

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2359

To amend the Nuclear Non-Proliferation Act of 1978 and the Atomic Energy Act of 1954 to improve the organization and management of United States nuclear export controls, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 1993

Mr. LANTOS introduced the following bill; which was referred jointly to the Committees on Foreign Affairs and Banking, Finance and Urban Affairs

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## A BILL

To amend the Nuclear Non-Proliferation Act of 1978 and the Atomic Energy Act of 1954 to improve the organization and management of United States nuclear export controls, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Nuclear Export Reor-  
5 ganization Act of 1993”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.

Sec. 4. Findings and Policy.

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ACT OF 1978

Sec. 101. Reports of the President.  
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1 **SEC. 3. DEFINITIONS.**

2 For purposes of this Act—

3 (1) the term “direct-use material” means nu-  
4 clear material that can be used for the manufacture  
5 of nuclear explosive components without transmuta-

1       tion or further enrichment, such as plutonium con-  
2       taining less than 80 percent plutonium-238, ura-  
3       nium enriched to 20 percent uranium-235 or more,  
4       uranium-233, and chemical compounds, mixtures of  
5       direct-use materials (including mixed oxide reactor  
6       fuel), and plutonium contained in spent nuclear fuel;

7           (2) the term “goods or technology” means nu-  
8       clear materials and equipment and sensitive nuclear  
9       technology (as such terms are defined in section 4  
10      of the Nuclear Non-Proliferation Act of 1978), all  
11      export items designated pursuant to section 309(c)  
12      of the Nuclear Non-Proliferation Act of 1978, and  
13      all technical assistance requiring authorization under  
14      section 57b. of the Atomic Energy Act of 1954;

15          (3) the term “highly enriched uranium” means  
16      uranium enriched to 20 percent or more in the iso-  
17      tope U-235;

18          (4) the term “IAEA” means the International  
19      Atomic Energy Agency;

20          (5) the term “IAEA safeguards” means the  
21      safeguards set forth in an agreement between a  
22      country and the International Atomic Energy Agen-  
23      cy, as authorized by Article III(A)(5) of the Statute  
24      of the International Atomic Energy Agency;

1           (6) the term “near real time material account-  
2           ancy” means a method of accounting for the loca-  
3           tion, quantity, and disposition of special fissionable  
4           material at facilities that store or process such mate-  
5           rial, in which verification of peaceful use is continu-  
6           ously achieved by means of frequent physical inven-  
7           tories and the use of in-process instrumentation;

8           (7) the term “non-nuclear-weapon state” means  
9           any country which is not a nuclear-weapon state, as  
10          defined by Article IX(3) of the Treaty on the Non-  
11          Proliferation of Nuclear Weapons, signed at Wash-  
12          ington, London, and Moscow on July 1, 1968;

13          (8) the term “nuclear dual-use items” means all  
14          goods and technologies whose export from the Unit-  
15          ed States is controlled pursuant to sections 309(c)  
16          and 311 of the Nuclear Non-Proliferation Act of  
17          1978;

18          (9) the term “nuclear explosive device” means  
19          any device, whether assembled or disassembled, that  
20          is designed to release in one microsecond or less an  
21          amount of nuclear energy from special nuclear mate-  
22          rial that is greater than the amount of energy that  
23          would be released from the detonation of one pound  
24          of trinitrotoluene (TNT);

1 (10) the term “special fissionable material”, as  
2 used in title III of this Act, has the meaning given  
3 that term by Article XX(1) of the Statute of the  
4 International Atomic Energy Agency, done at the  
5 Headquarters of the United Nations on October 26,  
6 1956;

7 (11) the term “special nuclear material” has  
8 the meaning given that term in section 11 aa. of the  
9 Atomic Energy Act of 1954 (42 U.S.C. 2014aa);

10 (12) the term “Treaty” means the Treaty on  
11 the Non-Proliferation of Nuclear Weapons, signed at  
12 Washington, London, and Moscow on July 1, 1968;  
13 and

14 (13) the term “unsafeguarded special nuclear  
15 material” means special nuclear material which is  
16 held in violation of IAEA safeguards or is not sub-  
17 ject to IAEA safeguards, and does not include any  
18 quantity of material that could, if it were exported  
19 from the United States, be exported under a general  
20 license issued by the Nuclear Regulatory Commis-  
21 sion.

22 **SEC. 4. FINDINGS AND POLICY.**

23 (a) FINDINGS.—The Congress finds that—

1           (1) the proliferation of nuclear explosive devices  
2 poses a serious and growing threat to the national  
3 security of the United States;

4           (2) any effective response to this threat should  
5 include measures to curb both the demand for and  
6 the supply of goods and technology to acquire such  
7 devices;

8           (3) non-nuclear-weapon states with clandestine  
9 programs for the manufacture of nuclear explosive  
10 devices continue to seek foreign sources of goods and  
11 technologies that are important to the success of  
12 such programs;

13           (4) export controls, especially when coordinated  
14 internationally, inhibit such programs by adding to  
15 the costs of acquiring alternative sources of re-  
16 stricted goods and technologies and by delaying the  
17 implementation of such programs;

18           (5) the implementation of export controls gen-  
19 erates information that is useful in assessing the ef-  
20 forts by importing nations to acquire capabilities to  
21 develop or produce such devices and that provides an  
22 early warning of illicit foreign procurement patterns;

23           (6) a renewed effort is needed to improve con-  
24 trols over nuclear dual-use items; and

1           (7) the economy and effectiveness of the execu-  
2           tive branch of Government, and the effectiveness of  
3           congressional oversight, require the reorganization  
4           and centralization of certain export licensing func-  
5           tions of the Government in a single agency to which  
6           all persons and commercial interests seeking to en-  
7           gage in foreign commerce may apply.

8           (b) POLICY.—It is the policy of the United States—

9           (1) to restrict the export or reexport of goods  
10          or technology that would be contrary to the objec-  
11          tives of the United States with respect to the non-  
12          proliferation of nuclear explosive devices;

13          (2) to strengthen sanctions against illicit suppli-  
14          ers of nuclear goods or technology;

15          (3) to ensure that significant national security  
16          interests will prevail over commercial considerations  
17          in the event of any conflict in the nuclear export li-  
18          censing process between these national objectives;

19          (4) to cooperate with other nations to develop  
20          multilateral measures to halt the global proliferation  
21          of nuclear explosive devices;

22          (5) to encourage individuals and companies to  
23          develop voluntary measures to ensure that goods or  
24          technology will not be exported that would promote  
25          the global proliferation of nuclear explosive devices;

1           (6) to ensure greater openness and accountabil-  
2           ity in the nuclear export licensing process; and

3           (7) to undertake reforms devoted to improving  
4           the efficiency and effectiveness of the nuclear export  
5           licensing process.

6   **TITLE I—AMENDMENTS TO THE**  
7   **NUCLEAR NON-PROLIFERA-**  
8   **TION ACT OF 1978**

9   **SEC. 101. REPORTS OF THE PRESIDENT.**

10          Section 601(a) of the Nuclear Non-Proliferation Act  
11          of 1978 (22 U.S.C. 3281(a)) is amended—

12                 (1) in paragraph (4), by striking “and” after  
13                 the semicolon;

14                 (2) in paragraph (5), by striking the period and  
15                 inserting “; and”; and

16                 (3) by adding after paragraph (5) the following  
17                 new paragraph:

18                         “(6) a description of the implementation of nu-  
19                         clear export controls in the preceding calendar year,  
20                         including a summary by type of commodity, by value  
21                         per type of commodity, and by destination, of—

22                                 “(A) any transactions for which—

23   “(i) a license was issued for the ex-  
24   port or retransfer of any good controlled

1 under section 309(c) or 311 of the Nuclear  
2 Non-Proliferation Act of 1978;

3 “(ii) a license was issued for the ex-  
4 port or retransfer of any good controlled  
5 under section 109 b. of the 1954 Act; and

6 “(iii) an authorization was made as  
7 required by section 57 b.(2) of the 1954  
8 Act to engage, directly or indirectly, in the  
9 production of special nuclear material; and

10 “(B) each instance in which—

11 “(i) a sanction has been imposed  
12 under section 401(a) of the Nuclear Ex-  
13 port Reorganization Act of 1993, section  
14 670(b)(1) of the Foreign Assistance Act of  
15 1961, or section 601 or 602 of the Federal  
16 Deposit Insurance Corporation Improve-  
17 ment Act of 1991;

18 “(ii) a sale or lease has been denied  
19 under section 3(f) of the Arms Export  
20 Control Act or a transaction prohibited by  
21 reason of any act relating to proliferation  
22 of nuclear explosive devices, as described in  
23 section 40(d) of that Act;

24 “(iii) a sanction has not been imposed  
25 by reason of section 401(c)(2) of the Nu-

1 clear Export Reorganization Act of 1993  
2 or the imposition of a sanction has been  
3 delayed under section 670(b)(4) of the  
4 Foreign Assistance Act of 1961; or

5 “(iv) a waiver of a sanction has been  
6 made under—

7 “(I) section 401(f) of the Nuclear  
8 Export Reorganization Act of 1993,

9 “(II) section 620E(d), or para-  
10 graph (5) or (6) of section 670(b), of  
11 the Foreign Assistance Act of 1961,

12 “(III) section 605 of the Federal  
13 Deposit Insurance Corporation Im-  
14 provement Act of 1991,

15 “(IV) section 40(g) of the Arms  
16 Export Control Act with respect to  
17 the last sentence of section 40(d) of  
18 that Act, or

19 “(V) section 614 of the Foreign  
20 Assistance Act of 1961 with respect to  
21 section 620E or 670(b)(1) of that Act  
22 or section 3(f), or the last sentence of  
23 section 40(d), of the Arms Export  
24 Control Act.”.

1 **SEC. 102. EXPORT CONTROLS OVER NUCLEAR DUAL-USE**  
2 **ITEMS.**

3 (a) AMENDMENT TO THE NATIONAL SECURITY ACT  
4 OF 1947.—Section 101 of the National Security Act of  
5 1947 (50 U.S.C. 402) is amended by adding at the end  
6 thereof the following new subsection:

7 “(h)(1) The President shall establish within the Na-  
8 tional Security Council a ‘Subgroup on Nuclear Export  
9 Coordination’. The principal function of the Subgroup  
10 shall be to implement the export controls required by sec-  
11 tions 309(c) and 311 of the Nuclear Non-Proliferation Act  
12 of 1978 (Public Law 95–242).

13 “(2) There are authorized to be appropriated to the  
14 Subgroup such sums as may be necessary to carry out the  
15 functions of the Subgroup under title III of the Nuclear  
16 Non-Proliferation Act of 1978.”

17 (b) AMENDMENT TO THE NUCLEAR NON-PRO-  
18 LIFERATION ACT OF 1978.—Title III of the Nuclear Non-  
19 Proliferation Act of 1978 is amended by adding at the  
20 end thereof the following new sections:

21 **“SEC. 310. SUBGROUP ON NUCLEAR EXPORT COORDINA-**  
22 **TION.**

23 “(a) COMPOSITION OF THE SUBGROUP.—(1) The  
24 Subgroup on Nuclear Export Coordination (hereafter in  
25 this title referred to as the ‘Subgroup’), established in sec-  
26 tion 101(h) of the National Security Act of 1947, shall

1 be composed of six members who shall be Government offi-  
2 cials having expertise in the control of exports and the  
3 non-proliferation of nuclear explosive devices. Each such  
4 member shall be designated by the head of one of the fol-  
5 lowing United States agencies from among officials of that  
6 agency, with no agency represented by more than one  
7 member:

8           “(A) The Department of State.

9           “(B) The Department of Defense.

10          “(C) The Department of Energy.

11          “(D) The Department of Commerce.

12          “(E) The Arms Control and Disarmament  
13 Agency.

14          “(F) The Nuclear Regulatory Commission.

15          “(2) The representative of the Arms Control and Dis-  
16 armament Agency shall serve as Chairman of the Sub-  
17 group.

18          “(3) Upon request of the Chairman of the Subgroup,  
19 other departments and agencies of the United States, in-  
20 cluding elements of the intelligence community, the De-  
21 partment of Treasury, the United States Customs Service,  
22 and the Federal Bureau of Investigation, shall detail per-  
23 sonnel to the Subgroup for the performance of duties on  
24 a temporary basis.

25          “(b) FUNCTIONS.—The Subgroup shall—

1           “(1) serve as a forum for identifying and ex-  
2           pressing the views of the constituent agencies with  
3           respect to—

4                   “(A) the proliferation risks associated with  
5                   the export of nuclear dual-use items;

6                   “(B) possible international initiatives to  
7                   strengthen the global administration and en-  
8                   forcement of controls over the export of such  
9                   items; and

10                   “(C) recommendations to the President on  
11                   regulatory and legislative measures to improve  
12                   the efficiency or effectiveness of export controls  
13                   over such items, including the verification of  
14                   peaceful end-uses and the design and execution  
15                   of improved post-export verification measures;

16           “(2) review applications for the export of nu-  
17           clear dual-use items in accordance with sections  
18           309(c) and 311;

19           “(3) designate the items for inclusion on the  
20           Nuclear Referral List established under section  
21           311(a) and shall determine their description and  
22           technical specifications;

23           “(4) monitor and facilitate the interagency  
24           process with respect to the nuclear export licensing  
25           activities described in this Act or in the Atomic En-

1       ergy Act of 1954, and in regulations issued pursuant  
2       to such Acts; and

3             “(5) undertake investigations and make rec-  
4       ommendations in accordance with section 201 of the  
5       Nuclear Export Reorganization Act of 1993.

6       “(c) ACCESS TO EXPORT LICENSING INFORMA-  
7       TION.—Notwithstanding any other provision of law—

8             “(1) the members of the Subgroup shall have  
9       full, timely, and equal access to information con-  
10      tained in applications for the export from the United  
11      States, or the reexport from any other country, of  
12      any nuclear dual-use item;

13            “(2) the Secretary of Commerce shall, upon re-  
14      quest by any member of the Subgroup, provide that  
15      member with information contained in applications  
16      for licenses to export any other item from the Unit-  
17      ed States, if that member requests such information  
18      for purposes relating to the objectives of this Act;  
19      and

20            “(3) the Secretary of Commerce shall, within  
21      six months after the issuance of a license to export  
22      any nuclear dual-use item from the United States,  
23      open to the public for examination and inspection all  
24      nonproprietary data pertaining to such license, in-  
25      cluding—

1           “(A) the commodity description,

2           “(B) the country destination,

3           “(C) the end-use and end-user,

4           “(D) the quantity,

5           “(E) the date of approval, and

6           “(F) the date and method of shipment,

7       if no names of persons or companies and no dollar  
8       values of commodities in individual licenses are in-  
9       cluded among this data.

10       “(d) EXPORT CONTROL BULLETIN.—(1) The Chair-  
11       man of the Subgroup shall, in consultation with the Sub-  
12       group, establish and publish an export control bulletin on  
13       issues relating to the proliferation of nuclear explosive de-  
14       vices, including regulations, international agreements, and  
15       other relevant developments that the Chairman determines  
16       may be necessary for the purpose of informing exporters  
17       and the general public about the risks of proliferation and  
18       efforts to reduce or eliminate such risks.

19       “(2) Information appearing in the bulletin shall con-  
20       stitute one, but not an exclusive, basis for satisfaction of  
21       the criterion of ‘requisite knowledge’ in section 401(a) of  
22       the Nuclear Export Reorganization Act of 1993 and in  
23       section 601(a) of the Federal Deposit Insurance Corpora-  
24       tion Improvement Act of 1991, and the criterion of ‘knows  
25       or has reason to know’ in section 311(b)(3) of this Act.

1 **“SEC. 311. LICENSING PROCESS.**

2 “(a) CONTROLLED ITEMS.—(1)(A) The President  
3 shall establish and maintain a list of items, designated by  
4 the Subgroup, whose export is controlled pursuant to sec-  
5 tion 309(c). Such list may be known as the ‘Nuclear Re-  
6 ferral List’.

7 “(B) The President shall cause the Nuclear Referral  
8 List and any modification thereof to be published in the  
9 Federal Register.

10 “(C) Except as otherwise provided under section  
11 202(b) of the Nuclear Export Reorganization Act of 1993,  
12 an individual validated license is required for the export  
13 from the United States of any item on the Nuclear Refer-  
14 ral List.

15 “(2) For purposes of this section, any item that—

16 “(A) is not on the Nuclear Referral List,

17 “(B) requires a validated export license for na-  
18 tional security reasons, and

19 “(C) is intended for a nuclear-related end-use  
20 or end-user,

21 shall be subject to the procedures established under this  
22 title which are otherwise applicable to items on the Nu-  
23 clear Referral List.

24 “(3)(A) An individual validated license is required for  
25 an export to any destination of any technical data or com-  
26 modity where the exporter knows or has reason to know

1 that the data or commodity will be used directly or indi-  
2 rectly in any of the following activities, whether or not the  
3 item is specifically designed or modified for such activities:

4 “(i) Designing, developing, fabricating, or test-  
5 ing any nuclear explosive device.

6 “(ii) Designing, constructing, fabricating, or op-  
7 erating any of the following facilities, or components  
8 for such facilities:

9 “(I) Facilities for the chemical processing  
10 of irradiated special nuclear or source material.

11 “(II) Facilities for the production of heavy  
12 water.

13 “(III) Facilities for the separation of iso-  
14 topes of source and special nuclear material.

15 “(IV) Facilities for the fabrication of nu-  
16 clear reactor fuel containing plutonium or high-  
17 ly enriched uranium.

18 “(V) Unsafeguarded nuclear fuel cycle fa-  
19 cilities.

20 “(B) An item is used indirectly in an activity de-  
21 scribed in subparagraph (A)—

22 “(i) if any United States agency notifies an ex-  
23 porter of the risk of any such use; or

24 “(ii) the item would materially assist the per-  
25 formance of any such activity.

1       “(b) AUTHORITY OF THE SECRETARY OF COM-  
2 MERCE.—Except as otherwise provided in this section, the  
3 Secretary of Commerce shall be responsible for—

4           “(1) processing all applications for validated li-  
5 censes for the export of all nuclear dual-use items  
6 requiring such a license before the export from the  
7 United States or the reexport from any other coun-  
8 try of any such items; and

9           “(2) record keeping with respect to the ap-  
10 proval or denial of such licenses or authorizations.

11       “(c) LICENSE APPROVALS AND DENIALS.—(1)  
12 Whenever the Secretary of Commerce receives an applica-  
13 tion for a validated license for the export from the United  
14 States of any nuclear dual-use item, the Secretary shall  
15 submit the application to the Subgroup for review as to  
16 whether—

17           “(A) approval of such export would be contrary  
18 to the objective of averting the proliferation of nu-  
19 clear explosive devices; or

20           “(B) the proposed export would pose an unac-  
21 ceptable risk of diversion to a nuclear explosive ac-  
22 tivity or to an unsafeguarded nuclear fuel cycle.

23       “(2) The Secretary shall issue no license for the ex-  
24 port of any nuclear dual-use item without the concurrence

1 of all members of the Subgroup that each of the review  
2 criteria of paragraph (1) has been fully satisfied.

3 “(3) In performing the reviews required by paragraph  
4 (1), the members of the Subgroup shall include the follow-  
5 ing factors among the considerations used to determine  
6 what action should be taken on individual applications:

7 “(A) The stated end-use of the commodity or  
8 technical data.

9 “(B) The significance for nuclear purposes of  
10 the particular commodity or technical data.

11 “(C) The availability of the commodity or tech-  
12 nical data from non-United States sources.

13 “(D) The types of assurances or guarantees  
14 against use for nuclear explosive purposes or pro-  
15 liferation given in the particular case.

16 “(E) The non-proliferation credentials of the  
17 importing country concerned, based on consideration  
18 of factors such as—

19 “(i) a country’s status as a party to the  
20 Treaty on the Non-Proliferation of Nuclear  
21 Weapons or the Treaty for the Prohibition of  
22 Nuclear Weapons in Latin America;

23 “(ii) whether the country has all its nu-  
24 clear activities under International Atomic En-

1           ergy Agency safeguards or equivalent full scope  
2           safeguards;

3           “(iii) whether there is an agreement for co-  
4           operation in the civil uses of atomic energy be-  
5           tween the United States and the country con-  
6           cerned;

7           “(iv) the country’s public statements and  
8           policies concerning nuclear developments and  
9           non-proliferation;

10          “(v) the extent of cooperation in non-pro-  
11          liferation policy generally (indications such as  
12          willingness to consult on international non-pro-  
13          liferation issues); and

14          “(vi) intelligence data on a country’s nu-  
15          clear intentions and activities, including wheth-  
16          er the country has engaged in clandestine or il-  
17          legal procurement activities, whether similar li-  
18          censes have previously been denied by any other  
19          country, and whether end users in the recipient  
20          country have diverted, for purposes inconsistent  
21          with this section, any nuclear goods or tech-  
22          nology, under an export, retransfer, or other ac-  
23          tivity previously authorized by any country.

1       “(d) PROCEDURES AND APPEALS.—(1) Applications  
2 for the export of nuclear dual-use items shall be made to  
3 the Department of Commerce.

4       “(2)(A) Upon receipt of any such application, the  
5 Secretary of Commerce shall promptly refer the applica-  
6 tion to the Subgroup.

7       “(B) Not later than 90 days after receipt of an appli-  
8 cation from the Secretary, the Subgroup shall complete  
9 its review of that application in accordance with subsection  
10 (c)(1) and shall report to the Secretary its determination  
11 regarding the application of that subsection.

12       “(3) If the Subgroup has not taken action on an ap-  
13 plication by 90 days after receipt of that application, the  
14 applicant may file a petition with the Secretary of Com-  
15 merce requesting compliance with the requirements of this  
16 section. Whenever such a petition is filed, the Secretary  
17 shall take immediate steps to correct the situation giving  
18 rise to the petition and shall immediately notify the appli-  
19 cant of such steps.

20       “(4) If, within 20 days after a petition is filed under  
21 paragraph (3), the processing of the application does not  
22 meet the requirements of this section, or the application  
23 meets such requirements but the Secretary has not so no-  
24 tified the applicant, then the applicant may bring an ac-  
25 tion in an appropriate United States district court for a

1 restraining order, a temporary or permanent injunction,  
2 or other appropriate relief, to require compliance with the  
3 requirements of this section. The United States district  
4 courts shall have jurisdiction to provide such relief, as ap-  
5 propriate.

6 “(5)(A)(i) Any constituent agency of the Subgroup  
7 may appeal the denial of a license under this section to  
8 the President and, if the President determines that the  
9 license should be approved, the President shall direct the  
10 Secretary of Commerce to issue such license.

11 “(ii) The Secretary of Commerce shall report to the  
12 Congress on data from such licenses in accordance with  
13 section 602(c) of the Nuclear Non-Proliferation Act of  
14 1978.

15 “(B) The procedures of this paragraph shall be the  
16 exclusive means of appeal for denials of licenses issued  
17 under this section.

18 “(C) Documentation describing and supporting the  
19 agency’s position shall be submitted to the President as  
20 part of any appeal.

21 “(D) The President shall prescribe such regulations  
22 as may be necessary to carry out this paragraph.”.

23 **SEC. 103. NON-NUCLEAR ENERGY RESOURCES.**

24 Title V of the Nuclear Non-Proliferation Act of 1978  
25 is amended—

1           (1) in section 501, by inserting “(a)” imme-  
2           diately after “SEC. 501.”;

3           (2) by adding at the end of section 501 the fol-  
4           lowing:

5           “(b)(1) The Congress declares that it is both in the  
6 national security and economic interests of the United  
7 States to promote the development in the United States  
8 of a domestic industry capable of competing on inter-  
9 national markets for the sale of energy technologies capa-  
10 ble of achieving the objectives of section 501(a).

11          “(2) The Congress urges the President to pursue all  
12 appropriate means to encourage the development of such  
13 an industry in the United States and otherwise to assist  
14 developing countries to acquire such technologies.”; and

15          (3) by adding at the end of the title the follow-  
16          ing new section:

17          “SEC. 504. REVIEW OF RESEARCH AND DEVELOP-  
18 MENT.—Not later than 6 months after the date of enact-  
19 ment of the Nuclear Export Reorganization Act of 1993,  
20 the President shall undertake a review of all federally  
21 funded research and development consistent with the ob-  
22 jectives of section 501 and shall report to the Congress  
23 on the adequacy of such activities to achieve such objec-  
24 tives.”.

1           **TITLE II—INITIATIVES TO**  
2           **STRENGTHEN COMPLIANCE**

3   **SEC. 201. FAIR MARKET INITIATIVE.**

4           (a) PETITION FOR INVESTIGATION.—Any United  
5 States person that finds that a foreign person has, on or  
6 after the date of enactment of this Act, engaged in an  
7 activity outside the United States that is inconsistent with  
8 the guidelines adopted by the United States and other  
9 member countries of the Nuclear Suppliers Group with re-  
10 spect to exports of nuclear dual-use items, or successor  
11 guidelines adopted by such countries, may petition the  
12 Subgroup on Nuclear Export Coordination to begin an in-  
13 vestigation of such activities.

14           (b) DETERMINATION BY SUBGROUP.—Within 30  
15 days of the date of receipt of any such petition, the Sub-  
16 group shall determine whether to undertake an investiga-  
17 tion.

18           (c) RECOMMENDATION REGARDING SANCTIONS.—If  
19 the Subgroup undertakes an investigation and determines  
20 that the claims of the petitioner are sustained by available  
21 evidence, the Chairman of the Subgroup shall transmit a  
22 determination to that effect to the President, together  
23 with the specific recommendation of the Subgroup as to  
24 the imposition of the appropriate sanctions under title IV  
25 of this Act or under the amendments made by that title.

1 (d) PUBLICATION IN THE FEDERAL REGISTER.—If  
2 the President does not disapprove such determination  
3 within a period of 30 days after receipt of such determina-  
4 tion, the Chairman shall publish such determination in the  
5 Federal Register and the sanctions shall take effect.

6 **SEC. 202. MEASURES TO IMPROVE THE LICENSING PROC-**  
7 **ESS.**

8 (a) GUIDELINES FOR VOLUNTARY CODES OF CON-  
9 DUCT.—(1) Within 6 months after the date of enactment  
10 of this Act, the Subgroup shall develop guidelines to serve  
11 as a basis for the adoption of voluntary codes of conduct  
12 by companies that engage in exports of nuclear dual-use  
13 items.

14 (2) The Chairman shall publish in the Federal Reg-  
15 ister such guidelines and the names of all companies that  
16 have agreed to adopt such codes of conduct.

17 (b) REVIEW OF TYPES OF LICENSES.—(1) The Sub-  
18 group shall undertake a comprehensive review of the cir-  
19 cumstances under which certain nuclear dual-use goods  
20 could be exported under licenses other than an individual  
21 validated license, without jeopardizing the national secu-  
22 rity, national interest, or nonproliferation objectives of the  
23 United States.

1           (2) The Secretary of Commerce may, with the con-  
2 currence of the Subgroup, issue any such license identified  
3 in paragraph (1).

4           (3) The Secretary of Commerce shall report to the  
5 Congress on data from such licenses in accordance with  
6 section 602(c) of the Nuclear Non-Proliferation Act of  
7 1978.

8           (c) ADVISORY OPINIONS.—(1) Upon the request of  
9 any person, the Subgroup may, after appropriate consulta-  
10 tion, issue an advisory opinion in writing to that person  
11 as to whether a proposed activity by that person would  
12 subject that person to sanctions under existing nuclear ex-  
13 port control laws.

14           (2) Issuance of an advisory opinion under paragraph  
15 (1) shall not exempt any person from compliance with the  
16 requirements of this Act.

17           (3) For purposes of this subsection, the term “appro-  
18 priate consultation” means consultation by the Subgroup  
19 with the Secretary of State, the Secretary of Defense, the  
20 Director of the Arms Control and Disarmament Agency,  
21 and the heads of such other Federal agencies as the Sub-  
22 group may determine are necessary.

23           (d) PROCEDURES TO EXPEDITE LICENSE APPROV-  
24 ALS.—The Subgroup may develop and implement proce-  
25 dures to expedite the approvals of licenses for nuclear

1 dual-use items to be exported to countries that the Sub-  
2 group has determined are not engaged, and are unlikely  
3 to become engaged, in promoting, directly or indirectly,  
4 the proliferation of nuclear explosive devices if no such  
5 procedures would eliminate the fundamental requirement  
6 of licensing of goods or technology that are controlled be-  
7 cause of their association with the development, acquisi-  
8 tion, or use of nuclear explosive devices.

9 (e) PROCEDURES TO EXPEDITE LICENSING DECI-  
10 SIONS.—Within 12 months after the date of enactment of  
11 this Act, the Secretary of Commerce, in consultation with  
12 the members of the Committee, shall develop procedures  
13 to ensure that applicants for validated licenses for the ex-  
14 port of nuclear dual-use items will receive notice of ap-  
15 proval or denial of any such license not later than 60 days  
16 after submission of an application.

17 **TITLE III—AMENDMENTS TO**  
18 **THE ATOMIC ENERGY ACT OF**  
19 **1954**

20 **SEC. 301. SUBSEQUENT ARRANGEMENTS.**

21 Section 131 of the Atomic Energy Act of 1954 (42  
22 U.S.C. 2160) is amended—

23 (1) by inserting “and the Secretary of Defense”  
24 after “concurrence of the Secretary of State” in sub-  
25 section a.(1);

1           (2) by striking all after “and shall consult  
2 with” through the colon and inserting “the Director  
3 and the Commission:”;

4           (3) in subsection a.(2), by striking “may” in  
5 the first sentence and inserting “shall”;

6           (4) in subsection b.(1), by inserting after “such  
7 arrangement” the following “, including documenta-  
8 tion of the technical basis for the Secretary’s judg-  
9 ment that such arrangement will ensure timely  
10 warning to the United States of any diversion well  
11 in advance of the time at which the non-nuclear-  
12 weapon state could transform the diverted material  
13 into a nuclear explosive device,”; and

14           (5) in subsection d., by striking all after  
15 “States,” and inserting in lieu thereof the following:  
16 “and nothing in this section is intended to promote  
17 the reprocessing of spent fuel owned by any nation  
18 which lacks a reasonable economic justification for  
19 such reprocessing”.

20 **SEC. 302. COOPERATION WITH OTHER NATIONS.**

21           Section 123 a. of the Atomic Energy Act of 1954 (42  
22 U.S.C. 2153) is amended—

23           (1) by inserting “and the Secretary of Defense” after  
24 “concurrence of the Secretary of Energy”; and

1           (2) by striking “jointly by the Secretary of State and  
2 the Secretary of Energy” and inserting “jointly by the  
3 Secretary of State, the Secretary of Energy, and the Sec-  
4 retary of Defense”.

5 **SEC. 303. PROHIBITION ON FOREIGN PRODUCTION OF SPE-**  
6 **CIAL NUCLEAR MATERIAL.**

7           Section 57 b. of the Atomic Energy Act of 1954 (42  
8 U.S.C. 2077) is amended—

9           (1) by inserting “and the Department of De-  
10 fense” after “concurrence of the Department of  
11 State”; and

12           (2) by striking “the Department of Commerce,  
13 and the Department of Defense” and inserting “and  
14 the Department of Commerce”.

15 **SEC. 304. PROHIBITION ON NUCLEAR EXPORTS.**

16           Section 129 of the Atomic Energy Act of 1954 (42  
17 U.S.C. 2158) is amended by inserting after “No nuclear  
18 materials and equipment” the following: “including any  
19 items whose export from the United States is controlled  
20 pursuant to the authorities of this Act, the Nuclear Non-  
21 Proliferation Act of 1978, or the Nuclear Export Reorga-  
22 nization Act of 1993,”.

1 **SEC. 305. CONTROL OF COMPONENT PARTS.**

2 Section 109 b. of the Atomic Energy Act of 1954 (42  
3 U.S.C. 2139(b)) is amended by inserting “Defense,” after  
4 “State,”.

5 **TITLE IV—SANCTIONS FOR**  
6 **NUCLEAR PROLIFERATION**

7 **SEC. 401. IMPOSITION OF SANCTIONS.**

8 (a) DETERMINATION BY THE PRESIDENT.—

9 (1) IN GENERAL.—Except as provided in sub-  
10 section (b)(2), the President shall impose the appli-  
11 cable sanctions described in subsection (c) if the  
12 President determines that a foreign person or a  
13 United States person, on or after the date of enact-  
14 ment of this Act, has materially and with requisite  
15 knowledge contributed—

16 (A) through the export from the United  
17 States of any goods or technology that are sub-  
18 ject to the jurisdiction of the United States, or

19 (B) through the export from any other  
20 country of any goods or technology that would  
21 be, if they were exported from the United  
22 States, subject to the jurisdiction of the United  
23 States,

24 to the efforts by any individual, group, or non-nu-  
25 clear-weapon state to acquire unsafeguarded special  
26 nuclear material or to use, develop, produce, stock-

1 pile, or otherwise acquire any nuclear explosive de-  
2 vice, whether or not the goods or technology is spe-  
3 cifically designed or modified for that purpose.

4 (2) PERSONS AGAINST WHICH SANCTIONS ARE  
5 TO BE IMPOSED.—Sanctions shall be imposed pursu-  
6 ant to paragraph (1) on—

7 (A) the foreign person or United States  
8 person with respect to which the President  
9 makes the determination described in that para-  
10 graph;

11 (B) any successor entity to that foreign  
12 person or United States person;

13 (C) any foreign person or United States  
14 person that is a parent or subsidiary of that  
15 person if that parent or subsidiary materially  
16 and with requisite knowledge assisted in the ac-  
17 tivities which were the basis of that determina-  
18 tion; and

19 (D) any foreign person or United States  
20 person that is an affiliate of that person if that  
21 affiliate materially and with requisite knowledge  
22 assisted in the activities which were the basis of  
23 that determination and if that affiliate is con-  
24 trolled in fact by that foreign person.

1           (3) OTHER SANCTIONS AVAILABLE.—The sanc-  
2           tions which are required to be imposed for activities  
3           described in this subsection are in addition to any  
4           other sanction which may be imposed for the same  
5           activities under any other provision of law.

6           (4) DEFINITION.—For purposes of this sub-  
7           section, the term “requisite knowledge” means situa-  
8           tions in which a person “knows”, as “knowing” is  
9           defined in section 104 of the Foreign Corrupt Prac-  
10          tices Act of 1977 (15 U.S.C. 78dd–2), and includes  
11          situations in which a person has reason to know.

12          (b) CONSULTATION WITH AND ACTIONS BY FOREIGN  
13          GOVERNMENT OF JURISDICTION.—

14               (1) CONSULTATIONS.—If the President makes a  
15               determination described in subsection (a)(1) with re-  
16               spect to a foreign person, the Congress urges the  
17               President to initiate consultations immediately with  
18               the government with primary jurisdiction over that  
19               foreign person with respect to the imposition of  
20               sanctions pursuant to this section.

21               (2) ACTIONS BY GOVERNMENT OF JURISDIC-  
22               TION.—In order to pursue such consultations with  
23               that government, the President may delay imposition  
24               of sanctions pursuant to this section for up to 90  
25               days. Following these consultations, the President

1 shall impose sanctions unless the President deter-  
2 mines and certifies to the Congress that that govern-  
3 ment has taken specific and effective actions, includ-  
4 ing appropriate penalties, to terminate the involve-  
5 ment of the foreign person in the activities described  
6 in subsection (a)(1). The President may delay the  
7 imposition of sanctions for up to an additional 90  
8 days if the President determines and certifies to the  
9 Congress that that government is in the process of  
10 taking the actions described in the preceding sen-  
11 tence.

12 (3) REPORT TO CONGRESS.—Not later than 90  
13 days after making a determination under subsection  
14 (a)(1), the President shall submit to the Committee  
15 on Foreign Relations and the Committee on Govern-  
16 mental Affairs of the Senate and the Committee on  
17 Foreign Affairs of the House of Representatives a  
18 report on the status of consultations with the appro-  
19 priate government under this subsection, and the  
20 basis for any determination under paragraph (2) of  
21 this subsection that such government has taken spe-  
22 cific corrective actions.

23 (c) SANCTIONS.—

24 (1) DESCRIPTION OF SANCTIONS.—The sanc-  
25 tions to be imposed pursuant to subsection (a)(1)

1 are, except as provided in paragraph (2) of this sub-  
2 section, that the United States Government shall not  
3 procure, or enter into any contract for the procure-  
4 ment of, any goods or services from any person de-  
5 scribed in subsection (a)(2).

6 (2) EXCEPTIONS.—The President shall not be  
7 required to apply or maintain sanctions under this  
8 section—

9 (A) in the case of procurement of defense  
10 articles or defense services—

11 (i) under existing contracts or sub-  
12 contracts, including the exercise of options  
13 for production quantities to satisfy require-  
14 ments essential to the national security of  
15 the United States;

16 (ii) if the President determines that  
17 the person or other entity to which the  
18 sanctions would otherwise be applied is a  
19 sole source supplier of the defense articles  
20 or services, that the defense articles or  
21 services are essential, and that alternative  
22 sources are not readily or reasonably avail-  
23 able; or

24 (iii) if the President determines that  
25 such articles or services are essential to the

1 national security under defense  
2 coproduction agreements;

3 (B) to products or services provided under  
4 contracts entered into before the date on which  
5 the President publishes his intention to impose  
6 the sanctions;

7 (C) to—

8 (i) spare parts which are essential to  
9 United States products or production;

10 (ii) component parts, but not finished  
11 products, essential to United States prod-  
12 ucts or production; or

13 (iii) routine servicing and mainte-  
14 nance of products, to the extent that alter-  
15 native sources are not readily or reason-  
16 ably available;

17 (D) to information and technology essen-  
18 tial to United States products or production; or

19 (E) to medical or other humanitarian  
20 items.

21 (d) ADVISORY OPINIONS.—(1) Upon the request of  
22 any person, the Secretary of State may, after appropriate  
23 consultation, issue an advisory opinion in writing to that  
24 person as to whether a proposed activity by that person  
25 would subject that person to sanctions under this section.

1           (2) Issuance of an advisory opinion under paragraph  
2 (1) shall not exempt any person from compliance with the  
3 requirements of this Act.

4           (3) For purposes of this subsection, the term “appro-  
5 priate consultation” means consultation by the Secretary  
6 of State with the Secretary of Defense, the Director of  
7 the Arms Control and Disarmament Agency, and the  
8 heads of such other Federal agencies as the Secretary of  
9 State may determine are necessary.

10          (e) TERMINATION OF SANCTIONS.—The sanctions  
11 imposed pursuant to this section shall apply for a period  
12 of at least 12 months following the imposition of sanctions  
13 and shall cease to apply thereafter only if the President  
14 determines and certifies to the Congress that—

15               (1) reliable information indicates that the for-  
16 eign person or United States person with respect to  
17 which the determination was made under subsection  
18 (a)(1) has ceased to aid or abet any individual,  
19 group, or non-nuclear-weapon state in its efforts to  
20 acquire unsafeguarded special nuclear material or  
21 any nuclear explosive device, as described in that  
22 subsection; and

23               (2) the President has received reliable assur-  
24 ances from the foreign person or United States per-  
25 son, as the case may be, that such person will not,

1 in the future, aid or abet any individual, group, or  
2 non-nuclear-weapon state in its efforts to acquire  
3 unsafeguarded special nuclear material or any nu-  
4 clear explosive device, as described in subsection  
5 (a)(1).

6 (f) WAIVER.—

7 (1) CRITERION FOR WAIVER.—The President  
8 may waive the application of any sanction imposed  
9 on any person pursuant to this section, after the end  
10 of the 12-month period beginning on the date on  
11 which that sanction was imposed on that person, if  
12 the President determines and certifies to the Con-  
13 gress that the continued imposition of the sanction  
14 would have a serious adverse effect on vital United  
15 States interests.

16 (2) NOTIFICATION OF AND REPORT TO CON-  
17 GRESS.—If the President decides to exercise the  
18 waiver authority provided in paragraph (1), the  
19 President shall so notify the Congress not less than  
20 20 days before the waiver takes effect. Such notifica-  
21 tion shall include a report fully articulating the ra-  
22 tionale and circumstances which led the President to  
23 exercise the waiver authority.

24 (g) DEFINITIONS.—For purposes of this section—

25 (1) the term “foreign person” means—

1 (A) an individual who is not a citizen of  
2 the United States or an alien admitted for per-  
3 manent residence to the United States; or

4 (B) a corporation, partnership, or other  
5 nongovernment entity which is created or orga-  
6 nized under the laws of a foreign country or  
7 which has its principal place of business outside  
8 the United States; and

9 (2) the term “United States person” means—

10 (A) an individual who is a citizen of the  
11 United States or an alien admitted for perma-  
12 nent residence to the United States; or

13 (B) a corporation, partnership, or other  
14 entity which is not a foreign person.

15 **SEC. 402. ELIGIBILITY FOR ASSISTANCE.**

16 (a) AMENDMENTS TO THE ARMS EXPORT CONTROL  
17 ACT.—(1) Section 3 of the Arms Export Control Act (22  
18 U.S.C. 2753) is amended by adding at the end the follow-  
19 ing new subsection:

20 “(f) No sales or leases shall be made under this Act  
21 to any country that the President has determined is in  
22 material breach of its commitments to the United States  
23 under international treaties or agreements concerning the  
24 nonproliferation of nuclear explosive devices (as defined in  
25 section 3(9) of the Nuclear Export Reorganization Act of

1 1993) and unsafeguarded special nuclear material (as de-  
2 fined in section 3(13) of that Act).”.

3 (2) Section 40 of such Act (22 U.S.C. 2780) is  
4 amended—

5 (A) in subsection (d), by adding at the end the  
6 following new sentence: “For purposes of this sub-  
7 section, such acts shall include any activity that the  
8 Secretary determines willfully aids or abets the  
9 international proliferation of nuclear explosive de-  
10 vices to an individual or group or willfully aids or  
11 abets an individual or group in acquiring  
12 unsafeguarded special nuclear material.”; and

13 (B) in subsection (l)—

14 (i) in paragraph (2), by striking “and”  
15 after the semicolon;

16 (ii) in paragraph (3), by striking the pe-  
17 riod at the end and inserting a semicolon; and

18 (iii) by adding at the end the following:

19 “(4) the term ‘nuclear explosive device’ has the  
20 meaning given that term in section 3(9) of the Nu-  
21 clear Export Reorganization Act of 1993; and

22 “(5) the term ‘unsafeguarded special nuclear  
23 material’ has the meaning given that term in section  
24 3(13) of the Nuclear Export Reorganization Act of  
25 1993.”.

1 (b) AMENDMENTS TO THE FOREIGN ASSISTANCE  
2 ACT OF 1961.—

3 (1) Section 670(a)(2) of the Foreign Assistance  
4 Act of 1961 (22 U.S.C. 2429a(a)(2)) is amended in  
5 the first sentence—

6 (A) by inserting “in any fiscal year” after  
7 “President”; and

8 (B) by inserting “during that fiscal year”  
9 after “certifies in writing”.

10 (2) Notwithstanding any other provision of law,  
11 Presidential Determination No. 82–7 of February  
12 10, 1982, shall have no force or effect with respect  
13 to any grounds for the prohibition of assistance  
14 under section 670(a)(1) of such Act arising on or  
15 after the date of enactment of this Act.

16 (3) Section 620E(d) of the Foreign Assistance  
17 Act of 1961 (22 U.S.C. 2375(d)) is amended to read  
18 as follows:

19 “(d) The President may waive the prohibitions of sec-  
20 tion 669 of this Act with respect to any grounds for the  
21 prohibition of assistance under that section arising before  
22 the date of enactment of the Nuclear Export Reorganiza-  
23 tion Act of 1993 to provide assistance to Pakistan if he  
24 determines that to do so is in the national interest of the  
25 United States.”.

1 **SEC. 403. ROLE OF INTERNATIONAL FINANCIAL INSTITU-**  
2 **TIONS.**

3 (a) IN GENERAL.—The Secretary of the Treasury  
4 shall instruct the United States executive director to each  
5 of the international financial institutions described in sec-  
6 tion 701(a) of the International Financial Institutions Act  
7 (22 U.S.C. 262d(a)) to use the voice and vote of the Unit-  
8 ed States to oppose any direct or indirect use of the insti-  
9 tution’s funds to promote the acquisition of unsafeguarded  
10 special nuclear material or the development, stockpiling,  
11 or use of any nuclear explosive device by any non-nuclear-  
12 weapon state.

13 (b) DUTIES OF UNITED STATES EXECUTIVE DIREC-  
14 TORS.—Section 701(b)(3) of the International Financial  
15 Institutions Act (22 U.S.C. 262d(b)(3)) is amended to  
16 read as follows:

17 “(3) whether the recipient country—

18 “(A) has been found by the President to be  
19 seeking to acquire unsafeguarded special nu-  
20 clear material (as defined in section 3(13) of  
21 the Nuclear Export Reorganization Act of  
22 1993) or a nuclear explosive device (as defined  
23 in section 3(9) of that Act);

24 “(B) is not a State Party to the Treaty on  
25 Non-Proliferation of Nuclear Weapons; or

1           “(C) has detonated a nuclear explosive de-  
2           vice; and”.

3 **SEC. 404. AMENDMENT TO THE INTERNATIONAL EMER-**  
4 **GENCY ECONOMIC POWERS ACT.**

5           Section 202 of the International Emergency Eco-  
6           nomic Powers Act (50 U.S.C. 1701) is amended by adding  
7           at the end thereof the following new subsection:

8           “(c) For the purpose of this section, the term ‘any  
9           unusual and extraordinary threat’ includes any inter-  
10          national event that the President determines may involve  
11          the detonation of a nuclear explosive device (as defined  
12          in section 3(9) of the Nuclear Export Reorganization Act  
13          of 1993) or an action or activity that substantially contrib-  
14          utes to the likelihood of the proliferation or detonation of  
15          such devices, including the acquisition by a non-nuclear-  
16          weapon state of unsafeguarded special nuclear material  
17          (as defined in section 3(13) of that Act).”.

18 **SEC. 405. AMENDMENT TO THE FEDERAL DEPOSIT INSUR-**  
19 **ANCE CORPORATION IMPROVEMENT ACT OF**  
20 **1991.**

21          The Federal Deposit Insurance Corporation Improve-  
22          ment Act of 1991 is amended by adding at the end the  
23          following new title:

1           **“TITLE VI—SANCTIONS ON**  
2           **FINANCIAL INSTITUTIONS**

3   **“SEC. 601. PRESIDENTIAL DETERMINATION.**

4           “(a) IN GENERAL.—The prohibitions in section 603  
5 shall be imposed on a financial institution if the President  
6 determines that such financial institution, on or after the  
7 date which is 60 days after the date of enactment of this  
8 section, has materially and with requisite knowledge con-  
9 tributed, through provision of financing or other services,  
10 to the efforts by any individual, group, or non-nuclear-  
11 weapon state to acquire unsafeguarded special nuclear ma-  
12 terial or to use, develop, produce, stockpile, or otherwise  
13 acquire any nuclear explosive device, as these standards  
14 and terms would be applied under section 401(a) of the  
15 Nuclear Export Reorganization Act of 1993.

16           “(b) PRESIDENTIAL ORDER.—Whenever the Presi-  
17 dent makes a determination under subsection (a) with re-  
18 spect to a financial institution, the President shall issue  
19 an order specifying a date within 180 days after such de-  
20 termination on which the prohibitions in section 603 shall  
21 begin to apply to such institution.

22   **“SEC. 602. ADDITIONAL ENTITIES AGAINST WHICH SANC-**  
23                   **TIONS ARE TO BE IMPOSED.**

24           “The prohibitions described in section 603 shall also  
25 be imposed, pursuant to section 601, on—

1           “(1) any successor entity to the financial insti-  
2           tution with respect to which the President makes a  
3           determination under section 601(a);

4           “(2) any foreign person or United States person  
5           that is a parent or subsidiary of that financial insti-  
6           tution if that parent or subsidiary materially and  
7           with requisite knowledge assisted in the activities  
8           which were the basis of that determination; and

9           “(3) any foreign person or United States person  
10          that is an affiliate of that financial institution if that  
11          affiliate materially and with requisite knowledge as-  
12          sisted in the activities which were the basis of such  
13          determination and if that affiliate is controlled in  
14          fact by that financial institution.

15 **“SEC. 603. PROHIBITIONS.**

16          “The following prohibitions shall apply to a financial  
17          institution with respect to which a determination is made  
18          under section 601(a) and to the entities described in sec-  
19          tion 602:

20                 “(1) BAN ON DEALINGS IN GOVERNMENT FI-  
21                 NANCE.—

22                         “(A) DESIGNATION AS PRIMARY DEAL-  
23                         ER.—Neither the Board of Governors of the  
24                         Federal Reserve System nor the Federal Re-  
25                         serve Bank of New York may designate, or per-

1 mit the continuation of any prior designation  
2 of, such financial institution or any such entity  
3 as a primary dealer in United States Govern-  
4 ment debt instruments.

5 “(B) GOVERNMENT FUNDS.—Such finan-  
6 cial institution or any such entity shall not  
7 serve as agent of the United States Government  
8 or serve as repository for United States Govern-  
9 ment funds.

10 “(2) RESTRICTIONS ON OPERATIONS.—Such fi-  
11 nancial institution or any such entity shall not, di-  
12 rectly or indirectly—

13 “(A) commence any line of business in the  
14 United States in which it was not engaged as  
15 of the date of the determination; or

16 “(B) conduct business from any location in  
17 the United States at which it did not conduct  
18 business as of the date of the determination.

19 **“SEC. 604. CONDITIONS AND TERMINATION OF SANCTIONS.**

20 “The same requirements for consultation with the  
21 foreign government of jurisdiction, where appropriate, and  
22 for termination of sanctions shall apply under this title  
23 as are provided in subsections (b) and (e), respectively,  
24 of section 401 of the Nuclear Export Reorganization Act  
25 of 1993.

1 **“SEC. 605. WAIVER.**

2 “The President may waive the imposition of any pro-  
3 hibition imposed on any financial institution or other en-  
4 tity pursuant to section 601 or 602 if the President deter-  
5 mines and certifies to the Congress that the imposition  
6 of such prohibition would have a serious adverse effect on  
7 the safety and soundness of the domestic or international  
8 financial system or on domestic or international payments  
9 systems.

10 **“SEC. 606. DEFINITIONS.**

11 “As used in this title—

12 “(1) the term ‘financial institution’ includes—

13 “(A) a depository institution, including a  
14 branch or agency of a foreign bank;

15 “(B) a securities firm, including a broker  
16 or dealer;

17 “(C) an insurance company, including an  
18 agency or underwriter;

19 “(D) any other company that provides fi-  
20 nancial services; or

21 “(E) any subsidiary of any entity described  
22 in subparagraph (A), (B), (C), or (D);

23 “(2) the term ‘requisite knowledge’ means situ-  
24 ations in which a person ‘knows’, as ‘knowing’ is de-  
25 fined in section 104 of the Foreign Corrupt Prac-  
26 tices Act of 1977 (15 U.S.C. 78dd-2), and includes

1 situations in which a person has reason to know;  
2 and

3 “(3) the terms ‘foreign person’ and ‘United  
4 States person’ have the meanings given those terms  
5 in section 401(g) of the Nuclear Export Reorganiza-  
6 tion Act of 1993.”.

7 **SEC. 406. EXPORT-IMPORT BANK OF THE UNITED STATES.**

8 Section 2(b)(4) of the Export-Import Bank Act of  
9 1945 (12 U.S.C. 635(b)(4)) is amended in the first sen-  
10 tence by inserting after “device” the following: “(as de-  
11 fined in section 3(9) of the Nuclear Export Reorganization  
12 Act of 1993), or that any country has willfully aided or  
13 abetted any non-nuclear-weapon state (as defined in sec-  
14 tion 3(7) of that Act) to acquire any such nuclear explo-  
15 sive device or to acquire unsafeguarded special nuclear  
16 material (as defined in section 3(13) of that Act).”.

17 **SEC. 407. ADDITIONAL AMENDMENTS TO THE FOREIGN AS-**  
18 **SISTANCE ACT OF 1961.**

19 (a) **ADDITIONAL SANCTIONS.**—Section 670 of the  
20 Foreign Assistance Act of 1961 (22 U.S.C. 2429a(b)) is  
21 amended—

22 (1) in subsection (b), by redesignating para-  
23 graphs (2), (3), and (4) as paragraphs (4), (5), and  
24 (6), respectively; and

1           (2) by amending subsection (b)(1) to read as  
2 follows:

3           “(b)(1) Except as provided in paragraphs (4), (5),  
4 and (6), in the event that the President determines that  
5 any country, after the date of enactment of the Nuclear  
6 Export Reorganization Act of 1993—

7           “(A) transfers to a non-nuclear-weapon state a  
8 nuclear explosive device,

9           “(B) is a non-nuclear-weapon state and ei-  
10 ther—

11           “(i) receives a nuclear explosive device, or

12           “(ii) detonates a nuclear explosive device,

13           “(C) transfers to a non-nuclear-weapon state  
14 any design information or component which is deter-  
15 mined by the President to be important to, and  
16 known by the transferring country to be intended by  
17 the recipient state for use in, the development or  
18 manufacture of any nuclear explosive device, or

19           “(D) is a non-nuclear-weapon state and has  
20 sought and received any design information or com-  
21 ponent which is determined by the President to be  
22 important to, and intended by the recipient state for  
23 use in, the development or manufacture of any nu-  
24 clear explosive device,

1 then the President shall forthwith report in writing his  
2 determination to the Congress and shall forthwith impose  
3 the sanctions described in paragraph (2) against that  
4 country.

5 “(2) The sanctions referred to in paragraph (1) are  
6 as follows:

7 “(A) The United States Government shall ter-  
8minate assistance to that country under this Act, ex-  
9cept for humanitarian assistance or food or other  
10 agricultural commodities.

11 “(B) The United States Government shall ter-  
12minate—

13 “(i) sales to that country under the Arms  
14 Export Control Act of any defense articles, de-  
15fense services, or design and construction serv-  
16ices, and

17 “(ii) licenses for the export to that country  
18 of any item on the United States Munitions  
19 List.

20 “(C) The United States Government shall ter-  
21minate all foreign military financing for that country  
22 under the Arms Export Control Act.

23 “(D) The United States Government shall deny  
24 to that country any credit, credit guarantees, or  
25 other financial assistance by any department, agen-

1 cy, or instrumentality of the United States Govern-  
2 ment, except that the sanction of this subparagraph  
3 shall not apply—

4 “(i) to any transaction subject to the re-  
5 porting requirements of title V of the National  
6 Security Act of 1947 (relating to congressional  
7 oversight of intelligence activities), or

8 “(ii) to humanitarian assistance.

9 “(E) The United States Government shall op-  
10 pose, in accordance with section 701 of the Inter-  
11 national Financial Institutions Act (22 U.S.C.  
12 262d), the extension of any loan or financial or tech-  
13 nical assistance to that country by any international  
14 financial institution.

15 “(F) The United States Government shall pro-  
16 hibit any United States bank from making any loan  
17 or providing any credit to the government of that  
18 country, except for loans or credits for the purpose  
19 of purchasing food or other agricultural commod-  
20 ities.

21 “(G) The President shall prohibit exports to  
22 that country of all goods and technology (excluding  
23 food and other agricultural commodities), except  
24 that such prohibition shall not apply to any trans-  
25 action subject to the reporting requirements of title

1 V of the National Security Act of 1947 (relating to  
2 congressional oversight of intelligence activities).

3 “(3) As used in this subsection—

4 “(A) the term ‘design information’ means infor-  
5 mation that relates to the design of a nuclear explo-  
6 sive device and that is not available to the public;  
7 and

8 “(B) the term ‘component’ means a component  
9 of a nuclear explosive device.”.

10 (b) DEFINITION OF NUCLEAR EXPLOSIVE DEVICE.—

11 Section 644 of the Foreign Assistance Act of 1961 (22  
12 U.S.C. 2403) is amended by adding at the end the follow-  
13 ing:

14 “(q) ‘Nuclear explosive device’ has the meaning given  
15 that term in section 3(9) of the Nuclear Export Reorga-  
16 nization Act of 1993.”.

17 (c) CONFORMING AMENDMENTS.—Section 670(b) of  
18 the Foreign Assistance Act of 1961 (22 U.S.C. 2429a(b))  
19 is further amended—

20 (1) in paragraph (4) (as redesignated by sub-  
21 section (a)(1) of this section)—

22 (A) in subparagraph (A)—

23 (i) by striking “furnish assistance  
24 which would otherwise be prohibited under  
25 paragraph (1)” and inserting “delay the

1 imposition of sanctions which would other-  
2 wise be required under paragraph (1)(A)  
3 or (1)(B)”;

4 (ii) by striking “, before furnishing  
5 such assistance, the President” and insert-  
6 ing “the President first”; and

7 (iii) by striking “termination of assist-  
8 ance to” and inserting “imposition of sanc-  
9 tions on”;

10 (B) in subparagraph (B) by striking “(3)”  
11 and inserting “(5)”;

12 (C) in subparagraph (E)—

13 (i) by striking “(b)(2)” and inserting  
14 “(b)(4)”;

15 (ii) by striking “(b)(3)” and inserting  
16 “(b)(5)”;

17 (2) in paragraph (5) (as so redesignated)—

18 (A) by striking “(2)” and inserting “(4)”;

19 (B) by striking “furnish assistance which  
20 would otherwise be prohibited under paragraph  
21 (1)” and inserting “waive any sanction which  
22 would otherwise be required under paragraph  
23 (1)(A) or (1)(B)”;

1 (C) by striking “termination of such assist-  
2 ance” and inserting “imposition of such sanc-  
3 tion”;

4 (3) by redesignating paragraph (6) (as so re-  
5 designated) as paragraph (7); and

6 (4) by inserting after paragraph (5) (as so re-  
7 designated) the following:

8 “(6) Notwithstanding any other provision of  
9 law, the sanctions which are required to be imposed  
10 against a country under paragraph (1)(C) or (1)(D)  
11 shall not apply if the President determines and cer-  
12 tifies in writing to the Committee on Foreign Rela-  
13 tions and the Committee on Governmental Affairs of  
14 the Senate and the Committee on Foreign Affairs of  
15 the House of Representatives that the application of  
16 such sanctions against such country would have a  
17 serious adverse effect on vital United States inter-  
18 ests. The President shall transmit with such certifi-  
19 cation a statement setting forth the specific reasons  
20 therefor.”.

21 **SEC. 408. REWARD.**

22 Section 36(a) of the State Department Basic Au-  
23 thorities Act of 1956 (22 U.S.C. 2708(a)) is amended—

24 (1) by redesignating paragraphs (1) through  
25 (3) as subparagraphs (A) through (C), respectively;

1 (2) by inserting “(1)” after “(a)”; and

2 (3) by adding at the end the following:

3 “(2) For purposes of this subsection, the term  
4 ‘act of international terrorism’ includes any act sub-  
5 stantially contributing to the acquisition of  
6 unsafeguarded special nuclear material (as defined  
7 in section 3(13) of the Nuclear Export Reorganiza-  
8 tion Act of 1993) or any nuclear explosive device (as  
9 defined in section 3(9) of that Act) by an individual  
10 or group.”.

11 **SEC. 409. REPORTS.**

12 (a) CONTENT OF ACDA ANNUAL REPORT.—Section  
13 52 of the Arms Control and Disarmament Act (22 U.S.C.  
14 2592) is amended—

15 (1) by inserting “(a) IN GENERAL.—” before  
16 “The Congress”;

17 (2) by striking “and” at the end of paragraph  
18 (4);

19 (3) by striking the period at the end of para-  
20 graph (5) and inserting “; and”;

21 (4) by adding after paragraph (5) the following  
22 new paragraph:

23 “(6) a section of the report shall deal with any  
24 material noncompliance by foreign governments with  
25 their commitments to the United States with respect

1 to the prevention of the spread of nuclear explosive  
2 devices (as defined in section 3(9) of the Nuclear  
3 Export Reorganization Act of 1993) by non-nuclear-  
4 weapon states (as defined in section 3(7) of that  
5 Act) or the acquisition by such states of  
6 unsafeguarded special nuclear material (as defined  
7 in section 3(13) of that Act), including—

8 “(A) a net assessment of the aggregate  
9 military significance of all such violations;

10 “(B) a statement of the compliance policy  
11 of the United States with respect to violations  
12 of those commitments; and

13 “(C) what actions, if any, the President  
14 has taken or proposes to take to bring any na-  
15 tion committing such a violation into compli-  
16 ance with its commitments.”; and

17 (5) by adding at the end the following new sub-  
18 section:

19 “(b) REPORTING CONSECUTIVE NONCOMPLIANCE.—  
20 If the President in consecutive reports submitted to the  
21 Congress under this section reports that any designated  
22 nation is not in full compliance with its nonproliferation  
23 commitments to the United States, then the President  
24 shall include in the second such report an assessment of

1 what actions are necessary to compensate for such viola-  
2 tions.”.

3 (b) REPORTING ON DEMARCHES.—(1)(A) Not later  
4 than six months after the date of enactment of this Act,  
5 the President shall submit to the congressional committees  
6 specified in section 602(c) of the Nuclear Non-Prolifera-  
7 tion Act of 1978 an unclassified report that shall state  
8 the number of high-level demarches that was issued or re-  
9 ceived by the United States with respect to activities relat-  
10 ed to the proliferation of nuclear explosive devices.

11 (B) The report described in subparagraph (A) shall  
12 cover demarches issued or received during the period be-  
13 ginning January 1, 1981, and ending December 31, 1993,  
14 and shall identify for each demarche the foreign country  
15 issuing or receiving the demarche, as the case may be.

16 (2)(A) Section 601(a) of the Nuclear Non-Prolifera-  
17 tion Act of 1978 (22 U.S.C. 3281(a)), as amended by sec-  
18 tion 101, is further amended—

19 (i) in paragraph (5), by striking “and” after  
20 the semicolon;

21 (ii) in paragraph (6), by striking the period and  
22 inserting “; and”; and

23 (iii) by adding after paragraph (6) the following  
24 new paragraph:

1           “(7) a statement of the number of all high-level  
2 demarches (as defined in section 209(b)(4) of the  
3 Omnibus Nuclear Proliferation Control Act of 1993)  
4 issued by or received by the United States with re-  
5 spect to activities related to the proliferation of nu-  
6 clear explosive devices, and shall identify each for-  
7 eign country issuing or receiving such a demarche,  
8 in the preceding calendar year.”.

9           (B) The amendments made by subparagraph (A)  
10 shall take effect on January 1, 1995.

11           (3) It is the sense of the Congress that the Depart-  
12 ment of State should, in the course of implementing its  
13 reporting responsibilities under section 602(c) of the Nu-  
14 clear Non-Proliferation Act of 1978, include a summary  
15 of all demarches that the United States has issued or re-  
16 ceived from foreign governments with respect to activities  
17 which are of significance from the proliferation standpoint.

18           (4) For purposes of this subsection, the term “high-  
19 level demarche” means any official communication by one  
20 government to another at the presidential, vice presi-  
21 dential, ministerial, or ambassadorial level, by written or  
22 oral means, intended by the originating government to ex-  
23 press—

24           (A) a concern over a past, present, or possible  
25 future action or activity of the recipient government,

1 or of a person within the jurisdiction of that govern-  
2 ment, contributing to the global spread of  
3 unsafeguarded special nuclear material or of nuclear  
4 explosive devices;

5 (B) a request for the recipient government to  
6 counter such action or activity; or

7 (C) both the concern and request described in  
8 subparagraphs (A) and (B).

9 **SEC. 410. TECHNICAL CORRECTION.**

10 Section 133 b. of the Atomic Energy Act of 1954 (42  
11 U.S.C. 2160c) is amended by striking “20 kilograms” and  
12 inserting “5 kilograms”.

13 **TITLE V—INTERNATIONAL**  
14 **ATOMIC ENERGY AGENCY**

15 **SEC. 501. BILATERAL AND MULTILATERAL INITIATIVES.**

16 It is the sense of the Congress that in order to main-  
17 tain and enhance international confidence in the effective-  
18 ness of IAEA safeguards and in other multilateral under-  
19 takings to halt the global proliferation of nuclear explosive  
20 devices and associated technology, the United States  
21 should seek to negotiate with other nations and groups  
22 of nations, including the IAEA Board of Governors and  
23 the Nuclear Suppliers Group, to—

24 (1) build international support for the principle  
25 that each nuclear supply relationship involving a

1 non-nuclear weapon state must include a commit-  
2 ment by such state to the application of full-scope  
3 international safeguards;

4 (2) encourage each nuclear-weapon state within  
5 the meaning of the Treaty on the Non-Proliferation  
6 of Nuclear Weapons to undertake a comprehensive  
7 review of its own procedures for declassifying infor-  
8 mation relating to the design or production of nu-  
9 clear explosive devices and to investigate any meas-  
10 ures that would reduce the risk of such information  
11 contributing to the proliferation of such devices;

12 (3) encourage the deferral of efforts to separate  
13 plutonium or enrich uranium to 20 percent uranium-  
14 235 or more;

15 (4) pursue greater financial support for the im-  
16 plementation and improvement of safeguards from  
17 all IAEA member nations with significant nuclear  
18 programs, particularly from those nations that are  
19 currently using or planning to use direct-use mate-  
20 rial for commercial purposes;

21 (5) arrange for the timely payment of annual fi-  
22 nancial contributions by all members of the IAEA,  
23 including the United States;

24 (6) discourage international commerce in highly  
25 enriched uranium for use in research reactors while

1 encouraging multilateral cooperation to develop and  
2 to use low-enriched alternative nuclear fuels;

3 (7) oppose efforts by non-nuclear-weapon states  
4 to develop or use unsafeguarded nuclear fuels for  
5 purposes of naval propulsion;

6 (8) pursue an international arrangement that  
7 would authorize the IAEA to operate surveillance  
8 aircraft and would facilitate IAEA access to satellite  
9 information for safeguards verification purposes;

10 (9) develop an institutional means for IAEA  
11 member nations to share information with the IAEA  
12 on possible safeguards violations;

13 (10) require any exporter of a sensitive nuclear  
14 facility or sensitive nuclear technology to notify the  
15 IAEA prior to export and to require safeguards over  
16 that facility or technology, regardless of its destina-  
17 tion;

18 (11) seek agreement among the parties to the  
19 Treaty to apply IAEA safeguards in perpetuity and  
20 to consider the establishment of new limits on the  
21 right to withdraw from the Treaty;

22 (12) encourage other nations to adopt legisla-  
23 tion that would tighten penalties against companies  
24 and individuals that knowingly and materially assist

1 any non-nuclear-weapon state or group to acquire a  
2 nuclear explosive device;

3 (13) encourage the creation under IAEA aus-  
4 pices of international repositories for the long-term  
5 storage of spent nuclear fuel; and

6 (14) develop measures to ensure the safe and  
7 long-term storage under international auspices of  
8 special fissionable material recovered as a con-  
9 sequence of nuclear disarmament accords.

10 **SEC. 502. REFORMS IN IAEA SAFEGUARDS.**

11 In order to promote the early adoption of reforms in  
12 the implementation of the safeguards responsibilities of  
13 the IAEA, the Congress urges the President to negotiate  
14 with other nations and groups of nations, including the  
15 IAEA Board of Governors and the Nuclear Suppliers  
16 Group, to—

17 (1) improve the access of the IAEA within non-  
18 nuclear weapon states to nuclear facilities that are  
19 capable of producing, processing, or fabricating spe-  
20 cial fissionable material suitable for use in a nuclear  
21 explosive device;

22 (2)(A) facilitate the IAEA's efforts to meet and  
23 to maintain its own goals for detecting the diversion  
24 of nuclear materials and equipment, giving particu-

1 lar attention to facilities in which there are bulk  
2 quantities of plutonium; and

3 (B) if it is not technically feasible for the IAEA  
4 to meet those detection goals in a particular facility,  
5 require the IAEA to declare publicly that it is un-  
6 able to do so;

7 (3) enable the IAEA to issue fines for violations  
8 of safeguards procedures, to pay rewards for infor-  
9 mation on possible safeguards violations, and to es-  
10 tablish a 'hot line' for the reporting of such viola-  
11 tions and other illicit uses of direct-use material;

12 (4) examine the feasibility of applying safe-  
13 guards at facilities engaged in the manufacture of  
14 equipment or material that is especially designed or  
15 prepared for the processing, use, or production of  
16 special fissionable material or, in the case of non-nu-  
17 clear-weapon states, of any nuclear explosive device;

18 (5) examine the feasibility of applying safe-  
19 guards over research and development activities and  
20 facilities involving sensitive nuclear technology, as  
21 defined in section 4(a)(6) of the Nuclear Non-Pro-  
22 liferation Act of 1978, or any other technology di-  
23 rectly related to the acquisition or production of nu-  
24 clear explosive devices;

1           (6) implement special inspections of undeclared  
2 nuclear facilities, as provided for under existing safe-  
3 guards procedures, and seek authority for the IAEA  
4 to conduct short-notice inspections on demand at  
5 suspected nuclear sites;

6           (7) expand the scope of safeguards to include  
7 tritium, uranium concentrates, and nuclear waste  
8 containing significant quantities of special fission-  
9 able material, and increase the scope of such safe-  
10 guards on heavy water;

11          (8) revise downward the IAEA's official mini-  
12 mum amounts of nuclear material ("significant  
13 quantity") needed to make a nuclear explosive device  
14 and establish these amounts as national rather than  
15 facility standards;

16          (9) expand the use of full-time resident IAEA  
17 inspectors at sensitive fuel cycle facilities;

18          (10) require the use of near real time material  
19 accountancy in the conduct of safeguards at facili-  
20 ties that use, produce, or store significant quantities  
21 of special fissionable material;

22          (11) develop with other IAEA member nations  
23 an agreement on procedures to expedite approvals of  
24 visa applications by IAEA inspectors;

1           (12) provide the IAEA the additional funds,  
2           technical assistance, and political support necessary  
3           to carry out the goals set forth in this subsection;  
4           and

5           (13) make public the annual safeguards imple-  
6           mentation report of the IAEA, establishing a public  
7           registry of commodities in international nuclear com-  
8           merce, including dual-use goods, and creating a pub-  
9           lic repository of current nuclear trade control laws,  
10          agreements, regulations, and enforcement and judi-  
11          cial actions by IAEA member nations.

12 **SEC. 503. REPORTING REQUIREMENT.**

13          (a) REPORT REQUIRED.—The President shall, in the  
14          report required by section 601(a) of the Nuclear Non-Pro-  
15          liferation Act of 1978, describe—

16                (1) the steps he has taken to implement sec-  
17                tions 501 and 502, and

18                (2) the progress that has been made and the  
19                obstacles that have been encountered in seeking to  
20                meet the objectives set forth in sections 501 and  
21                502.

22          (b) CONTENTS OF REPORT.—Each report under  
23          paragraph (1) shall describe—

24                (1) the bilateral and multilateral initiatives that  
25                the President has taken during the period since the

1 enactment of this Act in pursuit of each of the ob-  
2 jectives set forth in sections 501 and 502;

3 (2) any obstacles that have been encountered in  
4 the pursuit of those initiatives;

5 (3) any additional initiatives that have been  
6 proposed by other countries or international organi-  
7 zations to strengthen the implementation of IAEA  
8 safeguards;

9 (4) all activities of the Federal Government in  
10 support of the objectives set forth in sections 501  
11 and 502;

12 (5) any recommendations of the President on  
13 additional measures to enhance the effectiveness of  
14 IAEA safeguards; and

15 (6) any initiatives that the President plans to  
16 take in support of each of the objectives set forth in  
17 sections 501 and 502.

18 **TITLE VI—REVIEW OF**  
19 **PLUTONIUM USE POLICY**

20 **SEC. 601. FINDINGS AND DECLARATIONS.**

21 The Congress finds and declares that—

22 (1) reactor-grade plutonium is a direct-use ma-  
23 terial;

1           (2) plutonium in all forms is hazardous to the  
2 human and natural environment and is a potential  
3 radiological weapon;

4           (3) nuclear reprocessing programs that produce,  
5 or are intended to produce, large amounts of pluto-  
6 nium, especially amounts of plutonium that exceed  
7 the reasonable economic needs of a country, for civil-  
8 ian uses jeopardize the efforts of the United States,  
9 other nations, and international organizations to re-  
10 duce the global risks of nuclear weapons prolifera-  
11 tion, nuclear terrorism, and environmental contami-  
12 nation;

13           (4) the United States Government has sus-  
14 pended the production of military plutonium and has  
15 abandoned civil reprocessing and breeder reactor de-  
16 velopment in the United States;

17           (5) more than 500 metric tons of plutonium  
18 currently exist in civilian nuclear fuel worldwide,  
19 more than 100 metric tons of plutonium have al-  
20 ready been separated from nuclear fuel irradiated in  
21 civilian reactors, and more than 200 metric tons of  
22 plutonium exist in declared nuclear weapons stock-  
23 piles;

24           (6) on July 16, 1981, the President announced  
25 a policy that the United States “will not inhibit or

1 set back civil reprocessing and breeder reactor devel-  
2 opment in nations with advanced nuclear power pro-  
3 grams where it does not constitute a proliferation  
4 risk”;

5 (7) much of the world surplus of civil plutonium  
6 has resulted from foreign nuclear reprocessing ac-  
7 tivities undertaken pursuant to agreements for nu-  
8 clear cooperation with the United States that were  
9 negotiated or sustained under this policy and that  
10 grant long-term United States approval for civilian  
11 uses of plutonium recovered from United States-sup-  
12 plied nuclear fuel;

13 (8) large amounts of additional civil plutonium,  
14 far exceeding the amounts of plutonium now con-  
15 tained in nuclear weapons, may soon be recovered in  
16 reprocessing plants that are about to be started up  
17 or constructed in the European Community and  
18 Japan under this policy;

19 (9) once these new plants start up and become  
20 contaminated with radiation, the environmental dif-  
21 ficulties of shutdown and clean-up increase dramati-  
22 cally;

23 (10) abundant and inexpensive global sources of  
24 uranium and uranium enrichment services have

1 steadily eroded the economic need for the use of plu-  
2 tonium in civilian nuclear reactors;

3 (11) breeder reactors were once supposed to be  
4 the principal consumers of civil plutonium but have  
5 now encountered major financial and technical prob-  
6 lems and recently have been abandoned or shut  
7 down in Germany, France, and Britain and have  
8 suffered major delays in Japan;

9 (12) reprocessing was once regarded as an eco-  
10 nomic and efficient approach to nuclear fuel recy-  
11 cling and waste management but is now widely rec-  
12 ognized as extremely costly and posing major envi-  
13 ronmental hazards; and

14 (13) the Deputy Director of the International  
15 Atomic Energy Agency has recently stated that “the  
16 excess of plutonium from civilian nuclear programs  
17 poses a major political and security problem world-  
18 wide”.

19 **SEC. 602. REPORT.**

20 The President shall—

21 (1) reexamine the policy described in section  
22 601(6); and

23 (2) not later than 90 days after the date of en-  
24 actment of this Act—

- 1           (A) take account of the significant changes  
2           in the global security environment and in the  
3           global nuclear market since 1981 by modifying  
4           the policy described in section 601(6) to avoid  
5           the political and security problems associated  
6           with excess plutonium from civilian nuclear pro-  
7           grams in the world; and
- 8           (B) submit a report to the Congress de-  
9           scribing the steps taken to modify the policy.

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