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2014

Annual Users Training Meeting

May 12-15, 2014

Denver, Colorado

U.S. Nuclear Cooperation Agreements and Their Relationship with the U.S. Nuclear Industry

James R. Warden
U.S. Department of State



Presentation Outline

- I. Introduction
- II. Agreements for Peaceful Nuclear Cooperation (123 Agreements) Recently Submitted to Congress
- III. 123 Agreements Under Negotiation
- IV. Prominent 123 Agreements and Their Impact on the Global Market
- V. The Role of NMMSS Reporting
- VI. Conclusion

I. Introduction

- 123 agreements allow for the lawful export of U.S. nuclear material, reactors, and significant reactor components
- The U.S. is likely to undertake more nuclear cooperation with a greater number of partners in the future
- This will have consequences for the U.S. nuclear industry
- U.S. nuclear cooperation is dependent upon NMMSS reporting to meet its legal obligations

II. 123 Agreements Recently Submitted to Congress

- American Institute in Taiwan-Taipei Economic and Cultural Representative Office (submitted January 7, 2014)
 - AKA U.S.-Taiwan 123 Agreement
 - Serves as a conduit for all nuclear fuel imports into Taiwan
- International Atomic Energy Agency (submitted January 29, 2014)
 - Allows U.S. exports to states lacking a 123 agreement
 - Power reactors in Mexico and Slovenia supplied via this 123 agreement

II. 123 Agreements Recently Submitted to Congress

- Vietnam (submitted May 8, 2014)
 - Vietnam has previously contracted for 2 Russian reactors and 2 Japanese reactors (with potential U.S. technology)
 - Vietnamese nuclear program is first in southeast Asia and may serve as example to others in region
 - Vietnamese obligated material unlikely to come to the U.S. anytime soon

III. 123 Agreements Under Negotiation

- Republic of Korea
 - Negotiations ongoing since 2010
 - Current agreement recently extended to March 2016
 - Mutual goal is to reflect ROK's status as a major global supplier and the importance both governments place on high standards of safety, security, and nonproliferation
- China
 - Negotiations began in 2013
 - Current agreement expires in December 2015
 - New agreement will reflect the growing U.S.-China nuclear relationship

III. 123 Agreements Under Negotiation

- Saudi Arabia
 - Negotiations began in 2012; little recent progress has occurred
 - Saudi Arabia is considering its plans for nuclear power among its overall energy supply mix
- Jordan
 - Negotiations began in 2007
 - Adequate financing and extent of public support for nuclear power are also relevant factors

IV. Prominent 123 Agreements and Their Impact on the Global Market

- India
 - 2008 U.S.-India 123 Agreement and Nuclear Suppliers Group exemption opened the path for nuclear cooperation with India
 - No U.S. imports to India yet primarily due to liability concerns
 - If cooperation increases, Indian obligated material in U.S. still unlikely in near future
- Russia
 - Agreement entered into force in 2011; no exports of material yet under the Agreement

IV. Prominent 123 Agreements and Their Impact on the Global Market

- China
 - No exports of material occurred under existing agreement
 - Chinese nuclear program is much different than when existing agreement entered into force
 - Chinese likely to be nuclear supplier in years to come
 - What will China do with U.S. obligated spent fuel?

V. The Role of NMMSS Reporting

- The U.S. government relies on U.S. suppliers to report foreign obligated nuclear material in order to maintain its international legal commitments
- Most U.S. 123 agreements contain requirements for the United States to report on the current inventories of material transferred subject to the agreement
 - The U.S. government relies on accurate and comprehensive NMMSS reporting to meet these requirements

V. The Role of NMMSS Reporting

- U.S.-Japan 123 Agreement Agreed Minute (1988)
 - Paragraph 8(a)- “With reference to the provisions of Article 9 of the Agreement, it is confirmed that for the effective implementation of the said Article the parties shall exchange annually the then current inventories of material, nuclear material, equipment and components subject to the Agreement . . .”
 - Paragraph 8(b)- “With reference to paragraph 1 of Article 9 of the Agreement, it is confirmed that each party has established and will maintain in accordance with relevant laws and regulations in force in each country a national system of accounting for and control of nuclear material covering all nuclear material subject to the Agreement.”

V. The Role of NMMSS Reporting

- U.S.-United Arab Emirates 123 Agreement (2009)
 - Article 10(6)- “Each Party shall establish and maintain a system of accounting and control of source material and special fissionable material transferred pursuant to this Agreement and source material and special fissionable material used in or produced through the use of any material, equipment or components so transferred.”
 - Article 10(7)- “Upon the request of either Party, the other Party shall report or permit the IAEA to report to the requesting Party on the status of all inventories of material subject to this Agreement.”

VI. Conclusion

- The number of U.S. nuclear cooperation partners is likely to increase in future years but new types of foreign obligated nuclear material unlikely to come to United States soon
- Future actions of India, Russia, and China will have significant impact on global nuclear market in decades to come
- Accurate NMMSS reporting allows U.S. government to adhere to its international legal commitments

(Thank you!)

Contact Information

James R. Warden

Office of Nuclear Energy, Safety and Security

Bureau of International Security and Nonproliferation

U.S. Department of State

202.736.4431

wardenjr@state.gov

Questions/comments?

Thank you for your attention.

■ Cleared by:

- NSC/WMD: Richard Johnson
- NSC/INTECON: Joyce Connery
- NNSA/NA-24: Katie Strangis
- NRC/OIP: Brooke Smith
- ISN/NESS: Richard Stratford
- ISN/SCO: Gonzo Suarez
- EAP/TC: Tom Niblock
- EAP/CM: Vickie Gunderson
- EAP/K: Zach Rosner
- EAP/MLS: Eric Jordan
- NEA/ARP: Zainab Zaid
- NEA/ELA: Paula L'Ecuyer
- P: Martin McDowell
- T: Peter Crail
- S/P: Anthony Wier
- D(B): Demitra Pappas