



Nuclear Proliferation: Today's Challenges and the U.S. Response

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Remarks at the Monterey Institute

Washington, DC

March 7, 2006

Introduction

Since the beginning of the nuclear age, mankind has faced a stark dilemma: how to exploit nuclear energy's peaceful and productive potential, while preventing the spread of nuclear weapons. Rather than fading with the Cold War, that dilemma has become even more acute and multifaceted, making the proliferation of weapons of mass destruction, particularly nuclear weapons, today's preeminent threat to international peace and security.

The Nature of the Threat

The first face of the proliferation threat is that posed by states attempting to develop nuclear weapons, despite solemn international obligations under the Treaty on the Non-Proliferation of Nuclear Weapons, or NPT, to refrain from proliferation. In recent years, the international community resolved such threats posed by both Iraq and Libya. In the recent past, we worked to ensure that only one state with nuclear weapons, Russia, emerged from the break-up of the Soviet Union, rather than four. We brought South Africa, Argentina and Brazil into the nonproliferation regime as non-nuclear-weapon States, which meant South Africa relinquished its nuclear weapons and Argentina and Brazil gave up serious nuclear weapons ambitions. Through persuasion, a few other states backed away from embryonic nuclear weapons programs.

Iran. Today, the international community faces serious challenges posed by Iran and North Korea's pursuit of nuclear weapons. For nearly two decades Iran has claimed that its nuclear program served purely peaceful purposes, while at the same time, it concealed sensitive nuclear fuel cycle activities and failed to report these activities to the IAEA as required by its NPT commitments. The IAEA has been investigating evidence of these undeclared activities since late 2002, and over the past three years, has issued nine written reports (and several oral reports) on the results of its investigation. These reports document that since the mid-1980s, Iran has systematically carried out secret nuclear activities, including undeclared uranium enrichment and undeclared plutonium separation activity. They expressly accuse Iran of "Failure on many occasions to cooperate to facilitate implementation of safeguards, as evidenced by extensive concealment activities." When confronted with evidence of its activities, including evidence provided in nine IAEA Board of Governors resolutions, Iran continues its pattern of deception and denial, fails to cooperate fully with the IAEA, and continues to pursue nuclear fuel cycle capabilities in defiance of the international community.

There is no realistic economic justification for Iran's nuclear activities. One can only conclude that Iran is making its huge investments in its nuclear program to develop a nuclear weapons capability -- especially given its large oil and gas reserves, its lack of any functioning nuclear reactors, and Russia's commitment to supply nuclear fuel for its one reactor currently under construction. One particularly damning piece of evidence recently revealed by the IAEA is a document uncovered by inspectors that indicates Iran received information from a clandestine source on casting and machining hemispheres of uranium metal. There are no known applications for such hemispheres other than for nuclear weapons. As with a number of other questions posed by the IAEA, Iran has yet to fully explain its dealings with this clandestine proliferation network.

As a result of this and much more, the IAEA Board of Governors found Iran in formal noncompliance with its obligations last September. And on February 4th, the Board of Governors, meeting in extraordinary session, reported Iran to the United Nations Security Council. Deliberation are scheduled for today and tomorrow in Vienna, and last ditch efforts are underway to fashion a compromise to stave off UN Security Council action. We expect the Security Council to act on Iran's behavior after the IAEA's Board meeting this week. The international community has explored every diplomatic effort to persuade Iran to comply with its international treaty obligations. Iran's continued failure to comply will necessitate a long, hard look at the nonproliferation regime and what needs to be done to strengthen it. The stakes involved are extremely high.

North Korea. The stakes are no less with regard to North Korea's nuclear ambitions. North Korea's nuclear programs threaten the stability of one of the world's most important regions. As you know, the United States is working with Japan and other regional states to resolve the North Korean nuclear issue through multilateral diplomacy dubbed The Six-Party Talks.

There has been some progress but it is slow in coming. At the Fourth Round of Six-Party Talks on September 19, 2005, the Six Party unanimously adopted a Joint Statement of Principles in which North Korea committed to "abandoning all nuclear weapons and existing nuclear programs and returning, at an early date, to the Treaty on the Non-Proliferation of Nuclear Weapons and to IAEA safeguards." The Joint Statement offered North Korea significant benefits from the other parties. Those benefits would accrue only in the context of the denuclearization of the Korean Peninsula. The statement also said the U.S. and North Korea would take steps to normalize relations, subject to North Korea implementing its denuclearization pledge and resolving other longstanding concerns.

The Fifth Round of Talks began in November to open discussions on implementing the Joint Statement; the parties agreed to return to Beijing in early 2006 to resume the round. The U.S. and other parties remain willing to return to the table but North Korea has so far refused, accusing the U.S. of maintaining a "hostile policy," specifically alleging that the U.S. levied economic sanctions against it. We have made clear that our actions are regulatory in nature and that we will continue to protect against North Korean illicit financial activities so long as the activities themselves continue. We have also stressed that our regulatory actions are not related to the Six-Party Talks. They are standard procedures taken to protect our own financial system.

In November, we offered to brief North Korean officials on our financial and law enforcement actions as they pertained to North Korea. Recently, North Korea accepted our offer. We look forward to returning to the Six-Party Talks and hope North Korea will agree to do so soon. We believe it is essential to move quickly to implement the goals outlined in the Joint Statement. We want North Korea to join us and the other parties in building a peaceful, stable future for Northeast Asia.

Non-State Actors. A newer face of the proliferation threat is the rapid rise in non-state actors' involvement in the proliferation of nuclear and other weapons of mass destruction. As the world learned with the discovery of the secret A.Q. Khan supply network, that involvement includes illicit trafficking in nuclear- and nuclear weapons-related technology, weapons design, and equipment. It also includes terrorists' efforts to acquire and use nuclear or

other weapons of mass destruction. It is made more dangerous by potential cooperation between these groups and states that have violated their NPT nonproliferation obligations.

Technology Spread. Also greatly magnified in recent years, is the challenge stemming from the spread of nuclear technology, particularly from those technologies that have direct relevance to the development of nuclear weapons. We must balance the right to peaceful development of nuclear energy with the need to prevent nuclear proliferation.

The U.S. Response: Effective Multilateralism

The Bush Administration has constructed a comprehensive strategy against proliferation, which it outlined in the December 2002 *National Strategy to Combat Weapons of Mass Destruction*. The three pillars of that strategy are: preventing proliferation; countering proliferation; and managing the consequences of proliferation. To prevent proliferation, the Administration has launched expanded efforts to prevent rogue states and terrorists from acquiring WMD, their related materials, and delivery systems. Counterproliferation recognizes that prevention does not always succeed and that we must have the capabilities to deter, detect, defend against, and defeat WMD and those who would use them for malevolent purposes. Consequence management aims to reduce the consequences or tragic effects of a WMD attack at home or abroad.

A central element of all three pillars of the Administration's strategy against proliferation is a commitment to what we call "effective multilateralism," to confront the problems that we face with realism and determination in league with our international partners. Effective multilateralism is integral to our approach to proliferation prevention, counterproliferation and consequence management. In the prevention of nuclear proliferation, effective multilateralism has meant strengthening existing tools and developing new ones. Let me mention some of those tools.

The Nuclear Nonproliferation Regime

One essential tool, the Treaty on the Nonproliferation of Nuclear Weapons, is the cornerstone of the nuclear nonproliferation regime, because it has created an international norm against nuclear proliferation and established the legal basis for actions against those that violate this norm. I would argue that the NPT and the system of International Atomic Energy Agency (IAEA) safeguards, involving international inspections and verification procedures, have had more success than setbacks in 35 years of attempting to prevent the proliferation of nuclear weapons.

But setbacks over the years have brought innovations. Based on the lessons learned about gaps in the then existing safeguards system from the discovery of Iraq's clandestine nuclear weapons program in the 1990s, committed members of the nonproliferation regime negotiated the Additional Protocol. The A.P. aims to strengthen international safeguards by expanding access to more facilities and information and allowing international inspectors to inspect and verify so-called "undeclared activities" not just those activities a state has declared open for inspections.

Another international tool includes multilateral export control regimes: principally the forty-five member Nuclear Suppliers Group and the Zangger Committee. These export control regimes seek to establish guidelines to prevent a country from acquiring the technology needed to develop a nuclear weapons capability. They promote awareness among suppliers of nuclear technologies and materials that could promote proliferation and establish a set of common export standards to which all nuclear supplier countries agree to abide.

We require multilateral action to enforce those standards. The disruption of the A.Q.Khan supply network and the subsequent decision by Libya to abandon its WMD and longer-range missile programs would not have been possible without effective multilateral action, based on strong intelligence, close cooperation, and active interdiction. Central to those successes was the Proliferation Security Initiative, or PSI.

Proliferation Security Initiative (PSI). PSI has transformed how nations act together against proliferation, harnessing their diplomatic, military, law enforcement and intelligence assets in a multinational, yet flexible, fashion. Over 70 states now support PSI and its Statement of Interdiction Principles, and the number is steadily increasing. Participants are applying laws already on the books in innovative ways and cooperating as never before to interdict shipments, to disrupt proliferation networks, and to hold accountable the front companies that support them.

The PSI-type approach involving like-minded countries is now expanding to cut off financial funding that fuels proliferation. Last July, the G-8 Leaders called for enhanced efforts to combat proliferation through cooperation to identify, track and freeze relevant financial transactions and assets. For our part, President Bush issued in June a new Executive Order that authorizes the U.S. Government to freeze assets and block transactions of entities (e.g. NGOs and businesses) and persons engaged in proliferation activities and support.

Cooperative Threat Reduction (CTR). Another tool in the nonproliferation arsenal includes programs to secure and eliminate nuclear weapon-related facilities and materials and to redirect scientists and scientific communities involved in these projects into civilian sectors. The United States has been engaged in such programs since the launch of the Cooperative Threat Reduction program by Senators Lugar (my former boss in the U.S. Senate) and Nunn in December 1991, just after the collapse of the Soviet Union. International engagement on cooperative threat reduction activities has greatly increased since the inauguration of the Global Partnership Against the Threat of Weapons and Materials of Mass Destruction by the G8 in 2002. The United States provides about \$1 billion annually for these programs for Russia and the FSU alone, and we look to our G-8 partners to fulfill their commitment to match that level.

Strengthening the Regime

President Bush has articulated an ambitious agenda to prevent nuclear proliferation. He has put a strong emphasis on compliance with NPT nonproliferation obligations. He has called for strengthening the IAEA safeguards system by universalizing the more demanding Additional Protocol, making implementation of the Protocol one of the conditions countries must meet to be eligible for nuclear supply, and by creating a Committee on Safeguards and Verification at the IAEA, which met for the first time last November. The President proposed a United Nations Security Council Resolution to criminalize WMD proliferation, and in April 2004, the Council adopted Resolution 1540, which established for the first time binding, i.e., mandatory, obligations on all UN member states to criminalize WMD proliferation, enforce effective export controls, and secure nuclear materials.

Enrichment and Reprocessing (ENR). President Bush also proposed that there be a complete ban on the export of sensitive uranium enrichment and plutonium reprocessing technology to all countries not now having full-scale plants and that those countries that forego these fuel cycle programs have access to reliable nuclear fuel at prevailing market prices. He has proposed and we have seen increased international engagement on Cooperative Threat Reduction activities beyond Russia and the FSU.

There has been progress on many of these fronts but much more needs to be done. We are working with the G-8 and the Nuclear Suppliers Group to establish effective controls on enrichment and reprocessing to prevent states from pursuing nuclear weapons in the guise of supposedly peaceful nuclear energy - as Iran has done. At Gleneagles last year, G-8 leaders agreed to continue in the coming year to refrain from new initiatives involving transfer of enrichment and reprocessing equipment and technology to additional states. As we continue to press for support of the President's proposal

some, including IAEA Director General ElBaradei, are speaking of a long-term moratorium.

As a complement to his February 2004 proposal to ban transfers of enrichment and reprocessing (ENR) technology to States not already possessing such facilities, the President called on the world's leading nuclear suppliers to ensure reliable access to fuel for civil reactors at reasonable cost for States that renounce interest in ENR. G-8 leaders at Gleneagles last year called for "new measures to ensure that those states which forgo the nuclear fuel cycle and meet all nuclear nonproliferation obligations enjoy assured access to the market for nuclear fuel." The U.S. proposes a backup safety net mechanism involving the IAEA and the principal suppliers to provide reliable access to nuclear fuel. The IAEA statute authorizes the Agency to act as an intermediary for the purpose of securing supply of services, material, equipment and/or facilities by one member for another.

U.S. Energy Secretary Bodman announced a major step in support of this proposal at the 2005 IAEA General Conference regarding U.S. plans to blend down up to 17.4 tonnes of high enriched uranium excess to U.S. defense needs and hold it as a low enriched uranium reserve to support fuel supply assurances. We are working with other suppliers and IAEA Director General ElBaradei and IAEA staff to develop an international mechanism based on cooperation with the IAEA. The results of this action will mean more assured fuel supply, which will make it unnecessary for states to develop their own fuel making capacity. It will also mean a significant reduction in the amount of weapons-related material - enough for almost 700 nuclear warheads. We encourage other nuclear supplier states to create such reserves as well.

Global Nuclear Energy Partnership (GNEP). Complementing these efforts is last month's announcement by Secretary Bodman of a proposal to launch the Global Nuclear Energy Partnership or GNEP. GNEP is a comprehensive strategy, designed to promote the expansion of emissions-free nuclear energy worldwide by developing and deploying new technologies to recycle nuclear fuel, minimize waste, and prevent the spread of sensitive nuclear technologies and materials. We will work with our international partners, including Japan, to develop advanced commercial recycling technologies. At the same time we will honor U.S. commitments with respect to use of existing technologies in our agreements for peaceful nuclear cooperation with Japan and Euratom. GNEP recognizes that the growing demand for energy will require a dramatic global expansion of nuclear power to increase energy security, promote clean development, abate pollution and reduce greenhouse gas emissions. While encouraging the expanded global use of nuclear power, GNEP seeks to address the two unresolved challenges to nuclear expansion: waste reduction and proliferation prevention. To serve these multiple goals, the GNEP seeks to implement new nuclear fuel cycle technologies that support an approach resulting in safe, clean reliable and economic nuclear energy expansion.

U.S.-India Civil Nuclear Cooperation. Before closing, I'll make some brief remarks on the U.S.-India civil nuclear cooperation deal reached last week in New Delhi. The Civil Nuclear Cooperation initiative represents an historic step for both countries and a deepening of U.S.-India partnership. It involves reciprocal commitments. India has committed to a series of actions that include strong and effective export controls, adhering to MTCR guidelines and the NSG guidelines on nuclear exports, separating its civilian and military facilities and activities in a phased manner, and agreeing to place all its civilian facilities under IAEA safeguards. Once implemented, this arrangement will effectively remove the majority (2/3) of India's power reactors that would otherwise be used for its nuclear weapons industry and bring them under international safeguards. India has further agreed to sign and adhere to an Additional Protocol, maintain its nuclear testing moratorium, refrain from transfers of enrichment and reprocessing technologies to states not now possessing such technologies, and promises to work with us to conclude an FMCT. In the aggregate this constitutes a significant redirection in moving India into the mainstream on international nonproliferation standards and practices.

We have no intention to seek any change in the NPT, will seek no alteration of NSG guidelines, will not recognize India as a nuclear weapon state, and will, in no way, assist India's nuclear weapons program. We continue to support NPT universality. At the same time, we recognize that India's critical energy needs cannot be met solely through reliance on fossil fuels. For our part, we will ask the U.S. Congress to amend relevant U.S. laws to permit the sale of nuclear equipment, fuel and support services to India and will work with others to seek an exception to NSG guidelines to permit full civil nuclear cooperation with India. We are prepared to give India assurances of reliable supply of nuclear fuel through various means, as necessary. We will also work to complete a bilateral agreement for peaceful nuclear cooperation. India's solid nuclear nonproliferation record, its democratic tradition and its commitment to freedom and tolerance give us confidence that this arrangement makes good sense.

Conclusion

In conclusion, I commend this group for addressing the issue of nuclear proliferation. It is the one of the preeminent challenges that the international community faces today. Our success in constructively dealing with this threat will unquestionably help shape the quality of our lives and the lives of our children and grandchildren. Thank you very much.

Released on March 8, 2006

