

Energy Insider by William Engdahl

Resuming American nuclear exports

The contradictions must be resolved if the new administration wants to reverse Carter's policies.

Contradictory is the word that best sums up the administration's moves to undo the Carter disaster euphemistically referred to as "nuclear nonproliferation policy."

As I have documented in this space, there is a strong public commitment on the part of the new President, Energy Secretary James Edwards, and a number of important policy people in various agencies, including the State Department, and even the notorious Nuclear Regulatory Commission (see *EIR*, March 31, 1981), to removing the self-defeating and disastrous Carter nuclear export restrictions in the Percy-Glenn Nuclear Nonproliferation Act of 1978.

There are some encouraging signs. In the last few days, Egypt and the United States signed a nuclear cooperation agreement that could lead to the export of two 1,000 megawatt nuclear power units from Westinghouse, less than a month after Egyptian President Sadat signed the international nonproliferation treaty. The Egyptian-U.S. talks have been stalled since 1976. Egyptian financing will be pegged to oil export revenues.

Simultaneously, several reliable sources report, a top-level negotiating team from a major U.S. nuclear reactor manufacturer is in Mexico holding talks along similar oil-for-nuclear technology lines.

The fight to get the U.S. back into exporting nuclear plants is also taking place behind the scenes in

Washington, according to my sources in the industry.

The reasons are not hard to see. Only five years ago, the United States commanded a full 70 percent of total reactor exports worldwide. The late Shah of Iran alone was negotiating a potential \$35 billion oil-for-nuclear purchase on the eve of his ouster.

Nuclear power plants and related fuel cycle services are the largest item in the U.S. export profile. The freeze on these billion-dollar, capital-intensive exports is the largest single source of trade deficit in the last several years.

Let's take a closer look at this export capability. Present nuclear industry capacity is 25-30 plant per year, according to an April 1979 industry study headed by Deputy Energy Secretary-designate W. Kenneth Davis. Given the ongoing freeze, with prohibitive interest rates and regulatory absurdities, industry optimistically does not expect U.S. electric utilities to resume new orders for one to two years. An immediate resumption of exports is vital to the survival of the nuclear industry.

An in-house study last year by Westinghouse, based on replies of nations to the International Fuel Cycle Evaluation, shows a world nuclear export market (excluding Eastern Europe) potential of 248 nuclear plants of 1,000 MW size. If the U.S. took an average of 50 percent of this, it would conservatively

mean \$124 billion dollars in export earnings. In terms of skilled blue-collar jobs in construction, machine-tooling and fabrication, it would create a minimum of 7.5 million man-years of work. And this is good tax revenue, Mr. Stockman, not leaf-raking makework.

The Percy-Glenn Act, with its obstacles to reliable export of nuclear technology using the bugaboo of the "bomb," is of course one major obstacle to resuming exports; the stalemate at the Nuclear Regulatory Commission delaying export licenses is another, along with uncertainty of U.S. uranium enrichment. These internal obstacles have all but killed this export market.

It is far more than dollars for American industry, however. Nations in the developing sector such as India simply will not be able to industrialize without nuclear power generation. With a population of almost 700 million, India has a total installed electric generating capacity of 29,000 megawatts. The U.S. has 220 million people with some 600,000 MW capacity.

The policy of providing uranium to fuel the Tarapur nuclear plant near Bombay will be an important test of whether the new U.S. administration reverses the unproductive punitive approach of Carter strategists, who favored China over the relatively more advanced India.

It will also be a test for the new nominee to head the U.S. Export-Import Bank, California zero-population growth advocate William Draper, who reportedly wants to shift U.S. export policy away from nuclear exports toward "labor-intensive [strategic] mineral extraction projects."