to direct to Janice. There has been a tremendous amount of accomplishments by you and your staff. I'm noting on the SECY's tracking system, there is a document that you owe us providing an information copy of the International Council's assessment of the effectiveness of revised procedures for the conduct of NRC's international programs. Currently, that paper is, well let us see. On February 9th, it was 954 days late. So I am wondering if you can give us an expectation of when we are going to receive that very late paper.

MS. DUNN LEE: Well, I am sorry that you raised that paper. It is an issue that comes up in the International Council, and we have had a little bit of a disagreement as to how to address that. I would say to you that we are currently working on a step to address that and that is the consolidation of our international procedures in the agency among all program offices. That is not an easy task.

This came up two years ago, two and a half years ago. And we recognize the need. When we were coming together to figure out ways to keep better informed to better coordinate, to send papers up to the Commission, how we could do those things. I think we have taken many steps that have lead to the improvement in terms of information

sharing.

COMMISSIONER MERRIFIELD: I would agree.

MS. DUNN LEE: However, we do need, I think there was a recognition that we would like to, in an ideal world, have all of our procedures consolidated in one place, rather than in each program offices. You know, there was a decentralization of these things a number of years ago, where individual program offices were responsible for the conduct of their own activities, and they had their own office procedures.

Now, we have taken steps to bring this to order. We have had meetings with the staff. In fact, we have a management directive that is drafted and about to be circulated for concurrence. Unfortunately, this is what always falls to the lower priority items. And it has not been one that we have been very diligent in terms of getting it off the books with the SECY tracking, but we have not forgotten it.

COMMISSIONER MERRIFIELD: Let me help. And I would certainly encourage if my fellow Commissioners want to jump in on this one. I think that this Commission, and I will speak for myself, I think we have been relatively clear that we expected to have our staff deal with international issues in a harmonized way. The Commission wants to be fully and currently and rapidly informed so that we can influence and direct our staff in terms of prioritization of some of these international issues.

There was in the past, and I agree with you, there was the idea of disassociating this and having this at the program levels. And there does remain arguably, potentially the possibility of a few fiefdoms that may exist out there within the program offices. From my personal standpoint that is not the way I think this Commission wants to do business. We want it to be harmonized. We want the program offices to be aligned and be under the

direction of the Commission.

So it would seem to me, and again I will only speak for myself, that this ought to be resolved quickly so that the Commission can weigh in more appropriately.

Moving from there, I think, and I want to again compliment you, I think the OIP for its part has done a lot better job of urging program offices to get things such as speeches and staff presentations to the Commission for review in a prompt way, particularly where there are issues that are of a policy nature, which would require Commission review, consultation, and perhaps revision. There have been gaps. I think I have still seen in the course of the last few month some slides and materials presented by members of our staff that opine on issues which are clearly within the context of the Commission's policy purview. And I am wondering what we can do to help you and your staff make sure this information is getting to the Commission before our staff are out actually giving the speeches because that has been a gap on a couple of occasions. Any thoughts?

MS. DUNN LEE: This too is a topic that we discuss in the International Council. I think that I will need to take it on more, sort of, make it a priority in terms of really outlining steps and procedures for which these things are raised to the Commission. I think we do a fairly good job. We miss it every once in a while, but it is hard to keep everything harmonized to a degree that we catch everything, but we try. We have a an International Council working group that perhaps can consider this to raise it to the level and, like I said, I think you are absolutely correct.

We will make an attempt to bring these policy issues to the Commission, and we have to anticipated when they are coming up. And I think we need to do a better job at that.



COMMISSIONER MERRIFIELD: I remember one specific example, and I will not mention the manager. It was a very senior manager in this agency, who had a major speech that this individual was giving. Had gotten on a very long plane ride, had arrived at the destination abroad, and was either at the point or within an hour or so of giving the speech, and it landed on my desk.

So there was no opportunity, and this raised significant policy issues that I think we should at least have had an opportunity to reflect on, and we did not have a chance to do it. I do not necessarily blame you guys, but we have got to work on this coordination.

CHAIRMAN DIAZ: This of course is a old problem. I think what Commissioner Merrifield is trying to say politely, and I will re-emphasize it, is that the Commission makes the policies, and the staff carries it. That fundamentally what it is. The staff cannot make policy, whether giving a speech, giving an interview, or writing a paper.

MS. DUNN LEE: Right.

CHAIRMAN DIAZ: And that is really something that needs to be done. It might not be in your office. It might be in the program office, but they are all here, and I think they are hearing that message very, very clearly.

COMMISSIONER MCGAFFIGAN: Mr. Chairman, the only thing I would add is I am not sure this is an international problem as much as, we do have staff give domestic speeches that occasionally break new ground. And we read about it in the pages of Inside NRC the next day. I remember last year about this time where various trial balloons were being floated about caps on license renewal applications. As the staff -- those are not international speeches.

CHAIRMAN DIAZ: Commissioner McGaffigan, if you look at the script, I never said

international. In fact, I just said --

COMMISSIONER MERRIFIELD: That is a fair point, but I will say there is a consistency problem throughout. I do think internationally it can make a bigger impact. When a member of our staff says something within the United States, there are more opportunities for the Commission members individually or collectively to weigh in here in the United States and correct that. Once that speech is made internationally, particularly in a multilateral context, it makes it much more difficult for the Commission to weigh in and clarify the views.

Furthermore it is certainly possible where a member of our staff may say something that is inappropriate internationally that could have more significant ramifications for us as a country. We certainly do not want to get cross-wise with our partners in the federal government in that regard. So I do think that some of the potential consequences can be more difficult to fix when it come to issues raised abroad. That would be my only --

I think those are the two major things I wanted to raise. I do want to sort of follow on and say. I did raise a couple of prickly issues this morning. It is not at all a reflection of getting down on you guys because I think in the main, there has been significant progress. I think we do terrific things internationally. I have complimented personally and collectively many, many of your staff and that certainly is the major message that I would want to take away. But there are a couple issues for the IC where you and your counterparts can make some further progress.

MS. DUNN LEE: Thank you for that, and I encourage the IC members to be listening because they will be raised at our next IC meeting.

CHAIRMAN DIAZ: I think they are listening. I again want to join my fellow

Commissioners in saying this is a good story. This is obviously about ready to be better because you have command of the issues. You know what they are. You have the support of the Commission to carry them through. We want to make sure that we have the information to support your activities. We want to make sure that the staff is aligned with Commission policy. We want to make sure that when that alignment is in place that things are going to be properly executed. I think there is no doubt about it that a good story is about ready to be made better.

And if my fellow Commissioners do not have anything additional, we are adjourned.

Thank you.