

CINTAC

Civil Nuclear Trade Advisory Committee

June 2, 2010

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

Dear Secretary Locke,

On behalf of the Civil Nuclear Trade Advisory Committee (CINTAC), I wish to express our sincere appreciation for your strong leadership in supporting the U.S. commercial nuclear industry and your support in establishing this industry-based Federal Advisory Committee.

The CINTAC is off to a solid start. We have formally met twice, and have formed five sub-committees to focus on specific areas that impact the U.S. industry's competitiveness domestically and abroad. The CINTAC intends to provide you with specific and timely advice on critical issues as they develop, and with recommendations from each of the five sub-committees before the end of our current charter in September of this year. Based on the number and complexity of issues we have discussed in our initial meetings, we strongly recommend that the charter for the CINTAC be renewed to give the group sufficient time to add to the recommendations we are developing in the first round.

President Obama's Nuclear Security Summit held April 12-13, 2010, was a significant step toward enhancing international cooperation to prevent nuclear terrorism, an issue which the President has identified as the greatest threat to global security. The Summit's focus on securing nuclear materials points to the challenges of balancing nuclear security with the peaceful expansion of commercial nuclear power.

We also see a strong alignment between our work and President Obama's March 11, 2010 Executive Order establishing the National Export Initiative. The nuclear power industry has a significant opportunity to expand exports of high technology, high quality manufactured components to support the construction of new nuclear plants as well as the continued safe operation of the existing fleet. Each new nuclear plant manufactured by a U.S. vendor has the potential to create thousands of jobs and hundreds of millions of dollars in U.S. exports.

As members of the Civil Nuclear Trade Advisory Committee, we believe that our nation's nuclear security strategy must include significant engagement in the global nuclear market by U.S. companies. Growing world-wide demand for electricity generation capacity, particularly in developing nations, combined with the potential for significant carbon emission reduction, is leading to a global re-emergence of carbon-free nuclear power. For many developing nations, the decision to pursue new nuclear industrialization, including fuel enrichment and reprocessing, is fundamentally changing, as they consider the implications for their national energy security in an increasingly energy scarce world.

Other advanced nations, recognizing this fundamental shift, are acting strategically to leverage their existing or potential nuclear capabilities--often within the confines of state-owned or controlled industries.

In this context, the United States must expand its commercial engagement in the global nuclear market, which will, in turn, strengthen America's hand in non-proliferation and related strategic issues. The U. S. Government's previous non-proliferation policies discouraged the wide-spread expansion of commercial nuclear power and therefore the U.S. based nuclear industry had limited opportunities for growth internationally. While this policy was an effective strategy in the bi-polar "cold war" world, it does not address the growing complexities and the hard realities of the current multi-polar, energy dependent world. The global nuclear renaissance is now well underway. Recent news and other scholarly reports have shown how successfully foreign governments have integrated nuclear energy exports as a key element of their foreign policy and domestic growth strategies.

We have seen a marked increase in foreign governments' involvement in the promotion of their state supported nuclear industries including active participation by heads of state in pursuit of new business opportunities for their state-backed companies (e.g., March 12 (Bloomberg) -- Prime Minister Vladimir Putin closed more than \$10 billion in agreements with India, increasing Russia's role as a partner in defense, nuclear energy, aerospace and communications.)

Unless we act quickly to respond to this new paradigm, we risk further diminishing our leadership position in this developing energy market and ultimately in the much more robust nuclear non-proliferation regimes that will accompany it. ***In order to gain relevance we must: (1) strengthen and protect our nation's commercial nuclear manufacturing industry, through tax credits, loan guarantees and other incentives to help level the playing field and counter the support that government backed foreign competitors are receiving in the international marketplace; (2) break down multiple institutionalized barriers to market entry by U.S. nuclear companies, including streamlining export controls, addressing tariff disparities and pursuing the Convention on Supplementary Compensation for Nuclear Damage; and (3) continue to lead the development of international nuclear partnerships.***

The U.S. once led the global nuclear industry. To carry out the ambitious nuclear security goals President Obama has established, the U.S. must engage not only through diplomacy, but through trade policy. Only then will the U.S. firmly reestablish its leadership role in the nuclear industry and ensure its long term seat at the nuclear non-proliferation table.

The CINTAC believes one of the most urgent actions required is the identification and tracking of international trade practices that impact the ability of U.S. nuclear companies to penetrate foreign markets. We therefore urge you to request the office of the United States Trade Representative (USTR), working with industry participation, to conduct an accelerated assessment of uncompetitive trade practices in the global commercial nuclear industry and to include its findings in their annual "National Trade Estimate Report on Foreign Trade Barriers." Additionally, we urge you to work with the USTR to issue an interim report, if possible, within the next six months specifically focused on the global nuclear industry.

The CINTAC believes such a report is a crucial first step in leveling this critical playing field; will be a necessary step and strong basis for future policy decisions; will support President Obama's National Export Initiative; and will strengthen the United States participation in the creation of a global nuclear industry that supports growth in clean energy technologies while ensuring the security of the nations that implement it.

Sincerely, and on behalf of the members of CINTAC,



Craig S. Hansen
Chairman
Civil Nuclear Trade Advisory Committee
Vice President; NE Nuclear Manufacturing; Babcock & Wilcox

Cc: Ambassador Ron Kirk

Cc: Members of the CINTAC

Mr. Edward Wolbert; President/CEO, Transco Products Inc.
Mr. Anthony Greco; Senior Vice President, Westinghouse Electric Company
Mr. Daniel Roderick; Senior Vice President, GE Hitachi Nuclear Energy
Dr. Thomas Sanders; President, American Nuclear Society
Mr. Seth Grae; President & CEO, Lightbridge Corporation
Dr. William Woodward; Senior Vice President, Holtec International
Mr. Scott Campbell; President, American Council on Global Nuclear Competitiveness
Ms. Carol Berrigan; Senior Director, Industry Infrastructure, Nuclear Energy Institute
Mr. Bruce T. Landrey; Chief Marketing Officer, NuScale Power, Inc.
Mr. Jeffrey A. Benjamin, Sr. Vice President, Commercial Nuclear Power, CH2M Hill
Mr. Jack Edlow; President, Edlow International Company
Mr. Michael Whitehurst; Director, Business Development, American Centrifuge, USEC Inc.
Mr. Steve Casadevall; Engineering Manager, ASCO Valve Inc.
Mr. Scott Melbye; President, Cameco Inc.
Mr. Ganpat Mani; President & CEO, ConverDyn
Mr. John D. Moran; General Counsel, GrafTech International

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Civil Nuclear Trade Advisory Committee

September 16, 2010

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

Dear Secretary Locke,

As the Charter for the current Civil Nuclear Trade Advisory Committee (CINTAC) is about to end, the Committee and its sub-committees have consolidated and prioritized multiple recommendations for your consideration.

The underlying basis of these recommendations is the urgency and importance of quickly restoring a robust commercial nuclear industry in the United States that can compete fairly on a worldwide basis. The CINTAC believes a strong commercial nuclear infrastructure is critical to our energy and national security and ultimately to our economic prosperity. We believe it is important to create commercial nuclear jobs in the U.S. It is also critical to support U.S. technologies and companies to establish an effective export market that will drive the highest level of job creation in the U.S., ensuring our Nation's continued long-term relevance in the nuclear arena. A vibrant commercial nuclear supplier presence overseas is a matter of national security and significantly contributes to the U.S. government's non-proliferation positions. Its absence undermines U.S. non-proliferation goals.

It is clear that other countries recognize the importance of export markets to the success of their domestic nuclear industries. In many cases those nuclear companies are state enterprises, with the state acting as an integrated investor, insurer, dealmaker and often customer. In other instances the state is teaming up with its domestic industry to assist with, offer and promote new products worldwide and support overseas investments by state enterprises to assure raw materials. While fair and open markets are the ideal, in their absence the U.S. government (USG) needs a coordinated response to preserve and promote the U.S. industry and leverage uncompetitive market participants back onto a level playing field.

Based upon this underlying review of the global characteristics of nuclear trade the CINTAC recommendations are:

1. Create a team of U.S. industry, government, academia, and research labs - which is technology neutral - to advance the U.S. nuclear industry's interests. This team will focus on U.S. economic growth and jobs by creating and supporting domestic and international commercial nuclear opportunities and working to level the international playing field by opening markets and encouraging consistent commercial practices world-wide.

The team should be chaired by a White House/National Security Council Nuclear Ombudsman - a new position responsible for: guiding U.S. and international companies through the USG nuclear nonproliferation and export control programs, treaties, and regulations; coordinating with U.S. industry

in leveraging USG for international bids; leading USG and industry efforts in identifying and resolving priority trade issues; identifying countries and regions that represent significant commercial opportunities for U.S. companies; and developing a mechanism to ensure transparency and to solicit industry input as the USG negotiates and implements treaties for civil nuclear cooperation.

2. Establish a policy in coordination with the Departments of Energy (DOE) and State, and with the U.S. Trade Representative to encourage international companies that are owned, controlled or subsidized by their national governments to eliminate unfair competitive structures/financing and closed overseas markets and to develop specific criteria required to qualify for funding by the U.S. Treasury for programs such as DOE's loan guarantees for new nuclear projects in the United States.

3. Work with the U.S. Treasury to encourage international lending institutions, (e.g., World Bank, OPIC) to lift prohibitions of support for nuclear projects.

4. Continue to support and enhance efforts (including direct Department of Commerce support, strong USG alignment, and close State Department involvement) to encourage other nations to adopt, ratify and deposit the Convention on Supplementary Compensation for Nuclear Damages.

5. Spearhead an inter-agency and industry joint effort to create specific policies to expand workforce training to meet the high demand for workers skilled in nuclear plant design, construction and operation to enhance the U.S. industry's ability to compete globally.

6. Accelerate and simplify the commercialization of advanced nuclear technologies from the national laboratories to U.S. companies by rebuilding industry's relationship with government-funded research programs and establishing a decade-long "Nuclear Technology Competitiveness Initiative" focused on near-term development and innovation to increase U.S. industry's competitiveness and create jobs.

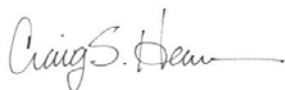
7. Continue the USG's strong support of international trade missions to facilitate U.S. industry's entry into the global commercial nuclear market and increase its leverage of geo-political relationships to ensure open markets and consistent fair play in commercial nuclear tenders and bidding processes.

8. Develop a road map/toolkit (in both printed and web form) directed at foreign governments and industry to help them understand the treaties, regulations and processes required for foreign nations and industry to cooperate and trade with the U.S. industry.

Documents supporting these recommendations have been provided to your staff for future reference.

On behalf of the CINTAC, I wish to express our sincere appreciation for your leadership in support of the nuclear industry, and for renewing the charter for this industry-based Federal Advisory Committee.

Sincerely, and on behalf of the members of CINTAC,



Craig S. Hansen
Chairman
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