

CINTAC

Civil Nuclear Trade Advisory Committee

April 26, 2015

The Honorable Penny Pritzker
Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Secretary Pritzker,

The Civil Nuclear Trade Advisory Committee (CINTAC), as an advisor to you on issues important to the promotion of nuclear energy exports, writes to express its strong support for renewal of the U.S.-China Agreement for Peaceful Nuclear Energy Cooperation and to recommend your and your Department's active support for the renewal agreement before Congress. The agreement was transmitted to the Hill on April 21, 2015 and strong Congressional attention is expected. Any lapse in this agreement would be extremely damaging to existing U.S. civil nuclear trade with China, harmful to U.S. industry's global reputation, and would call into question the reliability of the United States as a supplier of civil nuclear technology to other countries.

In order for U.S. companies to participate in civil nuclear trade with a country, an Agreement for Peaceful Nuclear Energy Cooperation ("Section 123 Agreement") must be in place. Unless the Section 123 Agreement between the United States and the People's Republic of China ("China") is renewed before its expiration in December 2015, U.S. civil nuclear companies will lose access to the world's largest market for nuclear technology, equipment and services. Billions of dollars in U.S. exports and thousands of American jobs are at risk.

The U.S. civil nuclear industry needs your active support for the U.S.-China 123 Agreement. Although a Section 123 Agreement comes into force automatically unless it is disapproved or modified by Congress, a successful outcome for this Agreement cannot be assumed. After the current agreement was negotiated in 1985, Congress imposed special conditions that prevented its enactment until 1998.

U.S. industry has enjoyed healthy and robust civil nuclear trade with China under the current agreement. China is building four U.S.-designed nuclear power plants with the help of multiple U.S. suppliers. In addition to reactor technology, U.S. civil nuclear companies supply China with equipment and components as well as a broad range of services, including engineering and construction, fuel supply, and training. This trade maintains thousands of American jobs and creates tens of billions of dollars' worth of export revenue.

With timely renewal of the 123 Agreement, U.S. civil nuclear exports to China have a bright future. China currently has 24 nuclear reactors in operation with 26 under construction, and expects their nuclear generating capacity to rise from 20 gigawatts today to 58 gigawatts by 2020

and 150 gigawatts by 2030. China utilizes Russian, French, Canadian, and American civil nuclear technology and has used this base technology to create a robust indigenous program. China intends to select two technologies for its future plants, one of which is American. There are expectations that China will order twenty American reactors within the next five years

In addition to the economic benefits, there are other reasons for the United States to renew the U.S.-China 123 Agreement. It will provide China with safer and more advanced reactors, and reduce China's carbon emissions. By enabling a strong U.S. presence in China's nuclear energy market, the agreement will enhance U.S. influence in China and promote China's adherence to international norms for nuclear safety, security and nonproliferation.

China is a recognized nuclear weapons state, in good standing, under the Treaty on Non-Proliferation of Nuclear Weapons (NPT), has possessed enrichment and reprocessing capabilities for decades, and is currently working with France and Russia to further develop these capabilities. Any restrictions that Congress may impose regarding this technology will have little impact on Chinese access to and utilization of this technology, but will have a major impact on U.S. involvement in China's civil nuclear program.

The CINTAC looks forward to your active support of the reauthorization of the U.S.-China 123 Agreement and believes that Commerce Department is uniquely situated to note the commercial benefits of the agreement and its impact on the long-term competitiveness of the U.S civil nuclear industry. We are happy to provide additional information to support your Congressional outreach efforts.

Sincerely, and on behalf of the members of the CINTAC,



Chris Tye
Chair

Civil Nuclear Trade Advisory Committee
Senior Vice President, Nuclear Power, Fluor Enterprises, Inc.



Gary Wolski
Vice Chair
Civil Nuclear Trade Advisory Committee
Vice President, Curtiss-Wright

Members of the CINTAC

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