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MTG. w/ SCHLEEDE & WESTINGHOUSE  
OFFICIALS

Wednesday, Sept. 22, 1976  
3:00 p.m.

re; Nuclear Policy

THE WHITE HOUSE

WASHINGTON

September 21, 1976

MEMORANDUM FOR: JIM CANNON  
FROM: *Glenn* GLENN SCHLEEDE  
SUBJECT: MEETING WITH THE WESTINGHOUSE PEOPLE

The purpose of this meeting is to give the Westinghouse people an opportunity to present to you their concerns about non-proliferation legislation (specifically, the Price-Anderson bill which is the most acceptable version we've seen so far) now being considered in the Congress.\*

Their general concerns are summed up in the attached letter to Bob Seamans from the American Nuclear Energy Council. Briefly, they are:

- . Industry has not had an opportunity to be heard on this issue.
- . The bill, in effect, abrogates provisions in existing bilateral agreements with the trading partners -- without first giving an opportunity to obtain other nations' agreement by negotiation.
- . Other supplier nations, with less rigorous export license criteria will step in to replace U.S. suppliers.
- . U.S. loss of markets will not help the non-proliferation objectives.
- . "At stake is a backlog of perhaps \$4 billion of overseas orders to American industry (30,000 direct jobs), and an estimated \$29 billion of potential U.S. sales and 200,000 jobs per year through 1981."
- . Westinghouse is particularly concerned about loss of two reactor sales in Spain where they now only have letter agreements and one reactor in Belgium. France has gone after all three.

\*They are even more concerned, it turns out, about the Zablocki amendment to the Export Administration Act which will be on the floor Wednesday afternoon--in the House

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I think our main function should be to listen. However, you may also want to:

- (1) Express our sympathy with their desire for a strong supplier position of the U.S.
- (2) Reassure them that the Administration does not plan to "give away the farm" in proliferation legislation to get the NFAA.
- (3) Urge them to support NFAA strongly -- something they have not done in the past.

Attachment.

AMERICAN NUCLEAR ENERGY COUNCIL

1750 K STREET, N.W. • SUITE 300 • WASHINGTON, D.C. 20006

(202) 235-4520

CRAIG HOSMER  
PRESIDENT

September 16, 1976

Hon. Robert C. Seamans, Jr.  
Administrator  
U.S. Energy Research &  
Development Administration  
Washington, D.C. 20545

Re: H.R. 15419 (Nuclear Exports)

Dear Bob:

I feel it essential to write you regarding industry concerns over the bill "Nuclear Proliferation Control Act of 1976", H.R. 15419, as reported by the Joint Committee on Atomic Energy on September 14, 1976, with the so-called technical amendments recommended by ERDA.

First, let me make clear that the nuclear industry perceives that legislation addressed to the problem of nuclear non-proliferation is desired by some people. We do not, however, feel that the public generally is in that category, or if so, only mildly. Notwithstanding, an orderly international nuclear commerce requires the world to adopt common, effective measures which will meet the deep and genuine concerns of the Administration, the Congress, the American people, and of many other nations with similar views. So, legislation which actually provides these measures can be helpful.

But let me add that, in the attempt to secure legislation in the brief time before Congress adjourns, there has been no response to industry's attempts to be heard on its informed views on this subject. We feel this is a serious omission, because this exceedingly complicated, little understood and much amended bill is still intermixed with adverse commercial and foreign policy implications. We are writing you to be sure that ERDA understands, however, that our concerns are not just commercial in nature. That is important, but secondary. They are based on basic questions as to whether the proposed measure really is effective to inhibit nuclear non-proliferation, or even may be counterproductive.

The focus of our concern is Section 14, which creates licensing principles which would immediately apply to nuclear exports from the United States. Defined principles are certainly desirable by which NRC may exercise its judgement on nuclear exports. But the bill goes further. It would abrogate provisions in existing bilateral agreements with other countries. Most important, it would do so without giving diplomatic efforts a chance to modify those agreements through



renegotiation.

In the meantime, and until renegotiation, the NRC must apply the legally-defined principles to all exports, including those which stem from existing contracts, already financed (in the most part) through the Export-Import Bank. This is bound to create confusion in the minds of customer nations as to the reliability of the U.S. as a supplier, and to have a potentially damaging effect on U.S. nuclear exports, both as to existing business and future sales.

We see the real risk that other supplier nations who have not yet adopted similar export licensing criteria (and there are none) will simply step in to replace U.S. suppliers. This is already happening in an increasingly competitive market situation -- the effect of the bill in adding a question mark as to the credibility of the U.S. as a reliable supplier could put us at a decisive disadvantage in the international market place. As our share of it shrinks, so shrinks American non-proliferation clout.

No amount of protestation in the bill about the U.S. becoming a reliable supplier can overcome the fact that its competitors are taking away its business because many countries are not convinced in this respect. They are aware that no enriching contracts have been offered since 1974; that Congress is balking at NFAA; that bills and amendments to apply all kinds of nuclear exports proliferate in Congress; that nuclear moratoria are pending in several states; and so on.

There is no need to re-emphasize that the consequence of this market shift to other suppliers would neither serve non-proliferation objectives, nor do much to convince other supplier nations that they should give back the competitive advantage which we have handed to them.

At stake is a backlog of perhaps \$4 billion of overseas orders to American industry (30,000 direct jobs), and another estimated \$29 billion potential for U.S. sales and 200,000 jobs per year through 1981. Perhaps only some of this potential business would be lost if the bill passes. The industry would surely agree to accept that consequence in exchange for the achievement of real and far-reaching non-proliferation goals. But, we feel it would be a very high price to pay if the bill falls short of its announced objectives. We feel that it does fall short. We are not convinced that such unilateral action by the United States on nuclear export controls will, in the absence of similar policy decisions and actions by other supplier states, accomplish the important non-proliferation objectives being sought.

It is possible that the Congress may be having second thoughts on considering nuclear export legislation in the current session. If this is so, perhaps ERDA can thereafter draft legislation which could, early in the next session, be submitted to Congress and be exposed to the deliberative hearing process which this complex and important subject deserves.

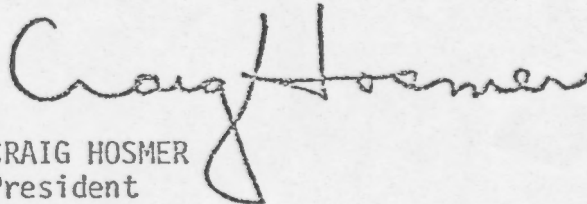




non. ROBERT W. SCAMMANS, et al. September 10, 1977

I have only highlighted a few specific objections to the bill as now written and amended. There are others, but I think that those re-cited should be sufficient to indicate that a more deliberative approach should be taken to this kind of legislation. And, there is no emergency situation at hand that requires immediate action.

Cordially,

A handwritten signature in cursive script, appearing to read "Craig Hosmer". The signature is written in dark ink and is positioned above the typed name and title.

CRAIG HOSMER  
President

CH:jh



9/15/76

Scheduled Wed Sept 23  
3 PM

Mr. Cannon:

Hugh Scott's office called to see if there would be a possible<sup>ity</sup> of you meeting with Leo Wright, Director of Federal Programs for Westinghouse Corporation and Dwight Porter, former ambassador in Lebanon, who is an expert in the nuclear field.

They would like to talk to you about Nuclear Proliferation.

I WILL MEET WITH THEM ✓  
w/Schleede ✓

I WILL NOT MEET WITH THEM \_\_\_\_\_

OTHER \_\_\_\_\_

kb

Richard Quick, 224-6324

ERPA, NSC

Schleede will call Porter

This week

