



NPT Articles III and VII: IAEA Safeguards and Nuclear Export Controls

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Mr. Chairman, thank you for this opportunity to address the critical issues before this Committee and this Conference. The controls we place on nuclear materials, equipment and technology, whether in domestic use or in international commerce, are critical to providing a framework to ensure that international cooperation in peaceful nuclear activities will not contribute to proliferation. Imagine how reluctant states would be to engage in nuclear commerce if they feared that a transaction might help some rogue state or terrorist group acquire nuclear weapons! Some complain that these measures have the effect, whether intended or not, of impeding the development of peaceful nuclear programs, but any fair review of the facts demonstrates that this is not the case and that such controls are necessary to the nonproliferation regime.

Safeguards

The International Atomic Energy Agency (IAEA) safeguards system is absolutely essential for helping to provide the international community with confidence that nuclear material is not diverted from peaceful uses to nuclear weapons or nuclear weapons-related activities. Safeguards provide valuable assurances that most countries are abiding by their nonproliferation obligations and not diverting nuclear energy from peaceful uses to weapons. Moreover, they can provide early warning of potential violations of those obligations, and the resulting safeguards investigations and their findings are a key element of any response. Of course, safeguards cannot provide absolute assurances, but the risk of detection will make it difficult for countries to pursue illicit nuclear programs.

The success of the NPT (Nuclear Non-Proliferation Treaty) system depends on safeguards for timely detection of diversion, to enable the international community to respond quickly. Detection by itself is of no value unless it enables an effective response. Safeguards that provide such timely warning are essential to the success of the NPT regime, and deserve our unstinting support.

Mr. Chairman, there have been three grave cases of safeguards noncompliance since the last Review Conference. In December 2002, North Korea expelled IAEA inspectors and disabled IAEA equipment at Yongbyon. North Korea had never come into full compliance with its safeguards agreement, concluded ten years earlier, but the IAEA Board of Governors concluded that these actions constituted further noncompliance and reported the matter to the UN Security Council, as required by the IAEA Statute.

In November 2003, IAEA Director General ElBaradei reported the damning findings of the IAEA's investigations in Iran. He cited multiple "failures" by Iran to meet its safeguards obligations and a "policy of concealment" that led to "breaches" of those obligations. The Board of Governors adopted a unanimous resolution deploring those failures and breaches. Despite Iran's commitment to cooperate fully with the IAEA, additional Iranian deceptions came steadily to light through the IAEA's investigations during 2004. The Iranian government still has not provided a complete picture of key aspects of its nuclear program and continues to restrict access by IAEA inspectors. Unfortunately, more than 18 months later, the Board of Governors has yet to fulfill its legal responsibility to report Iran's serious and longstanding safeguards noncompliance to the Security Council. We think the time is long overdue.

By contrast, in December 2003, Libya decided to acknowledge and, with international assistance, to eliminate its nuclear weapons program. It opted to cooperate fully with IAEA efforts to verify the full scope of its nuclear program and to ensure that any remaining nuclear activities are fully safeguarded. The Board of Governors reported Libya's acknowledged noncompliance to the Security Council for information purposes only, welcoming Libya's decision to abandon its former nuclear weapons program.

Today, Libya stands as a success story of a country's return to full compliance with the NPT. By demonstrating a genuine strategic commitment to renounce weapons of mass destruction, Libya has helped to end its own international isolation and is now more secure and more prosperous. Libya, which once posed a grave challenge to the nuclear nonproliferation regime, now serves as an example that other countries -- particularly Iran and North Korea -- would do well to emulate. The only way for violators to address such violations and regain the benefits of international confidence in their peaceful intentions is to eliminate the programs that constituted those violations.

The international community must be united, determined and steadfast in responding to such noncompliance. We must be prepared to use all the tools of international diplomacy and statecraft to ensure that violators abandon their nuclear weapons programs. They must fully cooperate with the IAEA and return to full compliance with their nuclear nonproliferation commitments and scrupulously abide by these commitments. The international community must demonstrate that there is nothing to gain by pursuing nuclear weapons aspirations. The common security of all States Parties depends on an effective nuclear nonproliferation regime, with the NPT at its core. We must not deprive ourselves of any useful tools to defend the regime and maintain the credibility of the Treaty, and the international community must demonstrate the political will to use these tools when the need is clear.

Mr. Chairman, most NPT parties have fulfilled their most basic safeguards obligation by concluding comprehensive safeguards agreements with the IAEA, but thirty-nine parties have not. This is a welcome improvement from five years ago, when the number was fifty-four, but progress, while notable, remains disappointing. We have no evidence that any of those thirty-nine States Parties harbor a secret nuclear program, but without a safeguards agreement the international community can have only limited confidence in such a judgment.

Comprehensive safeguards agreements provide the basis for verification of the completeness and accuracy of nuclear material declared by a state to the IAEA. Their overall effectiveness is dependent upon governments making complete and correct declarations. Unfortunately, experience over the last fifteen years has shown that more robust tools are needed to address undeclared activities. This is why the Additional Protocol now must be recognized as the minimum standard for effective safeguards. We welcome the recent acceleration in adherence to the Protocol, but we remain disappointed with the lack of progress overall. Those who find the Additional Protocol a bit complicated, should not hesitate to take advantage of the offers by the United States, the IAEA, the G-8, and others to provide assistance in understanding and implementing the Protocol.

For our part, the United States is committed to accepting the same safeguards on all civil nuclear facilities and activities as non-nuclear-weapon States

accept under the NPT and the Additional Protocol. We exclude only activities, locations and information of direct national security significance to the United States. Under our safeguards agreement, we are legally bound to accept the same safeguards on our civil nuclear facilities, and we are working hard to bring into force an Additional Protocol that includes all the measures of the Model Protocol for our civil activities. The U.S. Senate gave its overwhelming consent to ratification last year, and we are working with Congress on the necessary implementing legislation.

The safeguards system has overcome significant challenges in the past. Our common goal must be to return to the next Review Conference five years from now, with all States Parties in full compliance with the NPT and with the Treaty and its safeguards system stronger, more resilient, and universally accepted. This is one reason President Bush proposed establishing a Special Committee of the IAEA Board of Governors, to focus intensively on safeguards and verification.

In order for the IAEA to carry out its safeguards responsibilities, it needs the political, financial and technical support of its member states. Politically, we must provide the support the IAEA needs to carry out its mandate faithfully and objectively, with the political will to respond to violations. Financially, we must stand by the principle that the IAEA's safeguards budget should be based on what is needed to fulfill its safeguards mandate. All IAEA Member States should support the balanced package agreement reached in 2003, which provides a much-needed increase in the IAEA's regular budget after nearly two decades of stagnant funding.

The IAEA will continue to rely on Member States to meet needs -- both financial and technical -- that cannot be met through the regular budget. The IAEA's safeguards system is built on technology developed by Member States and made available to the international community to meet our shared security interests. This needs to continue.

Export Control

Mr. Chairman, the IAEA safeguards system works hand in hand with the nuclear export control system. The most basic export control requirements are contained in the NPT itself -- that exports of nuclear equipment and material should only take place under IAEA safeguards that the nuclear-weapon States should not in any way assist, encourage or induce any non-nuclear-weapon State to manufacture or otherwise acquire nuclear weapons; and that non-nuclear-weapon States undertake not to seek or receive any assistance in the manufacture of nuclear weapons and not to receive the transfer of nuclear weapons directly or indirectly. But past experience has demonstrated the need for additional requirements, including the requirement that the recipient state have *comprehensive* IAEA safeguards, the need to control dual-use goods and services, and the need for stricter control on the most sensitive goods. These have been endorsed by past Review Conferences, and I call on this Conference to endorse the next logical steps to further strengthen export control standards and national and international capabilities to implement and enforce those standards.

Just as the Additional Protocol has established a new standard for effective safeguards, it should now become the standard for nuclear supply arrangements. Clearly it will take time to work out some of the details, and there is no desire to cause undue disruption to existing supply arrangements through a precipitous change in policy. However, now is the time to establish unequivocally that the new safeguards standard is also the new export control standard.

The spread of enrichment technology through secret procurement networks to support clandestine enrichment programs in Iran, Libya and North Korea - all undertaken for nuclear weapons purposes in violation of Article II of the NPT -- clearly demonstrates the need for stronger controls on those technologies. Revelations about undeclared reprocessing experiments, along with the construction of reactors ideally suited to plutonium production, show the need for controls on reprocessing technologies as well.

Enrichment or reprocessing facilities can produce material directly useable in nuclear weapons. The misuse of either can threaten our security. There is no sound economic reason to pursue enrichment and reprocessing capabilities, since nuclear fuel services are readily available on the international market. In most cases, investment in enrichment and reprocessing is at best a waste of valuable resources, and at worst a threat to international security. It is therefore essential to halt the further spread of those capabilities, and such a halt will not harm the legitimate peaceful nuclear activities of any country.

UNSCR 1540

Mr. Chairman, the threat of nuclear proliferation is clearly a threat to international peace and security. Recognizing this fact, the UN Security Council unanimously adopted Resolution 1540 to address certain gaps in the nonproliferation regime. This Resolution requires states to enact and enforce effective legal and regulatory measures to prevent proliferation, with a particular focus on preventing proliferation activities of non-state actors. The illicit procurement network operated by A.Q. Khan epitomizes the risk that non-state actors could contribute to proliferation or could enable terrorists to acquire nuclear weapons. We must not let those things happen.

At its core, Resolution 1540 simply requires states to take concrete steps consistent with good faith implementation of their nonproliferation commitments. This includes measures to maintain effective physical protection and to control against illicit export, transshipment, or brokering.

To enable all states to respond effectively, Resolution 1540 invites states to request assistance in implementing their obligations, which the United States and many others stand ready to provide. The Resolution also calls on states to report on measures they take towards implementation, and those reports are to be reviewed by the 1540 Committee. Unfortunately, many states have not yet provided the requested reports, and few have made requests for assistance.

Mr. Chairman, allow me to close where I began, by reiterating that the measures responsible states take to control nuclear technology do not impede its peaceful use. To the contrary, they provide a measure of confidence that these technologies will not be misused, and this confidence is essential if we are to continue to enjoy fully the benefits of peaceful nuclear cooperation. Without such confidence, our security would be threatened by the proliferation of nuclear weapons capabilities, and the prospects for meeting the legitimate needs of mankind through peaceful nuclear cooperation would be greatly diminished.

Thank you, Mr. Chairman.

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