



International Meeting on Next Generation Safeguards

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Presentation to Panel One: Designing Safeguards for the Future
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Thank you for the opportunity to participate in this conference on strengthening international nuclear safeguards. I am particularly pleased to share the podium with two of the world's greatest experts in the field. We all owe much to Olli Heinonen, IAEA Deputy Director General, and John Carlson, Director General of the Australian Safeguards and Non-Proliferation Office, for their skill and determination in the fight against nuclear proliferation.

Future Safeguards Environment

I would like to begin with a brief discussion of the two trends that I believe will have the greatest impact on the safeguards environment over the next few decades.

First is the likely expansion of civilian nuclear power, including in developing countries, to supply electricity, encourage economic growth, and reduce reliance on fossil fuels. Second is the continued threat of nuclear proliferation, because of states' and terrorists' nuclear ambitions, the wide availability of nuclear technology, and the efforts of proliferators to evade national and international controls.

The specific implications of those trends for the safeguards environment will depend heavily on the success or failure of our nonproliferation and counterproliferation efforts now and in the near future. For example, will the anticipated – and in most respects desirable – expansion of civilian nuclear power also lead to a dangerous expansion in the number of states with enrichment and/or reprocessing capability? Will our current efforts to persuade Iran to end its nuclear weapons efforts, and North Korea to denuclearize, succeed, fail or have ambiguous results?

Even with the most positive answers to those questions, however, the future demands on IAEA safeguards will increase dramatically. They will expand quantitatively with the larger number of nuclear facilities, and qualitatively with the requirement to be able to detect undeclared activity even in states not under suspicion. And they will expand both qualitatively and quantitatively given the IAEA's important role in monitoring nuclear reduction and elimination efforts – ranging from the return of research reactor fuel to denuclearization successes like we experienced in Libya and hope to see in North Korea.

Meeting the Challenge

The IAEA and many member states are making significant contributions to steer these fundamental trends in positive directions. We encourage the spread of civilian nuclear power for peaceful purposes, even as we strive to prevent any accompanying increase in the risk of nuclear proliferation. The United States, with many other governments, and the International Atomic Energy Agency are all working to present states interested in new or increased nuclear power with attractive alternatives to indigenous enrichment and reprocessing, including assured fuel supply. For the longer term, we are working, especially in the Global Nuclear Energy Partnership, to develop nuclear reactors that reduce proliferation risks and solutions for managing spent fuel and radioactive waste. Furthermore, we have made it clear repeatedly that all new civil nuclear programs and facilities must be subject to effective IAEA safeguards.

The IAEA also plays a critical role in countering proliferation threats, especially through its vigorous investigations into suspicious nuclear activity. The most prominent example is, of course, Iran. One key means to enhance and solidify the IAEA's capabilities in this area would be universal adoption of the Additional Protocol. Admittedly, the Additional Protocol levies further requirements on the IAEA, but far more important are the tools it gives the Agency to uncover illicit nuclear activity. We have made progress over the past several years – 60 percent of IAEA member states now have an Additional Protocol in force. But that is not enough.

In February 2004, President Bush proposed an amendment to the Nuclear Suppliers Group guidelines to make the Additional Protocol a condition of supply. While that has not happened yet, we continue to work with partners – both suppliers and recipients of nuclear technology – on how to encourage wider adoption of the Additional Protocol. In that regard, we well understand the importance of the United States and other leading nuclear suppliers having their own Additional Protocols in force; we hope to meet the necessary conditions for U.S. ratification by the end of this year.

There is also much that the IAEA Director-General and Secretariat can and should do institutionally to seek to enhance the Agency's safeguards capabilities. Several of those changes would require approval by the Board of Governors or the United Nations, but their endorsement by the Director-General and the Secretariat would be a critical first step.

Above all, the Agency needs to place the necessary priority on safeguards. For too long, it has pursued "balance" among the budgets for its various programs, with the sometimes explicit, more usually tacit, argument that technical cooperation programs in particular are politically necessary to win member state approval of the safeguards effort. It is past time to reexamine seriously the need for this approach to "balance," and instead to put needed priority on nonproliferation requirements. In order to ensure the broadest benefits of civil nuclear energy programs, we must have sufficient confidence in the peaceful nature of these programs through effective safeguards, and also focus the technical cooperation program on civilian nuclear infrastructure, safety and security. We were disappointed that neither the report of the Commission of Eminent Persons, nor the Secretariat's input to their work, emphasized the need to make such tough choices.

Second, the future demands on Agency safeguards will require increased financial resources. At least some could and should come from the redistribution I have recommended. In addition, evidence that the Agency had made the necessary tough budget choices might

Further, the IAEA should both reach out more aggressively to train and hire new inspectors and seek an exception from unduly restrictive United Nations personnel policies regarding mandatory retirement and contract duration. It is essential to develop a solid new safeguards generation, but also to retain valuable existing experience and expertise.

I will leave the issue of technological responses to future safeguards challenges to my fellow Panel members and to subsequent sessions of this conference. However, I would sound one note of caution. We often hear, including from the Commission of Eminent Persons, that future safeguards will involve substantially less field work. We certainly hope that technological advances and a judicious setting of priorities will permit the Agency to reduce field work without any diminution in safeguards effectiveness. But there can be no substitute for on-the-ground presence to determine the truth about a state's nuclear activities.

Conclusion

Once again, thank you for the opportunity to participate in this important conference. The Department of Energy deserves thanks and congratulations for developing the Next Generation Safeguards Initiative and for organizing this meeting. The breadth and expertise assembled here today underscore the importance to the global

community of ensuring effective safeguards despite the challenges of the future. We look forward to your work.

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