

Information Circular

INFCIRC/706

Date: 31 May 2007

General Distribution

Original: English

Communication received from the Federal Minister for European and International Affairs of Austria with regard to the Austrian proposal on the Multilateralization of the Nuclear Fuel Cycle

1. The Agency has received a communication dated 10 May 2007 from the Federal Minister for European and International Affairs of the Republic of Austria, attaching a paper on the Multilateralization of the Nuclear Fuel Cycle.
2. As requested in that communication, the paper is herewith circulated for the information of Member States.

30 April 2007

Multilateralisation of the Nuclear Fuel Cycle
Austrian Food-for-Thought Paper

In today's world there are 435 nuclear power plants; about a dozen countries have or are creating enrichment facilities; approx. 40 countries are said to have the technical expertise necessary to produce nuclear weapons. At the same time, we are witnessing a gradual erosion of the international non-proliferation regime.

In the cases of Iran and North Korea we are confronted with security threats resulting, in particular, from a lack of trust regarding the respective nuclear fuel cycles. There are grave concerns that some countries may be misusing peaceful nuclear programmes so as to develop nuclear weapons. On the other hand, developing countries claim that they are unjustly denied access to the nuclear fuel cycle.

This situation must be urgently addressed and the EU should contribute to these efforts. One way to overcome existing concerns would be a return to one of the key ideas that lay at the root of European Integration.

The challenges that confronted European security more than fifty years ago concerned a different field of technology, steel and coal; the political answers we are seeking today may, nonetheless, be similar. Fifty years ago, the founding members of the EU laid the basis of their community by placing substances and technologies that may be used peacefully, but also for the production of weapons under multilateral control. Similar proposals for the nuclear sector have been discussed at the international level for many years. It now seems appropriate that we take up these ideas and promote a multilateralisation of the nuclear fuel cycle.

A first track could be devoted to optimizing international transparency going beyond current IAEA safeguards obligations. All States should declare to the IAEA and to each other all their existing nuclear programmes and future development plans. They should also declare all their activities and transfers of nuclear material, of equipment and of related technologies, during the various stages of the nuclear fuel cycle. This exchange of information should take place through the IAEA which would also take care of the necessary security and confidentiality measures. The increased transparency resulting from these procedures would provide greater clarity as to the nature of every country's nuclear programmes and thus enhance overall confidence.

In parallel, a second track should enable equal access to and control of the most sensitive technologies, particularly enrichment and reprocessing. This could be achieved by placing all transactions regarding nuclear fuel under the auspices of a Nuclear Fuel Bank. Such a bank would ensure, monitor and verify safe, secure and fair distribution. The existing civilian enrichment and reprocessing facilities would eventually operate exclusively through such a Nuclear Fuel Bank. Once this stage has been reached, nuclear fuel would be supplied exclusively via multilateral facilities and

institutions. An international Nuclear Fuel Bank would ensure that the nuclear fuel cycle was operated and controlled by all interested States in an equal and fair manner. It would thus no longer be necessary to resort to national enrichment programmes to assure supply of nuclear fuel.

Details would still have to be worked out, including the relationship to the existing safeguards system, rights and obligations of NPT-nuclear weapons states, avoidance of market distortions, safety and confidentiality requirements.

The IAEA has the necessary expertise in this field and should assist in the elaboration of a draft concept. It is now crucial for the responsible political leadership to demonstrate real commitment and vision so that this process can be launched.