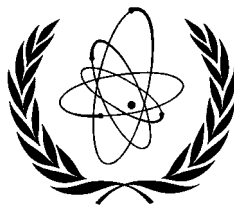


OPENING STATEMENT

**INTERNATIONAL CONFERENCE ON MULTILATERAL TECHNICAL AND
ORGANIZATIONAL APPROACHES TO THE NUCLEAR FUEL CYCLE AIMED AT
STRENGTHENING THE NON-PROLIFERATION REGIME**

**Moscow
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Deputy Director General
Head of the Department of Nuclear Energy**



INTERNATIONAL ATOMIC ENERGY AGENCY

OPENING STATEMENT

INTERNATIONAL CONFERENCE ON MULTILATERAL TECHNICAL AND ORGANIZATIONAL APPROACHES TO THE NUCLEAR FUEL CYCLE AIMED AT STRENGTHENING THE NON-PROLIFERATION REGIME

On behalf of the Director General of the International Atomic Energy Agency, Dr. Mohamed ElBaradei, I would like to welcome all participants to this International Conference on Multilateral Technical and Organizational Approaches to the Nuclear Fuel Cycle aimed at strengthening the nuclear non-proliferation regime.

This conference has been organized by the Russian Federal Atomic Energy Agency in cooperation with the International Atomic Energy Agency.

Why now, why the subject of the conference, and why in Russia?

What is the basis of the IAEA's support for this conference and how does the conference see the role of multilateral approaches to the nuclear fuel cycle (MNAs)?

Let me try to answer these questions.

First, there is renewed interest in nuclear power as a source of energy given growing energy needs, rising oil and gas prices, and new environmental constraints. Nuclear energy, therefore, can make a substantial contribution to ensuring the sustainable development of humankind while helping to address the problems associated with climate change (by reducing carbon and sulphur emissions). These are not merely abstract expectations. Nuclear power is already demonstrating its competitiveness, safety and reliability. Currently, there are over 440 nuclear power units in operation worldwide, providing approximately 16% of global electricity generation. This indicator has remained relatively stable for almost 20 years.

Recent studies by the IAEA and the International Energy Agency of the Organization for Economic Cooperation and Development predict an increase in nuclear power generating capacity to 427 GW by 2020. That is equivalent to constructing 127 units with a capacity of 1000 MW over the next 15 years.

This trend is finding confirmation in countries' national plans and in various international forums. This was most clearly expressed in the statement by the French Minister of Industry, Mr. Devedjian, at the International Ministerial Conference: Nuclear Power for the 21st Century held in

Paris in March this year when he noted that nuclear power can make a major contribution to meeting energy needs and sustaining the world's development in the 21st century for a large number of both developed and developing countries.

However, not all countries support a resurgence in nuclear power. The reasons are varied, and include for example investment attractiveness, safety, security, and management of spent fuel, and such issues must be addressed if widespread acceptance of the potential benefits of nuclear energy is to be achieved.

The concerns about the danger of the spread of nuclear technologies suitable for producing nuclear weapons are a strong argument for holding back the development of nuclear power. A particular challenge is highlighted by the discovery of undeclared nuclear programmes and the emergence of clandestine nuclear supply networks.

The IAEA is aware of these challenges and is addressing them through implementing strengthened safeguards and promoting assurances of supply of nuclear fuel cycle services together with assurances of non-proliferation. In this regard, the Agency is seeking to promote enhanced controls over sensitive aspects of the nuclear fuel cycle, in particular uranium enrichment and plutonium reprocessing technology. In itself, the possession of enrichment and reprocessing technologies does not contravene the existing nuclear non-proliferation regime when there is full cooperation and transparency with the international safeguards system of the IAEA, but it does create the possibility of building weapons at short notice should intentions change.

To address this concern the IAEA Director General has proposed a new approach that would:

first, limit the processing of weapon-usable material (high-enriched uranium and separated plutonium) in civilian nuclear programmes, as well as the production of new material through enrichment and reprocessing, exclusively in facilities under multilateral control. These limitations would need to be accompanied by proper rules of transparency and safeguards, as well as by an assurance that legitimate would-be users could get their supplies;

second, promote the development of nuclear-energy systems that by design avoid the use of weapon-usable nuclear materials and incorporate built-in systems to prevent the diversion of material. Such proliferation resistant nuclear energy systems are currently under examination by the Agency's International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO), and the Generation IV (GIF) project of certain States; and

third, consider multilateral approaches to the management and disposal of spent nuclear fuel and radioactive waste.

We must now give priority to joint efforts by interested countries under international projects such as INPRO, GIF and other initiatives to develop a concerted vision for the development of nuclear power while at the same time maintaining the integrity of the nuclear non-proliferation regime. Experience in solving complex political and technical problems has shown the effectiveness of taking a comprehensive approach to their solution.

New solutions undoubtedly need to be worked out that take due account of the technological progress already achieved in this area. Every country must have access to advanced technologies for electricity generation, as well as other applications of the peaceful atom, should they so choose. For this, they need guaranteed supplies of nuclear fuel cycle services – in other words, assurances of supply. Solutions should be sought, first and foremost, in minimizing the risk of the spread of sensitive nuclear technologies through States renouncing the independent development of such technologies. That is why we need to discuss how such assurances can be provided and what form they might take.

In promoting these ideas, the IAEA Director General at the end of last year appointed an independent group of international experts to identify and provide an analysis of the issues and options relevant to multilateral approaches to the front and back-ends of the nuclear fuel cycle, including an overview of the relevant policy, legal, security, economic and technological incentives and disincentives. The group submitted its report in late February this year and copies will be circulated at this Conference in both English and Russian texts. The Report identifies five approaches with the objective of increasing non-proliferation assurances associated with the civilian nuclear fuel cycle, while preserving assurances of supply and services around the world, that could be achieved through a set of gradually introduced MNAs. The five approaches can be summarized as:

- 1) reinforcing existing commercial market mechanisms through long-term contracts and transparent suppliers' arrangements with government backing, such as fuel leasing and fuel take-back offers, commercial offers to store and dispose of spent fuel, as well as commercial fuel banks;
- 2) developing and implementing international supply guarantees with the IAEA as guarantor of service supplies, e.g. as administrator of a fuel bank;
- 3) promoting voluntary conversion of existing facilities to MNAs;

4) creating, through voluntary agreements and contracts, multilateral, and in particular regional, MNAs for new facilities based on joint ownership, drawing rights or co-management, including nuclear power parks; and

5) further expansion of nuclear energy around the world might call for the development of a nuclear fuel cycle with stronger multilateral arrangements – by region or by continent - and for broader cooperation, involving the IAEA and the international community.

We consider the Moscow conference as providing an opportunity to discuss these as well as other approaches and trust that it will generate relevant insight regarding how to proceed further.

Returning to the third question that I posed at the beginning of my remarks, Why in Russia?

Russia has a strong scientific base and industrial infrastructure that provides services for the safe and effective functioning of nuclear power facilities. Its existing national legislation, its experience in international supplies under the Council for Mutual Economic Assistance, its safeguarded nuclear cooperation with Iran, and its partnership with the USA through the HEU-LEU agreement and the return of spent nuclear fuel from research reactors, constitute a practical basis for Russia's possible contribution to MNAs.

I believe that Russia's initiative in convening this conference should not be limited to this event alone. Discussions have taken place for some years about the possibility of Russia providing spent nuclear fuel storage and reprocessing services under existing legislation. This formed the basis of Director General ElBaradei's support for this conference, expressed a year ago during his visit to Russia.

Clear formulations of MNA proposals and of the conditions for their implementation, and transparency of control mechanisms, would strengthen confidence between interested participants and could promote the creation of a reliable system of guaranteed nuclear fuel cycle services, possibly with the involvement of the IAEA.

I wish you a successful and productive conference.