
The Strategic Importance of the U.S.-Russian Nuclear Agreement

by Marsha Freeman

The agreement initialled by the American and Russian Presidents on July 3, on cooperation in the peaceful uses of nuclear energy, is indicative of a strategic shift in bilateral relations that will also have a global impact. It is a recognition on the part of the Bush Administration that there is no possibility to stop the onrush of developing nations into nuclear energy; that the Russians have taken the lead in making new nuclear power plants available for export, with the U.S. trailing far behind; and that if the U.S. does not get involved quickly, it will have no say in the control over the spread of nuclear technology, reflecting its concerns over proliferation.

The Russians obtained from the Bush Administration the agreement to implement Section 123 of the amended 1954 Atomic Energy Act, which provides the legal guidelines for U.S. cooperation in civilian nuclear energy with other countries. The Presidents' statement outlines the general areas of agreed cooperation. Implementing Section 123 does not entail new obligations for Russia; it provides certification by the U.S. Administration, that the proposed cooperation meets the requirements of the U.S. law.

For more than a decade, this agreement has been held up largely by U.S. attempts to pressure Russia to drop its cooperation with Iran on the Bushehr nuclear plant, where Russian state agencies are major contractors. This was the policy of Vice President Al Gore, through the Gore-Chernomyrdin Commission that handled most of the portfolio for scientific and technical cooperation, throughout the Clinton White House years.

The Bush Administration has now made the concession that Bushehr (which is under International Atomic Energy Agency inspections) should not be an obstacle to cooperation on nuclear power for civilian applications. While the United States is still trying to hold Russia to supporting American sanctions and other punitive measures—not bilaterally, but through the UN Security Council—against Iran's enrichment capabilities, it is apparently not holding the 123 agreement hostage to that cooperation on Iran.

The one big fly in the political ointment, is that the bill submitted by Rep. Tom Lantos (D-Calif.), as this year's version of an Iran non-proliferation law, imposes sanctions on any entity working with Iran on *any* nuclear or missile technology, including civilian energy programs. Russian companies are already under sanctions, and prohibited from doing business in the United States, under the previous years' versions of such legislation. Congress will have 90 days to make its disposition on 123.

Following the St. Petersburg G-8 summit, on July 17, 2006, Presidents Bush and Putin issued a joint statement, that "strengthening cooperation in civil nuclear energy is in the strategic interests of both countries." Discussions have been held over the past year, on the terms of the 123 agreement, to allow that to proceed.

Fuel and Technology

The two overarching concepts in the Presidents' new accord are the intention to change bilateral relations in an area that both sides consider to be of strategic, economic, and po-

litical importance, and, for the U.S. side, to get back into a leading position, or at least back into the game, in the worldwide (especially developing nations') rush toward nuclear energy. These concerns were expressed through several points of accord.

- The agreement allows for the potential integration of the civilian nuclear R&D projects being carried out by each side. It allows for Russian participation in the international nuclear R&D efforts being led by the United States. American technical specialists point out this will also give the U.S. access to Russian experience in some advanced nuclear technology that the U.S. stopped developing 30 years ago.

As outlined in a December 2006 paper by the American Council on Global Nuclear Competitiveness, one important benefit to the agreement is access to Russian developments in advanced reactor technologies, including fast and high-temperature gas-cooled reactors. "During the 1990s the U.S. dismantled much of its advanced reactor research capability with the shutdown of the Experimental Breeder Reactor-II and the Fast Flux Facility, and termination of the Advanced Liquid Metal Reactor program," the Council reported. Russia, meanwhile, moved ahead. The Council even proposes that the U.S. should collaborate with Russia on "production line" approaches to building standardized plants, and building "collateral facilities in U.S. shipyards," to produce Russia's floating nuclear plants!

- The agreement opens up the opportunity for the Russians to import spent fuel for reprocessing, from countries that use nuclear fuel of U.S. origin, such as Taiwan and South Korea. This is worth billions of dollars of business to the Russian nuclear industry.

- The 123 agreement would open the U.S. nuclear market to Russian companies. Although it is highly unlikely that American electric utilities would buy Russian nuclear power plants, other services could be offered. Most important, it lays the basis for negotiating a rational solution to the enriched uranium stalemate, which has to be done under the auspices of the Commerce Department.

Since 1992, U.S. utilities have been dependent upon Russian enriched uranium for 50% of the fuel needs of their 104 nuclear power plants. This nuclear fuel was obtained from

500 tons of blended down, highly enriched uranium from Russian nuclear weapons. That agreement (Megatons-to-Megawatts) expires in 2013. Russia wants to commercially sell enriched uranium, thereafter, to the electric utilities. The companies building two new enrichment plants in the U.S.A., and the relevant Congressmen, want anti-dumping provisions, with minimum prices for fuel, to protect U.S. industry. (The U.S. utilities have, nonetheless, been meeting privately with Russia's Rosatom nuclear agency to try to get long-term Russian contracts for nuclear fuel.)

- The two sides agree to work together to integrate their non-proliferation programs, such as Russian participation in the U.S. Global Nuclear Energy Partnership (GNEP) program, and U.S. support for Russia's international fuel center project (initially, to be located at Angarsk, and jointly owned with Kazakstan).

At a post-summit July 3 press conference with Robert Joseph, U.S. Special Envoy for Nuclear Nonproliferation, and Russian Deputy Foreign Minister Sergei Kislyak, both were extremely defensive about the international fuel center proposal, which, for the sake of non-proliferation, require that a nation give up its own enrichment and reprocessing rights to qualify to buy (or lease), and then return, nuclear fuel. "This is not about changing or taking away rights," said Joseph. Kislyak denied that this proposal limits a nation's sovereignty. Yet, Joseph admitted that more than a dozen countries are interested in acquiring nuclear reactors, and "now is the time to help shape their decisions, in a way that advances our common interests."

There were also clear differences of emphasis between the comments of the two officials concerning the non-proliferation aspects of the international fuel center proposal. Joseph said: "Cooperation, of course, would be with countries with good non-proliferation credentials," which, Joseph stated, neither North Korea nor Iran have.

Kislyak left the door open: "If these two countries develop a way of transparency and going through the agreements with the rest of the international community, working through the international organizations, and they achieve a confidence in the program that the other countries have, they will be as eligible as anybody else."

It should also be noted that the GNEP program now consists of paper studies for "new," "proliferation-proof" nuclear technologies, with no plan to build anything for 15 years, whereas the Russians have been carrying out research and development programs in advanced nuclear technology for years.

- Both sides commit to facilitate and support financing to aid construction of nuclear power plants through "public and private national and multinational mechanisms, including international financial institutions." Here, as well, the Russians are leagues ahead of the United States, already offering financing mechanisms for countries ordering their new nuclear power plants.

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Text of Declaration on Nuclear Energy and Non-Proliferation

Joint Actions

We are determined to play an active role in making the advantages of the peaceful use of nuclear energy available to a wide range of interested States, in particular developing countries, provided the common goal of prevention of proliferation of nuclear weapons is achieved. To this end, we intend, together with others, to initiate a new format for enhanced cooperation.

Bearing this in mind, we acknowledge with satisfaction the initialing of the bilateral Agreement between the Government of the Russian Federation and the Government of the United States of America for cooperation in the field of peaceful use of nuclear energy. We share the view that this Agreement will provide an essential basis for the expansion of Russian-U.S. cooperation in the field of peaceful use of nuclear energy and expect this document to be signed and brought into force in accordance with existing legal requirements.

We share a common vision of growth in the use of nuclear energy, including in developing countries, to increase the supply of electricity, promote economic growth and development, and reduce reliance on fossil fuels, resulting in decreased pollution and greenhouse gasses.

This expansion of nuclear energy should be conducted in a way that strengthens the nuclear non-proliferation regime. We strongly support the Treaty on the Non-Proliferation of Nuclear Weapons, and are committed to its further strengthening. We support universal adherence to the IAEA Additional Protocol, and call on those who have not yet done so to sign and ratify it. We support the activities of the IAEA with respect to both safeguards and promotion of peaceful nuclear energy, and fully understand the need for growth of its capabilities, including its financial resources, commensurate with the expanded use of nuclear energy worldwide.

We are prepared to support expansion of nuclear energy in the following ways, consistent with national law and international legal frameworks. These efforts build on, reinforce, and complement a range of existing activities, including the work at the IAEA for reliable access to nuclear fuel, the initiative of the Russian Federation on developing Global Nuclear Infrastructure, including the nuclear fuel center in the Russian Federation, the initiative of the United States to establish the Global Nuclear Energy Partnership, the IAEA International Project on Innovative Nuclear Reactors and Fuel Cycles, and the Generation IV International Forum.

Facilitating the supply of a range of modern, safe, and more proliferation resistant nuclear power reactors and re-

search reactors appropriate to meet the varying energy needs of developing and developed countries.

Arranging for participation in national and multi-national programs to develop requirements for nuclear reactors for participating countries.

Facilitating and supporting financing to aid construction of nuclear power plants through public and private national and multinational mechanisms, including international financial institutions.

Providing assistance to states to develop the necessary infrastructure to support nuclear energy, including development of appropriate regulatory frameworks, safety and security programs to assist states in meeting international standards, and training of personnel.

Developing solutions to deal with the management of spent fuel and radioactive waste, including options for leasing of fuel, storage of spent fuel, and over time, development of technology for recycling spent fuel.

Ensuring that the IAEA has the resources it needs to meet its safeguards responsibilities as nuclear power expands worldwide.

Supporting expanded IAEA Technical Cooperation to help states build the necessary infrastructure for safe, secure, and reliable operations of nuclear power plants.

Assisting development and expansion of regional electricity grids, to permit states without nuclear reactors to share in the benefits of nuclear power.

Providing nuclear fuel services, including taking steps to ensure that the commercial nuclear fuel market remains stable and that states are assured of reliable access to nuclear fuel and fuel services for the lifetime of reactors, including through establishment of international nuclear fuel cycle centers, to provide nuclear fuel cycle services, including uranium enrichment, under IAEA safeguards.

Supporting negotiation of long-term contracts for power reactors and research reactors, including assured supply of fuel and arrangements for management of spent fuel.

We are prepared to enter into discussions jointly and bilaterally to develop mutually beneficial approaches with states considering nuclear energy or considering expansion of existing nuclear energy programs in conformity with their rights and obligations under the NPT. The development of economical and reliable access to nuclear energy is designed to permit states to gain the benefits of nuclear energy and to create a viable alternative to the acquisition of sensitive fuel cycle technologies.

The energy and non-proliferation challenges we face today are greater than ever before. We are convinced that this approach will permit substantial expansion of nuclear energy and at the same time strengthen non-proliferation. We welcome the cooperation of states that share this common vision and are committed to jointly taking steps to make this vision a reality.

The President of the United States of America

The President of the Russian Federation

Washington, Moscow July 3, 2007