



**IAEA**

*Atoms for Peace and Development*

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# Naval nuclear propulsion: Australia

*Report by the Director General*

## **A. Introduction**

1. This report of the Director General is on Agency safeguards in relation to Australia's naval nuclear propulsion programme. It provides an update since the Director General's previous report of May 2023.<sup>1</sup>

## **B. Background**

2. On 15 September 2021, Australia, the United Kingdom and the United States (hereafter referred to as "the parties") informed the Director General about their decision to initiate a trilateral effort of 18 months' duration to "identify the optimal pathway to support Australia's acquisition of a conventionally-armed, nuclear-powered submarine for the Royal Australian Navy" in the context of AUKUS.<sup>2</sup>

3. On 16 September 2021, the Director General informed the Board of Governors that the Agency, in line with its statutory non-proliferation mandate, would engage with the three parties involved to consider any implications in the context of the application of Agency safeguards. The Director General recalled that under a Comprehensive Safeguards Agreement (CSA), a State undertook to accept Agency safeguards on all nuclear material in all peaceful nuclear activities within its territory, under its jurisdiction or carried out under its control anywhere. He also noted the provision in the CSA regarding the non-application of safeguards to nuclear material to be used by States in a non-proscribed military activity. The Director General reiterated that the Agency would work with the interested parties on that

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<sup>1</sup> GOV/INF/2023/10, 31 May 2023.

<sup>2</sup> INFCIRC/963, Note Verbale.

complex, technical matter guided by its non-proliferation mission which would be observed, in accordance with both the Agency's statutory mandate and the CSA.<sup>3</sup>

4. Article 14 of Australia's CSA,<sup>4</sup> concluded with the Agency in connection with the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), provides that if Australia intends to exercise its discretion to use nuclear material<sup>5</sup> which is required to be safeguarded under the CSA in a nuclear activity which does not require the application of safeguards under the CSA, the procedures provided in paragraphs (a) – (c) of Article 14 shall apply. Australia informed the Agency, inter alia, that, with respect to its naval nuclear propulsion programme, it considers all relevant provisions of its CSA, including Article 14, and of its Additional Protocol (AP) to apply, as well as additional verification measures, which may include enhanced transparency and access.

5. In November 2021, the Agency reminded Australia, the United Kingdom and the United States of their reporting obligations under their respective safeguards agreements and APs that could be of relevance to safeguards implementation in the context of Australia's naval nuclear propulsion programme.

6. Specifically, the Agency reminded Australia that, in accordance with modified Code 3.1 of the Subsidiary Arrangements (General Part) to the CSA, it was required to provide early design information for any new facility as soon as it had decided to construct or authorize construction of such a facility, including in connection with its plans to acquire nuclear-powered submarines. Australia was also required, under its AP, to provide to the Agency information on its general plans for the succeeding ten-year period relevant to the development of the nuclear fuel cycle (NFC), including NFC-related research and development activities, once these had been approved. In November 2021, the Agency also sent separate letters to the United Kingdom and the United States reminding them of their reporting obligations under their respective Voluntary Offer Safeguards Agreements (VOAs) and APs that could be of relevance to safeguards implementation in the context of Australia's naval nuclear propulsion programme.

7. In March 2023, the parties announced that, in order to deliver conventionally-armed, nuclear-powered submarines to Australia, they intended to pursue a phased approach,<sup>7</sup> moving through each phase based on mutual commitments from each nation. The first phase would begin in 2023 and the last phase would begin in the "early 2040s" with the delivery to the Royal Australian Navy of the first conventionally-armed, nuclear-powered submarine built in Australia. This plan is "designed to support Australia's development of the infrastructure, technical capabilities, industry and human capital necessary to produce, maintain, operate, and steward a sovereign fleet of conventionally-armed, nuclear-powered submarines". In the announcement, the parties indicated that they "continue to consult with the [IAEA] to develop a non-proliferation approach that sets the strongest precedent for the acquisition of a nuclear-powered submarine capability".<sup>8</sup>

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<sup>3</sup> GOV/OR.1602, paras 42—44.

<sup>4</sup> INFCIRC/217.

<sup>5</sup> "Nuclear material" means any source or any special fissionable material as defined in Article XX of the Statute (...). See Article 99.O. of INFCIRC/217.

<sup>6</sup> INFCIRC/217/Add.1.

<sup>7</sup> The phased approach would involve: training and capacity building; acquisition of complete, conventionally-armed, nuclear-powered submarines; and the acquisition of complete, welded power units for conventionally-armed, nuclear-powered submarines to be built in Australia.

<sup>8</sup> <https://www.gov.uk/government/publications/joint-leaders-statement-on-aukus-13-march-2023/joint-leaders-statement-on-aukus-13-march-2023>.

8. In March 2023, in accordance with modified Code 3.1 of the Subsidiary Arrangements (General Part) to the CSA, Australia submitted to the Agency preliminary design information for the planned new facilities related to its naval nuclear propulsion programme and indicated its readiness for the Agency to perform a design information verification (DIV). Australia also extended an offer to the Agency for a transparency visit to a naval base in Australia that will be used for the maintenance of nuclear-powered submarines.

9. In May 2023, the Agency conducted activities in Australia related to Australia's naval nuclear propulsion programme, including a technical visit to the above-mentioned naval base and a DIV at the declared location planned to be used for Australia's future submarine construction.

## **C. Developments since previous report**

### **C.1. Public statements**

10. Since the Director General's previous report, a number of public statements have been made by the parties in relation to Australia's acquisition of a conventionally-armed, nuclear-powered submarine in the context of AUKUS. The parties also informed the Agency of these statements; in particular those of relevance for the interactions between the Agency and Australia. These statements, which have included trilateral statements made by the Defence Ministers of the parties, have provided updates on ongoing AUKUS-related developments. The Director General has made public statements, which are available on the Agency website, in response to three of these statements relevant to the Agency's interactions with Australia.<sup>9</sup>

### **C.2. Interactions between the Agency and Australia**

11. In May 2024, Australia submitted to the Agency the annual update to its declaration under the AP and provided additional information under Article 2.a.(x) of the AP on its future plans related to the naval nuclear propulsion programme. Australia provided a further such update in August 2024.

12. For a State with a CSA in force, before nuclear material subject to safeguards under the CSA becomes subject to an arrangement required under Article 14 of the CSA, there is a requirement, inter alia, to notify the Agency in advance of the expected transfer to the recipient State of nuclear material, and in any case not later than the date on which the recipient State assumes responsibility for the nuclear material, including its identification and expected quantity and composition.

13. Bilateral consultations between the Agency and Australia on the structure and content of an Article 14 arrangement are ongoing. These consultations have been guided by the relevant provisions of the Agency's Statute and Australia's CSA and AP. In this context, Australia and the Agency are discussing the provisions for advance notification, reporting and verification prior to the entry of nuclear material into an Article 14 arrangement to enable the Agency to continue attaining the technical safeguards objectives established for Australia, while protecting classified information. The circumstances under which the Article 14 arrangement applies, its duration and the point at which safeguards under the CSA and AP reapply to nuclear material transferred from a non-proscribed military activity, are also under discussion between the Agency and Australia.

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<sup>9</sup> [IAEA Director General Statement in Relation to AUKUS Announcement | IAEA](#) (23 March 2024); [IAEA Director General Statement in Relation to AUKUS Announcement | IAEA](#) (9 April 2024); [IAEA Director General Statement in Relation to the Agreement between Australia, the United Kingdom and the United States Related to Naval Nuclear Propulsion | IAEA](#) (15 August 2024).

14. As part of the bilateral consultations, the Agency is also discussing with Australia technical aspects and modalities to facilitate the possible verification and monitoring activities to be conducted by the Agency, as well as the implementation of voluntary transparency measures, in relation to Australia's naval nuclear propulsion programme.

15. The Agency and Australia have continued discussing the structure of the material balance area (MBA), the facility and the site for the new facilities – for which Australia has provided early design information in accordance with modified Code 3.1 of the Subsidiary Arrangements (General Part) – which are related to Australia's planned naval nuclear propulsion programme. Australia understands the importance of facilitating Agency access to relevant locations prior to and during the period in which the Article 14 arrangement will be applied.

16. On 16 October 2024, Australia announced plans to establish a consolidated Defence Precinct at Henderson shipyard in Western Australia which will be the home of “depot-level maintenance and contingency docking” for Australia's future conventionally-armed, nuclear-powered submarines. The Agency took note of the information provided to it by Australia ahead of this announcement consistent with Australia's stated commitment to keep the Agency informed of developments in this area. In accordance with modified Code 3.1 of the Subsidiary Arrangements (General Part) to the CSA, Australia submitted to the Agency updated preliminary design information for the planned new facilities related to its naval nuclear propulsion programme.

17. The Agency continues to conduct activities in Australia related to Australia's naval nuclear propulsion programme, including complementary access and the collection of environmental samples. In addition, the Agency continues to monitor open source information and perform satellite imagery analysis of the relevant declared locations in Australia.

## **D. Summary**

18. Since September 2021, the Agency has conducted a series of technical consultations with the parties and discussed the possible implications of Australia's naval nuclear propulsion programme on the implementation of Agency safeguards for Australia under its CSA and AP.

19. Since the announcement of the parties in March 2023, Australia has provided to the Agency the required information under its CSA and AP. The Agency has been able to conduct in-field verification activities in Australia as well as a transparency visit. The Agency will conduct further verification activities in Australia as and when necessary.

20. The Agency and Australia have continued the bilateral discussions on technical aspects, structure and content of the Article 14 arrangement, and on ways to facilitate possible verification and monitoring activities, including voluntary transparency measures, in relation to Australia's naval nuclear propulsion programme. Detailed technical discussions, including on legal aspects, will continue in order to develop the required Article 14 arrangement. Once the Article 14 arrangement is finalized, the Director General will transmit it to the Board of Governors for appropriate action.

21. The Director General will continue to report as appropriate.