

Senate Foreign Relations Committee
Senator Richard G. Lugar
Statement for Hearing on
Nuclear Fuel Safeguards and Assurances
July 31, 2007

I thank Senator Casey for chairing this hearing. I join in welcoming my friend and Hoosier colleague, Senator Evan Bayh, who has provided important leadership on the issue we will examine today.

The international nuclear nonproliferation regime has suffered significant setbacks in recent years. It is vital that the United States assign a high diplomatic priority to strengthening that regime. The Nuclear Nonproliferation Treaty (NPT) and the International Atomic Energy Agency (IAEA) have succeeded in forestalling nuclear weapons programs in most of the world's advanced industrial states. But the IAEA is hard pressed to keep pace with the global expansion of nuclear weapons technology, especially uranium enrichment and spent nuclear fuel reprocessing, both of which can produce fissile material for weapons.

The construction of facilities for the enrichment of uranium and reprocessing of spent nuclear fuel in new states, even for ostensibly peaceful purposes, poses an unacceptable risk to the international nonproliferation regime. This risk arises because enrichment and reprocessing technology intended to produce fuel for civilian reactors can also be used to create weapons material. The spread of these capabilities would dangerously increase the chances that new nations could develop nuclear weapons and that terrorists could obtain nuclear materials for bombs.

The threat posed by the spread of nuclear fuel cycle technology has been complicated by the growing attractiveness of nuclear power, both in developed and developing countries. As energy costs soar and concerns about global warming deepen, many states are considering investing in nuclear power as a way to expand their capacity to generate electricity.

The United States must help shape a response to this dilemma. We should be making clear that there is no technological or economic reason why the expansion of civilian nuclear power must be accompanied by the construction of enrichment or reprocessing facilities.

Senator Bayh and I have proposed that the United States and like minded nations should establish a new international system whereby countries that give up their own enrichment and reprocessing programs will be rewarded with a guaranteed supply of reasonably priced fuel for nuclear power generation. Before the July 4th recess, the Committee on Foreign Relations unanimously approved S. 1138, legislation that I authored with Senator Bayh. The Lugar-Bayh bill embraces both bilateral and multilateral fuel supply mechanisms, and calls for a report on the establishment of an International Nuclear Fuel Authority. Our bill makes it the policy of the United States to discourage the development of enrichment and reprocessing capabilities in additional countries, to encourage the creation of bilateral and multilateral assurances of nuclear fuel supply, and to ensure that all supply mechanisms operate in strict accordance with the IAEA safeguards system.

Our bill also specifies that this policy must not result in any additional unmet verification burdens for the system. This point is important, because even as the world demand for civilian nuclear power grows, the IAEA -- charged with ensuring that nuclear energy programs are not used for weapons

development -- operates on a shoestring budget with old equipment. This situation threatens the institution and the nuclear stability that the IAEA supports.

Last November, I visited the IAEA and its Safeguards Analytical Laboratory located just outside Vienna, Austria. Nuclear samples from around the world are collected by IAEA inspectors and brought to this laboratory. There they are tested to determine if nations are complying with their obligations under the NPT. The laboratory is on the front lines in the struggle to prevent states from pursuing undeclared nuclear weapons research and development. Unfortunately, the laboratory's aging equipment and dangerous working conditions hamper the important work that is done there. In addition, IAEA technicians are severely limited in the time they can spend analyzing evidence in the "hot" or nuclear part of the laboratory, because it is served by a dilapidated air purification system. The laboratory will become increasingly stressed as more states expand their nuclear power infrastructures.

The Lugar-Bayh bill calls for the refurbishment or possible replacement of the IAEA Safeguards Analytical Laboratory. The IAEA is performing an absolutely indispensable security function for the global community. The scientists working there must have the state of the art equipment necessary to do their jobs.

Fixing the IAEA's problems will require global cooperation, but the first step in this process is American leadership. We must lead an international effort to ensure that the IAEA has the resources and capabilities it needs to effectively conduct its critical safeguards mission and to respond to the coming expansion of nuclear power.

Thank you, Mr. Chairman. I look forward to engaging in a discussion with our witnesses.

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