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June 10, 2014

VIA EMAIL

Mr. Brian Torrie  
Director General  
Regulation Policy Directorate  
Canadian Nuclear Safety Commission  
280 Slater Street  
Ottawa, ON K1P 5S9

Dear Mr. Torrie:

***Cameco's Supplementary Comments on REGDOC-2.13.2, Safeguards and Non-proliferation: Import and Export***

Cameco Corporation (Cameco) submitted comments on REGDOC-2.13.2, *Safeguards and Non-proliferation: Import and Export* (the "Document") on April 29, 2014. In these comments, Cameco stated that in general, the guidance and information provided by the Document would be helpful to licensees. Cameco then provided specific suggestions of clarifications to sections 6.2 (intangible technology transfers), 8.1 (audits of licence conditions) and Appendix A (end-use statements). Cameco did not provide any comments on the foreign-origin uranium aspect of section 4.2 of the Document, because our reading of that section – in the context of a document that is essentially an instruction manual - did not raise any issues or concerns. It is notable that no other comments were submitted to the Canadian Nuclear Safety Commission (CNSC) on the foreign-origin uranium aspect of section 4.2 of the Document.

However, Cameco has recently been advised that the CNSC intends to rely on the following statement in section 4.2 to apply Canadian obligations on all foreign-origin uranium:

*Canadian exports of uranium for nuclear use include not only Canadian-origin uranium, but also foreign-origin uranium imported into Canada for commercial processing before delivery to another country. It is the CNSC's regulatory practice that all exports of uranium from Canada, regardless of origin, will be made subject to the terms and conditions of an NCA between Canada and the receipt country at the time of export.*

The CNSC has indicated that the effect of this statement will be a shift away from the current practice of placing Canadian obligations only on Canadian-origin uranium, to instead requiring that Canadian obligations be placed on all exports of uranium from Canada, regardless of origin.

Cameco refines and converts both Canadian-origin and foreign-origin uranium into both  $UO_2$  and  $UF_6$  at its facilities. While Cameco is committed to ensuring its products are used only for peaceful purposes, in Cameco's view, placing obligations on foreign-origin uranium is a significant shift in the policy surrounding the export of nuclear goods. A policy shift of such significance should not be communicated in a single vague sentence contained in a document such as REGDOC-2.13.2. The process followed to date in this matter does not reflect the CNSC's emphasis on consultation with respect to the regulatory tools within its regulatory framework. Furthermore, the process followed is not consistent with the requirements of the *Cabinet Directive on Regulatory Management* (the "Directive"), which not only applies to regulations, but also to other documents of a legislative nature. The Directive requires agencies to assess the impact of regulatory proposals at an early stage and to identify interested and affected parties in order to provide them with an opportunity to take part in "open, meaningful, and balanced consultations at all stages of the regulatory process." Cameco suggests that given the significance of this policy shift, the Discussion Paper process – which is used to communicate proposed approaches to regulatory issues and provide early stakeholder input – would be the appropriate method of consultation.

The foreign-origin uranium aspect of section 4.2 does not clearly indicate that the CNSC is moving away from its current practices, and furthermore, does not provide any specifics on how such a policy will be implemented. Without more specific details on how a new policy of placing Canadian obligations on foreign-origin uranium would be implemented, it is difficult to accurately predict all of the policy's potential impacts on Cameco and Cameco's customers. However, at this time Cameco has the following initial comments and questions surrounding the placing of Canadian obligations on foreign-origin uranium:

- The amount of foreign-origin uranium sent to Cameco for conversion may be impacted to having regard for the additional burden of the Canadian obligations being applied to foreign-origin uranium.
- Further reporting or tracking requirements could impact the competitiveness of Canadian produced  $UF_6$  and  $UO_2$ .
- To what types of product obligations would attach? For example:
  - Would obligations attach to unprocessed and processed materials?
  - Would Canadian obligations attach to foreign-origin uranium that is already obligated to other countries, resulting in that uranium being subject to dual obligations?
- Would there be any reprocessing restrictions for material that is obligated to Canada?
- How would the new obligations be communicated to foreign regulatory agencies?
- Would these additional obligations result in further reporting requirements for the receiving facilities or Cameco's customers?

While Cameco is not necessarily opposed to the placing of Canadian obligations on foreign-origin uranium processed by Cameco, there needs to be a broader and in-depth consultation on this topic so that both the CNSC and Cameco can ensure that the implications of such a policy are fully understood and addressed appropriately.

Cameco looks forward to participating in further in-depth consultations on this issue. We would be pleased to respond to any questions on this matter. Please contact the undersigned at (306) 956-6685 or [liam\\_mooney@cameco.com](mailto:liam_mooney@cameco.com).

Sincerely,



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