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Working Group B. How can the different types of multilateral proposals and options engender trust and co-operation in fuel supply?

Summary of discussions

Working Group B discussed the existing proposals for a multilateral approach to the nuclear fuel cycle, which have been tabled by states, nuclear industry and international organizations. The participants of the discussion pointed the following:

1. There was general agreement that proposals for a multilateral approach for the nuclear fuel cycle should not require from potential customer states to “forgo” their rights under Article IV of the NPT. No additional restrictions should be imposed on their rights to develop peaceful nuclear power. In other words, it should be forbidden to forbid.

2. Some participants noted that the existing proposals should be streamlined or categorized making it easier for customer states to choose from the “menu” of proposals. Others observed that it is good when several proposals address similar aspects of the nuclear fuel cycle because different countries are in different circumstances and may want to have different options. For example, several nuclear fuel banks (Russian fuel bank, NTI fuel bank, U.S. fuel bank) will complement each other diversifying the roster of a last resort fuel reserves. It was also noted that more than 12 proposals actually exist, concrete examples were mentioned.

3. The question was raised: How to make multilateral schemes attractive for customer states? It was noted that incentives (political, economical, etc.) should be clearly understood by potential customer states. Different incentives may be needed for different types of customers. It was noted that some customer states may not be very much interested in fuel assurances as the world nuclear market works well and these states have never had real problems with fuel supplies. It was suggested that to make these mechanisms more attractive they should include not only front-end but also back-end issues. Countries with developed nuclear power already have problems with storage and disposal of spent nuclear fuel; newcomers will have the same problems in the future, even if right now they are more concerned with fuel supply.

4. Some participants noted that all of the existing proposals have been conceived by supplier states. Views from the demand side need to be taken into account. Others noted that customer states should be more active in telling suppliers what to do to remove their distrust. More dialogue is needed.

5. It was noted that to remove the distrust of customer states a success story is needed. That is why it is important to start with more simple projects and then, building on their success, to move towards more complex schemes.

In order to provide objective criteria as background for policy decisions in emerging nuclear energy states, comparative case/cost studies may be needed to evaluate pros and cons of the participation in multilateral mechanisms against the development of indigenous technologies. A

comparison of this sort may serve to illustrate the financial implications of current uranium enrichment programs against the alternative of multilateral mechanisms.

6. It was noted that the existing proposals are not carved in stone. They should be considered as dynamic proposals contributing to the international discussion. More detailed discussion of existing proposals and more creative thinking are needed.

7. Some participants noted that it is for the nuclear market to decide what proposals are good and which are not. They pointed out that the most practical way ahead would be to back up the market with multilateral mechanisms. Others were of the view that MNA option should go beyond this. Multilateral approaches could, for example, constitute important confidence building measures.

8. Some participants noted that non-proliferation issues should not to be used as a pretext to perpetuate monopolistic situations within the global nuclear market. Countries in perfect NPT compliance should be allowed to develop their own capabilities if they so wish.

9. It was noted that multilateral approaches to the nuclear fuel cycle could also be tackled from a regional perspective.

10. It was noted that to promote trust and international cooperation in this field the type of dialogue and exchange shown at this kind of meeting should be pursued. In this, the IAEA should have an undisputable role.