

WEAPONS THREATS AND INTERNATIONAL SECURITY: REBUILDING AN  
UNRAVELED CONSENSUS

*EXPANDING NUCLEAR ENERGY, PREVENTING WEAPONS PROLIFERATION: A  
POROUS WALL?*

LAURENTI: We'd like to welcome you back now to the second discussion session of our program. May we welcome you all back to your seats?

This session has as its subject, "Expanding Nuclear Energy, Preventing Weapons Proliferation: A Porous Wall?" Critics suspicious of Iran's nuclear program point suspiciously to the country's ample oil reserves as proof of the program's malevolent intent: It can't really be about energy in a country with as much oil as Iran, can it, they say. Yet the tightening vise on oil production capacity relative to sharply increasing global demand for energy has led figures as authoritative as Vice-President Cheney himself to pronounce nuclear power the energy resource of the future – the ultimate green energy source, to answer last night's Oscar documentary winner.

And as we explore this problem, that is, how, if we're going to rely even more on nuclear energy for civilian purposes in the future, are we able to maintain some kind of wall that walls it off from weapons production, this becomes the toughest issue of the age: how you can prevent that – leaping that wall.

We have a panel to lead our discussion in this hour of three distinguished individuals. Ambassador Sérgio Duarte, Ambassador of Brazil, who had chaired the 2005 NPT review conference. Bill Potter of Monterey Institute. And Gustavo Zlauvinen, originally of Argentina, who is the director of the New York office of the International Atomic Energy Agency. We will, following Joe Cirincione's excellent precedent, do this as questions that I will pose to each of you in turn, and then invite your questions for the second half of this hour.

So let's begin with Ambassador Duarte. If nuclear power is only going to grow in the future, are we not at constant risk of one or another government making a lunge for nuclear weapons? How do we make a system work that encourages nuclear energy on the one hand, yet effectively prevents its diversion to nuclear weapons on the other?

DUARTE: Well, thank you very much. Let me also thank yourself and your organization, The Century Foundation, and the Italian government for providing us with the possibility to be among you here and discuss these issues among ourselves. I don't propose to, of course, to say, how do you do things. Someone before in the previous panel was rightfully worried about let's discuss how do you do things. I simply do not know. Let us try to do things the best way.

The question is of course very pressing and very important. And unfortunately the – I'm not so familiar with – there have been, I understand, lately, some proposals beyond those that were made by President Bush, by the director of the IAEA, and I understand also by President Putin, on systems by which countries that do not possess and want to have fissionable material for their civilian programs could be assured of supply, thereby removing the possibility that these countries would develop their own capacities to enrich uranium and eventually might be tempted to proliferate weapons.

But the proposals that I know, at least, and these are the most – the best-known. They've been discussed, I think, last year, or the year before, between end of the previous year and last year by a panel put together by the director of the IAEA, which unfortunately, of course, did not achieve any result because the issue is really very difficult and very complicated.

The question, I think, or the problem, basically hinges on the question of assurance of supply. How can assurance be really assured? How can countries imagine that by forgoing what they may think necessary for them to provide for their energy needs, in terms of nuclear energy – how can they be sure that these will be forever, ironclad sort of assurance of a supply of what they need? Particularly when promises that had been made in this field on disarmament continually have been, since the beginning of the NPT, have been continued forgotten, changed, not adhered to.

And since the situation, international situation, the circumstances are changeable. We hear from the nuclear weapon powers that they cannot entirely get rid of their weapons because they don't know what the future brings. Well, the rest of the world also doesn't know what the future brings in terms of energy. So I think it's a very complicated issue.

The answer of course, as has been said here on this table before by more than one speaker and also from the audience, lies in finding a new approach, an approach that is cooperative instead of an approach that is confrontational.

And also on verification it is very important, if we are to achieve a system by which countries would employ their means, their industrial means to enrich uranium for their own industrial uses for production of energy and other purposes – it is very important that there is a system that is fool-proof, that is at least in which the whole community places its confidence that this system will work and that the verification systems will provide means to see who is cheating and who is not cheating.

I think that is the – those two – the cooperative approach and a viable, sustainable system of verification are perhaps the ways to answer the how question. Thank you.

LAURENTI: Well, let's take that question of verification. Gustavo, how much can we trust the existing IAEA safeguard system to prevent crossover use of nuclear technologies for weapons purposes? Is the existing safeguard system itself somehow deficient, or would you say as the director of the IAEA office here that it's really the willingness of political leaders to backup that safeguard system that is deficient?

ZLAUVEVINEN: Well, if I were to be a salesman I would say it's perfect. Our product is perfect and you should buy into that. But reality shows that it's far from that. I would like you to think so, but it's not. And to when to make an assessment of how efficient and effective the IAEA verification system is, we have to look into the context in which inspections and verifications worked.

And first of all we have to accept the new realities, the new challenges. Obviously that technologies that 30, 40 years ago were in the hands of only a few, now they are widespread. It's much easier today to get access to these so-called nuclear fuel cycle technologies. And therefore the inspections are facing that challenge. Secondly, the appearance of a black market on nuclear technology and supplies is also putting a lot of strain on our verifications efforts. Thirdly, the terrorist (inaudible) intention of some terrorist organizations to try to acquire nuclear materials and use them for malevolent acts is something that we have to look into that very carefully.

And obviously the whole political discussion among international communities that was shown this morning about disarmament and non-proliferation, which one have to go first, whether both are interlinked or not, obviously it's putting its own stress on our conceptual views of the verifications.

And we have to remember that in dealing with compliance with international obligations, this is one of the most difficult subjects. Why? Because for many states, it still is very difficult to reconcile the concept of sovereignty with the idea of accepting intrusive inspections by others. This is something that is a dichotomy for many states. They may be forced to accept those inspections because the trend is to sign and adhere to international treaties and organizations like the NPT but at the end of the day, many states do not reconcile that concept.

Secondly, because there is a lack of a universally accepted judicial system to which cases of non-compliance can be presented and decided upon, and also we have a lack of, how to say, a central enforcement system by which if we find a non-compliance, then we just go to that mechanism of enforcement and we'll resolve the problem. We lack those elements.

So what we have today is that member states, the states that are defended, that they have to defend their positions, whether they are compliant or not with the obligations, are also the judges. They sit in, for example, our board of governors meetings. So they have to decide upon themselves on many circumstances. And

obviously this is a contradiction and this is not helpful, in the sense that at the end of the day, the inspections, the verification is a tool, is a tool to present as much possible credible and reliable and objective information as possible depending on a number of factors. But the political assessment of those facts is going to be made by member states that at the end of the day are also the recipient of those obligations. So it's a kind of a contradiction and the system is far from perfect, but this is the one we have and we have to accept.

So starting with that, we have to look into what will be more or less a perfect scenario to have a high level or a high degree of confidence on the facts that inspectors can present to the political masters. And obviously, that high level of credibility will depend on the legal authority. Obviously the more legal authority our inspectors have to go to a member state and start asking for information and access and analysis of laboratories and nuclear materials, the greater will be our credibility. Obviously the additional protocol, this is a very important element for us to increase that legal authority.

Secondly, we need the full cooperation from the member states on the verification. And we have seen in the past 20 years that in those cases where a government decided to provide full and transparent cooperation, like in the case of South Africa, we were able very quickly to prove that the intention of that government had been corroborated by our inspectors. Other cases where that cooperation was not forthcoming obviously resulted in a lack of confidence in our assessments.

Thirdly, we need to get access to all available information, and I'm now talking here about information to be provided by the member states under review but also from other sources. But (inaudible) Hans Blix will have some comment on that, and I fully agree with him on how you treat that information coming from other sources.

So this is some element maybe for further discussions. And what we need at the end of the day is international consensus. When we are facing a situation of a possible non-compliance, outside of the credible facts and objective analysis by inspectors, we need to have international consensus on how to deal with that. And unfortunately, up to now, the only (inaudible) the international organ to handle those situations, which is the Security Council, has not worked the way that it should have because of divergent interests and assessments on what we as inspectors present to the Security Council.

And obviously if any of these elements that I just mentioned – the level of legal authorities, access to information, international consensus, or having access to the latest technologies for inspections – if any of those elements more than one lacked, obviously the level of assurances diminish, and we have to be careful on that.

LAURENTI: Thank you, Gustavo. And following up on that, and particularly this notion of the divergent interests of members of the Security Council and their divergent

assessments of what a particular situation may be and may require – Bill, let me ask you whether you see the fault line as being between nuclear weapons-possessing states and the large number of states that are non-nuclear weapons states, or is it a West versus East – the Western group nuclear weapons states and non-weapons states and Russia, China, and others? Or a North-South one, vis-à-vis the developing countries? What are the fault lines in being able to get common action in cases where the proliferation or non-proliferation norms appear to be in jeopardy? And what is the possible opportunity for mobilizing political will across those different fault lines to reign in states that might be looking to weaponize?

POTTER: I'll try to answer that question, and also I feel some obligation to respond to Michael Krepon's question and yet I want to be true –

LAURENTI: Well, we'll get to Michael's.

POTTER: Oh, OK. I wanted to be true to the theme of this session. So at some point I would like the opportunity to talk about this tension between the pursuit of nuclear power, particularly in an age which is increasingly characterized as one of renaissance, and whether one can maintain both the inalienable right to pursue peaceful nuclear energy and non-proliferation. So I'll touch on a few of these different topics and then we can come back when we're in the Q&A.

To respond directly to your question, I think there are all different kinds of cleavages. In fact, if there was one thing that I would bring away from the 2005 NPT review conference, which I had an opportunity to attend as an advisor to one of the central Asian states, Kyrgyzstan – which is an interesting story in and of itself. I would argue that it was not – that the role of like-minded states did not convey great – a sense of much community of interest. Whether you're talking among the P5, which was unable through the last day to even reach a joint statement which had been very important, incidentally, in achieving progress at the 2000 NPT review conference. Whether it was the non-aligned movement, which was torn in many different directions – I would say that the divisions within the non-aligned movement were more fractious, probably, than any, although they may not have been as obvious to the outside observer.

You didn't have, I think most unfortunately, the kind of a potent group of states – the New Agenda Coalition, which had been so important in 2000 – they were there in name, but they weren't there in practice in 2005 and in fact they were pursuing very, very different agendas. Perhaps one can point to the EU to some extent as having a relatively unified view. They had hashed out a position, some would say lowest common denominator positions, in advance of the meeting. But many of the delegations tended not to speak as delegations as well, and I think that was unfortunate in terms of promoting some of the major things that should have been developed at the review conference.

But let me say just a word or two, first about nuclear terrorism and then about this divide between nuclear energy and non-proliferation. First of all, I think it's unfortunate to lump together at least four different kinds of terrorist threats under the rubric of nuclear terrorism. So it's one thing to talk about radiation dispersal devices, attacks on or sabotage of nuclear facilities, the possible seizure and use of nuclear weapons, most likely tactical nuclear weapons, and the potential for a non-state actor to acquire and fabricate and use an improvised nuclear device. Those are very different threats with very different probabilities of occurrence.

I'm most concerned about what I would call high-consequence nuclear terrorism, which relate to the two latter cases. And I think to a large extent we've been lucky, although we can't count on that luck. But it's also the case, particularly with respect to what I see as the most grave threat in terms of the consequences and the likelihood of occurrence, and that is terrorists actually acquiring enough fissile material to make and improvise a nuclear device.

And here I think our salvation to date has been the lack of middle men who could connect those who had access to the material, the suppliers, and end-users – those who wish to acquire the material for the purposes of building a nuclear weapon. What I find is most troubling is the recent news of the seizure, over a year ago – which is another interesting story, why it only came out a month ago – of 100 grams of highly enriched uranium in Georgia. I think that's just the tip of the iceberg, and if there are further questions I can talk more about the illicit trafficking.

But the last point I want to make while I have the floor here is this tension between the inalienable right to peaceful use and the prevention of nuclear proliferation. I think that to the extent one can reduce at this late date the conflict, it's going to require more than anything the prudent exercise of the inalienable right. By this I'm not advocating the erosion of Article IV, but rather want to highlight the fact that the legitimate right to peaceful nuclear use enshrined in the NPT, enshrined in the IAEA statute, too often obscures an objective assessment of the relative value of nuclear energy and alternative energy options, both in those states which already possess nuclear weapons and those that don't. In this sense, and I'll be provocative here, I would argue that one might even say that these NPT provisions discriminate against non-nuclear energy alternatives.

So at a time when it's fashionable to speak about our approaching in a global sense a nuclear power renaissance, I think one needs to be cautious not to exaggerate the benefits of nuclear power or to minimize its economic safety and security costs.

So I hope that we have a discussion that can flesh out some of these costs, as well as the benefits. I hear very frequently, particularly when I'm in Vienna, the benefits – and I don't want to dispute those. But I think for many states, while they may have the inalienable right, it's not necessarily the case that it makes much sense economically for them to exercise that right. Thank you.

LAURENTI: Thank you, Bill. Sergio, Brazil just came off a two-year term on the Security Council, and if rumors are to be believed, it sees itself possibly as having longer-term prospects for service on the Council. And for the U.S., it often seems that many UN member states have a kind of ostrich mentality with regard to nuclear proliferation threats, sticking their heads in the sand, not wanting to confront them. And they will often be particularly charged to the developing world generally as being reluctant to get into coercive measures, sanctions, or whatever. What seem to be the red lines, crossing which would, in the minds of many in the developing world, and certainly for countries like Brazil, for triggering some kind of enforcement measures? And what role do you see sanctions as having in reining in the occasional transgressor?

DUARTE: Well, I must say, and I should have said that at the beginning, I'm here as a private citizen. I cannot speak for Brazil here. I am no longer in the active service. So whatever I say is my opinion only. Brazil, as you know, has for some years now defended the need to revamp the Security Council so as to make it more representative. And we hope that eventually this will be realized some time. It's not necessarily a question of membership for specific countries, but for a more representativeness in the Council. And we hope that this will be.

You asked several questions at the same time. As for sanctions, I recall, I recall very vividly my initial and middle years in the service at the United Nations regarding sanctions against South Africa. And of course some countries that were closer to South Africa at that time argued that sanctions are not effective. Sanctions should not be taken because they are not useful. And ironically some of these countries are the same that now argue very strongly for sanctions against the countries that do things that they don't like. I don't know if sanctions will be the answer. Again, I think that the answer lies in building a system that is not discriminatory, is not seen as discriminatory. A system that does not repeat the mistakes of the NPT in creating tiers of nations, those who have and those who have not in terms of armament. Let us not try to extend this to the domain of technology.

I remember in the old ENDC of the 1960s, when the United States and the Soviet Union together, or rather separately, presented the same text as being the text on the NPT. One of the biggest arguments by the then so-called non-aligned countries, the Group of Eight which were non-aligned in the sense of not belonging to any of the two alliances, military alliance – they were not non-aligned necessarily in the (inaudible) sense.

One of the greatest problems for that group of which Brazil was part was exactly how do we curb nuclear weapons and still keep the freedom of peaceful technology. And that answer – that question was never really answered properly by the NPT. And it is one of the reasons why we have this – we have a renaissance of the possibility of use of nuclear weapons to replace fossil fuels. That's one of

the reasons why we have the lack of credibility seen by the developing countries of the systems that have been proposed to deal with this problem.

I don't know if I answered your questions, which were many. I did not put them down. I just want to say that what Bill said about the fractures in the 1990, 2005 review conference is perfectly true. That was one of the main reasons of the failure of the conference, the differences among the many parties. And within the groups of parties that was really a problem. And I want to say something also against the – what's called the economic argument. It is not for other countries to decide what is economically good for another country.

Maybe you have now in some countries sufficient sources of energy. And it may not make good sense economically to try to pursue other sources, including the nuclear source. But again we don't know what the future will be in 20, 50 years from now. But it is the duty of any government to assure its constituency, its population of a dependable supply of energy, especially given the finite resources of oil. In Brazil we are trying to do that in several fronts, both in the nuclear front, but also in the renewable energy through gas or oil from sugarcane and from other plants that produce diesel.

And there has been a lot of interest in the rest of the world about the work that's being done in Brazil right now about this. Thank you.

LAURENTI: And in the American Midwest where the first presidential caucuses will be held. Thank you, Sérgio, you put out the markers that I think will help stimulate more discussion in the second half of our hour.

Gustavo, given the slow pace of being able to forge political agreement – as you had described it in your first intervention – to deal with hard cases in the IAEA executive board itself, much less the Security Council, what realistically is the role for vigilant coalitions of countries in blocking nuclear technology and materials transfer and in dealing with states that threaten to cross the weapons line?

ZLAUVINEN: Well, I mean 20, 30 years ago it was much easier to control the access to nuclear technology. So obviously that was the concept under NSG [Nuclear Suppliers Group] regimes and others. And obviously they were somehow effective. But today it's almost impossible. (inaudible) the control by some coalition of the willing, or you wanted to call for others member states to get access or not to certain technologies is getting extremely difficult.

So I think just obviously we have to keep working with those controls. But many other member states are going to say it's totally discriminatory, just why you want to be controlling access to member X and Y and not member A or B. That's (inaudible) having to (inaudible) for a long time for a different framework of negotiations among the international community members on how to deal with these issues, on how just to tackle the questions of real or perceived insecurities by

certain member states that they maybe push to look into nuclear weapons options and how to try to resolve those security deficits before it's too late, before those members say who will decide, and maybe the only way out for their own security region or international security is to have access to nuclear weapons. And I think it just keeps going to the root problems of these (inaudible). Thank you.

LAURENTI: Thank you Gustavo. Bill, in the opening session today, the opening remarks piece, you somewhat edgily, maybe even rudely posed the question of the U.S.-India deal to our Italian host. And I wonder if now we could ask if you could explore for us a bit what you think are the implications of the U.S. striking this deal on its own with India -- implications for, let's say, American and European Union common initiatives and nuclear weapons. Does this, in effect, run counter to the hopes to have a common front in dealing with potential proliferation?

POTTER: Thank you, Jeff. I certainly didn't intend to be rude in addressing Filippo. What I would say was rude was the manner in which the United States tossed out three decades of domestic law, struck a deal without consulting with its allies, and then has attempted to pressure the international community to embrace its new posture, which incidentally was 180 degrees opposite of the stance that it has taken for the past ten years in the Nuclear Suppliers Group.

That being said, I think that it would be very helpful if the European Union, which has been a leader in the non-proliferation sphere, were to adopt a common policy in the context of the NPT review process that reiterates the 1995 NPT review and extension conference decision on principles and objectives for nuclear non-proliferation disarmament, which Ambassador Dhanapala can expand upon, particularly with respect to Article XII of the principles and objectives, which explicitly calls upon states' parties to require IAEA full-scope safeguards as a precondition for new nuclear supply arrangements.

That pledge seems to have been forgotten both by EU and U.S. officials. So I would say one useful non-proliferation approach would be to recall what was agreed upon in 1995 and to apply it today. What's also interesting -- it's not simply a question of the EU and the U.S. forgetting this -- those states parties to the Treaty of Rarotonga and Pelindaba, even though Pelindaba isn't enforced, have articles which explicitly exclude nuclear exports to countries that don't have full-scope safeguards in effect. Again, I'm not trying to be rude to states that may be in the audience who happen to subscribe to Pelindaba and to Rarotonga. But it's not only the United States and some of the other nuclear weapons states which selectively recall their international obligation.

So I think particularly with respect to the U.S.-India nuclear deal, which I regard as most unfortunate -- not because I'm not supportive of strengthening U.S.-India relations. But I think we must do everything possible to reward good non-proliferation behavior, rather than to devalue non-nuclear weapons state

membership in the NPT. And I think the U.S.-India deal does precisely the opposite.

LAURENTI: Thank you. Now, for the last question before we invite your comments from among the broader range of participants. Ambassador Duarte just wrote out a note reminding me that in the Romance languages the word vigilant is said, using the Italian form, *vigilante*, which sounds to the American reader like “vigilante”. And I wonder whether you see, Sérgio, that from outside the North Atlantic alliance, some of these ad-hoc combinations and posses of enforcement may have a bit of that -- not just vigilance, but vigilantism?

DUARTE: Yes, I do. I think that one of the most important things that we have in international life is the rule of law. I think Dr. Blix mentioned that when he spoke some time ago, and also others did that, too. If we are going to have groups of countries that take the law in their own hands and say that they are morally entitled to do this or that, I think that we will be on a very difficult path, indeed.

I prefer a system where there are no bands of vigilantes, in the American, in the English sense of the word. But I would like all of us to be vigilant in the sense of abiding to the commitments that we have arrived at, but under the rule of law. Thank you.

LAURENTI: Thank you, Sérgio. Comments, questions. Sir – well, first stand up.

ARROWSMITH: Good idea. There’s no mike.

LAURENTI: I know. She’s rushing it forward.

ARROWSMITH: OK. Jim Arrowsmith is my name. I’m out of the oil industry. I’m a consultant, energy consultant. I’d like very much to support the concerns that were voiced about the rush towards nuclearization of the world energy industry. I’m rather concerned, especially having heard the concerns about the non-proliferation regime, I’m very concerned about the insouciance with which the world seems to be rushing forward.

For example, the IEA – to be distinguished from the Vienna-based organization – the IEA, in its latest world energy outlook, seemed to suggest that the (inaudible) proliferation problems that could not be controlled and that it was essential for the world to rush forward with nuclear energy. Now, I’m perfectly well aware that we’ve had a substantial blip in oil prices in the past few years. I’m well aware of the very, very serious global warming concerns. But I would be very skeptical.

And secondly, in certain cases, just such as Iran, there are clearly other solutions for their energy problems, and this is not a support for any U.S. policy. Iran has vast energy subsidies on the consumption of oil and natural gas – equaling about 6% of their GDP. And, well, that’s enough on that.

LAURENTI: OK thank you Mr. Arrowsmith. Stephen Schwartz?

SCHWARTZ: I guess this is for everybody, but maybe especially Bill and our colleague from the IAEA. I'm just curious to know what you think about the nuclear fuel bank idea that's being promoted by the Nuclear Threat Initiative and Sam Nunn in particular. Will it resolve a number of the problems that we face today? It doesn't resolve Bill's concern about dealing with the inalienable or inherent right. But does it resolve these problems, or does it perhaps create new problems that we haven't given any thought to yet?

LAURENTI: And the gentleman I think three rows back.

LEE: Thank you. My name is Jang Keun Lee. I am from the South Korean Mission to the United Nations. Thank you for this wonderful occasion to provide this very informative session. And I am making my comments concerning this expanding nuclear energy and preventing weapons proliferation.

I think South Korea's case can shed some light on these two subjects. Because South Korea, which is now operating 20 nuclear power plants, started from 1978. So it's almost 30 years. And we have successfully operated this around 20 nuclear power plants and also strictly abide by this non-proliferation – the regulations. For Korea, nuclear energy is quite essential for our economic maintenance. Korea imports about 99% of our energy resources from outside. We don't have – we have almost nil energy resources. So we have to depend on these external energy resources. So without the development of nuclear energy our economy could not have been sustainable.

So for us I think this international nuclear fuel bank can be quite interesting. But this idea also should not rest the issue of economic supply of the (inaudible) resources. So if this nuclear bank can be composed of major nuclear suppliers, then countries like us who need to buy from them should be secured from their economic supply from (inaudible).

So I think, as I mentioned, Korea's case can be very considered as, if not the best practice, but if it is a good practice, so that the international community can encourage others, referring to our own cases. And also this problem of nuclear energy as energy resources depend on the country situation independently. So it cannot be applied as a universal principle to all countries. Like our country, it's a kind of must. So if you try to limit the utilization of this nuclear energy, then countries like us cannot survive or sustain. Thank you.

LAURENTI: Thank you, Mr. Lee. Hans Blix.

BLIX: The topic of this discussion is whether there is a porous wall between the nuclear energy and nuclear weapons, and the origin – an important part of the origin of the

NPT certainly was the fear that countries that – industrialized countries like Germany, Sweden, and Switzerland that will go for nuclear power, that there would be a porous wall and that they would divert highly-enriched uranium or plutonium for weapons purposes.

Now, that didn't happen. And in fact when we look at who got nuclear weapons, you find that they were practically all going for weapons first and nuclear power second. China had nuclear power for a long time without having nuclear weapons. Israel has still only nuclear weapons and no nuclear power, although they seem to be encouraged by the Indian example and hoping to get the U.S. support for a similar arrangement. Iraq also went for nuclear weapons and not for nuclear power. The DPRK similarly started with a nuclear weapons (inaudible) or it was simultaneous. Iran seems to be the concern today that they may be starting and hiding it, a weapon ambition.

But I think that this debate about how we can assure that if an expansion of nuclear power is coming that there is a great risk that these naughty children out there who will start, that they will also begin to get – want to have their weapons as toys. That this is not really borne out by the experience but rather by Gustavo, what he says, namely that, yes, they go for weapons when they feel a perceived security interest. And that's the knot of the matter.

Now, proposals have come, then, for how to remedy this, and one is the fuel bank. And we know, as was mentioned here, that the IAEA panel didn't come up with a solution, and I don't think it's very easy. The United States proposal, GNEP, is very ingenious but it lies 20 years in the future. It's not there today. The fuel bank is as close, I think. But who will decide? Who will decide who can take the loan in the bank? Who can buy the fuel from the bank? It's going to be voluntary, I think. Some government's going to contribute to it. All right. And the prices are going to be reasonable. But who will decide whether Venezuela can buy fuel for a research reactor or not? I think that's the big problem. Now, this was the first point I want to make.

The other one was about what Bill Potter said about if there's a problem (inaudible) the alienable rights to go for nuclear power. I don't think there is an inalienable right. If we didn't have the NPT, anyone would be free to do so. There is no ban against it. So if you delete the NPT, well then it's free for everybody. It's the NPT that says that you assume certain restrictions voluntarily. There is no inalienable right one it.

But what we see now is that first the countries that are asked, not the NPT to commit themselves, (inaudible) weapons, take a step further and say they will also commit themselves to no fuel cycle, and then my good friend Bill says that, well, (inaudible) now accept further and say we'll also go for no nuclear power. This has been proposed in the negotiations with Korea. The initial U.S. position certainly

was one that there would be no nuclear power at all in North Korea. And I don't think that the world is going to come along with that.

My last point is really a question to Gustavo, and that's about inspection that he talked about. I have seen that the IAEA says and the Security Council repeats that they cannot guarantee or testify that there are no hidden nuclear installations in Iran. Well, can the IAEA say that there are no – guarantee there are no hidden nuclear installations in Algeria, or in South Korea, or anywhere else? I always learned, together with Mohammed ElBaradei, that yes, if we carry out very extensive inspections, then the chances are if we don't find anything it's because there is nothing. But a guarantee that there is nothing, no. And we never said so in the case of Iraq either.

We said that yes, we had examined very close (inaudible) we haven't found anything. But I think that when, if this point is thrown out, thrown into the discussion of Iran, it's an innuendo that there is something. And that's an innuendo that I don't think should have been there in the correct and unbiased assessment. It might be there, but the same is true for other countries.

LAURENTI: Thank you, Hans. Can you pass up the mike now to Bill Hartung, and this is the – in the front row – and this is the last of our discussants before we return to the panel and go to lunch.

HARTUNG: Thank you. I'm a representative of the nonprofit research industry.

(laughter)

HARTUNG: And I –

LAURENTI: Threadbare industry.

HARTUNG: Yes, it's a small industry. The issue of the IAEA – are there any resource issues, as well as access issues. In the case of Iran, what sort of access exists at the moment in terms of technical means, onsite inspections, and so forth – just a little more detail than you would get from, say, reading the *New York Times*.

LAURENTI: All right. Panel, it is your last words that separate us from lunch.

(laughter)

LAURENTI: So with that in mind, can you come to this waterfront of issues with maximum succinctness. Why don't we start with Gustavo and work our way down.

ZLAUVINEN: Thank you. If I may I will try to answer to Dr. Blix's proper questions. You're right. When (inaudible) goes to the board of governors or the Security Council is saying that my organization cannot guarantee that there are not hidden

nuclear materials or facilities in Iran also applies to maybe many other countries. And if you see – if you look into our annual (inaudible) implementation report – you know better than I on that document – we mention that on several other occasions.

Now, the question on why Iran is particular is because we have found that Iran has a confidence deficit. If you look into the history of Iran's nuclear programs, and why they have not declared activities that they should have declared, and even installations, and (inaudible) just open the question of why we have to be a little more vigilant on Iran.

But you are totally right. There is not so much difference between those gaps of information that we have regarding possible hidden facilities in, say, Iran or any other countries. And that's why we are pushing for additional protocols, because additional protocols will relieve, it will just help in just minimize that gap. It is not going to be perfect, but at least it's going to give us a little more access and tools to try to erode a little that gap. But yeah, you are totally right. Thank you.

LAURENTI: Bill.

POTTER: First of all I want to – I knew I would be provocative – but I want to be remembered correctly for what I said. And that was not that one should abandon Article IV – although one might point to Article V, another often forgotten provision of the NPT, which also called for the provision of peaceful nuclear explosive assistance to all countries. We've kind of forgotten that now. But rather than all countries, including the nuclear weapons states, very carefully assess both the benefits, which may be substantial, as well as the costs.

And those costs include security costs related to protecting against nuclear terrorism. They include nuclear safety costs. One might point to the underdeveloped nuclear cultures in a number of countries which are most interested in the rapid expansion of nuclear power. They include problems that have not been resolved with respect to spent fuel and nuclear waste. So that's one point.

The second point, and here, I mean, the last person in the world I want to get into is a debate with my friend Hans Blix here. But I do think it is worthwhile recalling – and I don't believe I'm misstating the facts here – that, almost without exception, every country that seriously pursued a civilian or peaceful nuclear power program also seriously contemplated a nuclear weapons program. And I put Sweden in that camp. In fact, my recollection is that your predecessor at the IAEA, Mr. Eckland, before he assumed that post, had actually held a post in Sweden which was directly related to nuclear weapons research. So I think that it's not simply a coincidence. And I think one needs to be cautious about that.

With respect to the fuel bank idea, I think Gustavo is better able to answer that. I think that the proposal that NTI has made and that many other – I think there at

least – over a half dozen proposals that are now being reviewed by the IAEA – I think the plan is to report to the June board meeting with recommendations – are good. I think what one has to ask is what is the problem which they are supposed to solve? I think they address different kinds of problems. I think they may do a lot of good. Whether they do all that has been promised is another question. Thanks.

LAURENTI: Sérgio.

DUARTE: I just wanted to comment on two points. One, about the fuel bank – it's a very good idea, provided it works. And to work it must have what Gustavo was talking about, which is the possibility of sort of a coercion power to prevent undue pressure or influence on the decisions of the – whatever authority governs the proposed fuel bank. I think that's very important. We have a precedent, of course, in the OMC, in the WTO in English, not the acronym, the World Trade Organization, where all differences are taken care of by a panel whose decisions are final on the members of the organization. Of course it's much harder to do that in the case of a fuel bank. But if you don't have something that has the assurance – not assurance of supply, but assurance of non-interference and lack of pressure, I think that then the fuel bank would be a good idea.

The second thing I wanted to point out is the question of the inalienable right. The right of course always existed. What the NPT did was to affirm that right. And I think it was very good that it did so. And it did so, the original proponents put that into the treaty at the – because of the concerns of the rest of the world it would not go – the treaty that was not really negotiated in the NDC at that time. But the treaty, if it were for the will of original proponents, it would go without any provision of that sort. So inalienable means that you cannot transfer it, that you cannot really abdicate of it. This is what it means. And no one, no responsible country, should really abdicate that kind of right. Thank you.

LAURENTI: Thank you, Sérgio. Thank you Bill and Gustavo. A brief announcement before I send you forth to restoration. The lunch will be served down the hall in the – this is the ballroom, that is the Dag Hammarskjöld room. It is a buffet lunch. You have the antipasti, the primo piatto, the secondo piatto.

But dessert will be of a more intellectual sort, in which we will have a pair of distinguished individuals, Richard Haass of the Council on Foreign Relations, and Javad Zarif, Iran's permanent representative, discussing some of the issues that have been discussed in this panel and before with regard to one very specific and topical case. So buon appetito and let us thank our panel.

(applause)

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