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INTERNATIONAL NUCLEAR FUEL FOR PEACE AND NONPROLIFERATION ACT OF 2007

JUNE 18, 2007.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. LANTOS, from the Committee on Foreign Affairs, submitted the following

R E P O R T

[To accompany H.R. 885]

[Including cost estimate of the Congressional Budget Office]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 885) to support the establishment of an international regime for the assured supply of nuclear fuel for peaceful means and to authorize voluntary contributions to the International Atomic Energy Agency to support the establishment of an international nuclear fuel bank, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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59–006

THE AMENDMENT

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "International Nuclear Fuel for Peace and Nonproliferation Act of 2007".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I—INTERNATIONAL REGIME FOR THE ASSURED SUPPLY OF NUCLEAR FUEL FOR PEACEFUL MEANS

Sec. 101. Findings.
Sec. 102. Sense of Congress.
Sec. 103. Statements of policy.
Sec. 104. Report.

TITLE II—INTERNATIONAL NUCLEAR FUEL BANK

Sec. 201. Voluntary contributions to the International Atomic Energy Agency.
Sec. 202. Authorization of appropriations.

TITLE I—INTERNATIONAL REGIME FOR THE ASSURED SUPPLY OF NUCLEAR FUEL FOR PEACEFUL MEANS

SEC. 101. FINDINGS.

Congress makes the following findings:

(1) Since the United States Baruch Plan of 1946, the United States has believed that an increase in the number of countries that possess nuclear weapons and the means to create such weapons makes the world less secure and stable by increasing the chances that nuclear weapons would be used. A world in which nuclear weapons are used again is less secure for all concerned, and could well trigger a global arms race, as more countries will be tempted to arm themselves with nuclear weapons to prevent attacks by countries that possess nuclear weapons.

(2) It is therefore in the general security interest of all countries, and in the vital national security interest of the United States, that the number of countries that possess a nuclear weapons capability necessarily be kept to a minimum and ultimately reduced.

(3) Uranium enrichment and spent-fuel reprocessing facilities produce nuclear material that can either be used for peaceful purposes in electricity-generating reactors, or can be used to produce uranium and plutonium for nuclear weapons. As such, these facilities are inherently a proliferation risk, allowing their possessor to be just months away from the production of a nuclear explosive device.

(4) It is also therefore in the general security interest of all countries that the number of countries that operate uranium enrichment and spent-fuel reprocessing facilities also be kept to a minimum, consistent with the global demand for nuclear power reactor fuel.

(5) The financing and construction of additional uranium enrichment and spent-fuel reprocessing facilities in additional states around the world is indefensible on economic grounds alone, given current and future supplies of uranium and existing providers of uranium enrichment and spent-fuel reprocessing services to the world market.

(6) The desire to construct uranium enrichment and spent-fuel reprocessing facilities by additional countries, therefore, is often based upon considerations other than economic calculations. The possession of such facilities is often elevated to a matter of national pride—a demonstration to the world that the country that possesses this technology has arrived at a level of technological development comparable to that of the United States and other countries with advanced civil nuclear power programs.

(7) Furthermore, the acquisition of uranium enrichment and spent-fuel reprocessing facilities can be perceived as a demonstration of the developing world's independence from technological domination by the more developed states. Article IV of the Treaty on the Nonproliferation of Nuclear Weapons (NPT) recognizes that State Parties have an "inalienable right . . . to develop research, production and use of nuclear energy for peaceful purposes without

discrimination.". However, this is a qualified right conditioned by a State Party's acting in conformity with the NPT's obligation for such countries not to acquire, possess, or develop nuclear weapons or nuclear explosive devices.

(8) It has been long recognized that the proliferation of national uranium enrichment and spent-fuel reprocessing facilities would increase the likelihood of the emergence of new nuclear weapon states. Concerned governments, nongovernmental organizations, and individual experts have for decades recognized the need to address this problem through multilateral assurances of the uninterrupted supply of nuclear fuel, the sharing of peaceful application of nuclear energy, an international fuel bank to provide fuel if the fuel supply to a country is disrupted, and even multilateral participation in international uranium enrichment and spent-fuel reprocessing facilities, as a means of reducing incentives of countries to develop and construct such facilities themselves.

(9) Until recently, such efforts have produced little more than reports. However, the revelations of a nuclear black-market in uranium enrichment technology and equipment, combined with the attempt by North Korea and Iran to possess such technology and equipment to provide the basis for nuclear weapons programs, have rekindled this debate with a new urgency.

(10) Iran has used the specter of a potentially unreliable international supply of nuclear reactor fuel as a pretext for developing its own uranium enrichment and spent-fuel reprocessing capability, which would enable Iran to also produce weapons-grade uranium and plutonium for nuclear weapons.

(11) Several initiatives have been proposed over the last year to address these concerns. The United States has proposed the Global Nuclear Energy Partnership (GNEP), which envisions a consortium of countries with advanced nuclear capabilities providing nuclear fuel services—fresh fuel and recovery of used fuel—to other countries that agree to employ nuclear energy only for power generation purposes, without possessing national uranium enrichment and spent-fuel reprocessing facilities.

(12) The United States also joined France, the Russian Federation, Germany, the United Kingdom, and the Netherlands on May 31, 2006, in proposing a "Concept for a Multilateral Mechanism for Reliable Access to Nuclear Fuel" that would facilitate or create new arrangements between suppliers and recipients to provide fuel to countries with good nonproliferation credentials in case of market failure.

(13) Any assurance of the supply of nuclear fuel should meet the condition outlined by President George W. Bush on February 11, 2004, that "The world's leading nuclear exporters should ensure that states have reliable access at reasonable cost to fuel for civilian reactors, so long as those states renounce enrichment and reprocessing.".

(14) The Russian Federation has proposed that one of its uranium enrichment facilities be placed under international management and oversight, as part of a "Global Nuclear Power Infrastructure" proposal to create international nuclear fuel cycle centers.

(15) In conclusion, the creation of a multi-tiered system to assure the supply of nuclear reactor fuel at current market prices, under appropriate safeguards and conditions, could reassure countries that are dependent upon or will construct nuclear power reactors that they will have an assured supply of nuclear fuel at current market prices, so long as such countries forgo national uranium enrichment and spent-fuel reprocessing facilities and are committed to the nonproliferation of nuclear weapons.

SEC. 102. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) the "Concept for a Multilateral Mechanism for Reliable Access to Nuclear Fuel", proposed by the United States, France, the Russian Federation, Germany, the United Kingdom, and the Netherlands on May 31, 2006, is welcomed and should be expanded upon at the earliest possible opportunity;

(2) the proposal by the Government of the Russian Federation to bring one of its uranium enrichment facilities under international management and oversight is also a welcome development and should be encouraged by the United States;

(3) the offer by the Nuclear Threat Institute (NTI) of $50,000,000 in funds to support the creation of an international nuclear fuel bank by the International Atomic Energy Agency (IAEA) is also welcomed, and the United States and other member states of the IAEA should pledge collectively at least an additional $100,000,000 in matching funds to fulfill the NTI proposal; and

(4) the governments, organizations, and experts currently engaged in developing the initiatives described in paragraphs (1) through (3) and other initia-

tives should seek to identify additional incentives to be included in an international regime for the assured supply of nuclear fuel for peaceful means at current market prices, including participation in non-weapons-relevant technology development and fuel leasing to further persuade countries that participation in such a multilateral arrangement far outweighs the temptation and expense of developing national uranium enrichment and plutonium reprocessing facilities.

SEC. 103. STATEMENTS OF POLICY.

(a) GENERAL STATEMENT OF POLICY.—It is the policy of the United States to support the establishment of an international regime for the assured supply of nuclear fuel for peaceful means under multilateral authority, such as the International Atomic Energy Agency.

(b) ADDITIONAL STATEMENT OF POLICY.—It is further the policy of the United States to—

(1) oppose the development of a capability to produce nuclear weapons by any non-nuclear weapon state, within or outside of the Treaty on the Non-Proliferation of Nuclear Weapons (21 UST 483; commonly referred to as the "Nuclear Non-Proliferation Treaty" or the "NPT");

(2) encourage states party to the NPT to interpret the right to "develop research, production and use of nuclear energy for peaceful purposes," as described in Article IV of the NPT, as being a qualified right that is conditioned by the overall purpose of the NPT to prevent the spread of nuclear weapons and nuclear weapons capability, including by refraining from all nuclear cooperation with any state party that has not demonstrated that it is in full compliance with its NPT obligations, as determined by the International Atomic Energy Agency; and

(3) strengthen the Nuclear Suppliers Group guidelines concerning consultation by members regarding violations of supplier and recipient understandings by instituting the practice of a timely and coordinated response by Nuclear Suppliers Group members to all such violations, including termination of nuclear transfers to an involved recipient, that discourages individual Nuclear Suppliers Group members from continuing cooperation with such recipient until such time as a consensus regarding a coordinated response has been achieved.

SEC. 104. REPORT.

Not later than 180 days after the date of the enactment of this Act, the President shall transmit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the activities of the United States to support the establishment of an international regime for the assured supply of nuclear fuel for peaceful means at current market prices under multilateral authority, such as the International Atomic Energy Agency. The report shall include an assessment of the feasibility of establishing an international fuel services center within the United States.

TITLE II—INTERNATIONAL NUCLEAR FUEL BANK

SEC. 201. VOLUNTARY CONTRIBUTIONS TO THE INTERNATIONAL ATOMIC ENERGY AGENCY.

(a) VOLUNTARY CONTRIBUTIONS AUTHORIZED.—The President is authorized to make voluntary contributions on a grant basis to the International Atomic Energy Agency (hereinafter in this section referred to as the "IAEA") for the purpose of supporting the establishment of an international nuclear fuel bank to maintain a reserve of low-enriched uranium for reactor fuel to provide to eligible countries in the case of a disruption in the supply of reactor fuel by normal market mechanisms.

(b) REQUIREMENTS.—Voluntary contributions under subsection (a) may be provided only if the President certifies to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate that—

(1) the IAEA has received pledges in a total amount of not less than $100,000,000 and is in receipt of not less than $75,000,000 of such pledges for the purpose of supporting the establishment of the international nuclear fuel bank referred to in subsection (a);

(2) the international nuclear fuel bank referred to in subsection (a) will be established within the territory of a non-nuclear weapon state, and will be under the oversight of the IAEA, only if—

(A) the non-nuclear weapon state, among other things—

(i) has a full scope safeguards agreement with the IAEA and an additional protocol for safeguards in force;

(ii) has never been determined by the IAEA Board of Governors to be in noncompliance with its IAEA full scope safeguards agreement and its additional protocol for safeguards; and

(iii) has effective enforceable export controls regarding nuclear and dual-use nuclear technology and other sensitive materials comparable to those maintained by the United States; and

(B) the Secretary of State has never determined, for purposes of section 6(j) of the Export Administration Act of 1979, section 620A of the Foreign Assistance Act of 1961, section 40 of the Arms Export Control Act, or any other provision of law, that the government of the non-nuclear weapon state has repeatedly provided support for acts of international terrorism;

(3) the international nuclear fuel bank referred to in subsection (a) will provide nuclear reactor fuel to a country only if, at the time of the request for nuclear reactor fuel—

(A) the country is in full compliance with its IAEA safeguards agreement and has an additional protocol for safeguards in force;

(B) in the case of a country that at any time prior to the request for nuclear reactor fuel has been determined to be in noncompliance with its IAEA safeguards agreement, the IAEA Board of Governors determines that the country has taken all necessary actions to satisfy any concerns of the IAEA Director General regarding the activities that led to the prior determination of noncompliance;

(C) the country agrees to use the nuclear reactor fuel in accordance with its IAEA safeguards agreement;

(D) the country has effective and enforceable export controls regarding nuclear and dual-use nuclear technology and other sensitive materials comparable to those maintained by the United States;

(E) the country does not possess uranium enrichment or spent-fuel reprocessing facilities of any scale; and

(F) the government of the country is not a state sponsor of terrorism for purposes of section 6(j) of the Export Administration Act of 1979, section 620A of the Foreign Assistance Act of 1961, section 40 of the Arms Export Control Act, or any other provision of law;

(4) the international nuclear fuel bank referred to in subsection (a) will not contain uranium enrichment or spent-fuel reprocessing facilities; and

(5) the nuclear reactor fuel referred to in paragraph (3) will be provided to a country referred to in such paragraph only at current market prices.

(c) WAIVER.—The President may waive the requirement of subparagraph (F) of subsection (b)(3) if the President—

(1) determines that it is important to the national security interests of the United States to do so; and

(2) transmits to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report that contains the basis of the determination under paragraph (1).

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to authorize voluntary contributions under subsection (a) to support subsidization of the price of nuclear reactor fuel whose supply would be assured by the United States, the IAEA, or any other state or international entity covered by this section.

SEC. 202. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—To carry out section 201, there is authorized to be appropriated to the President $50,000,000 for fiscal year 2008.

(b) AVAILABILITY OF APPROPRIATIONS.—Amounts appropriated pursuant to the authorization of appropriations under subsection (a) are authorized to remain available until September 30, 2010.

SUMMARY

The Lantos "International Nuclear Fuel for Peace and Nonproliferation Act of 2007" seeks to close a major gap in the global nuclear nonproliferation regime by supporting the establishment of an independent international nuclear fuel bank. The bank would guarantee reactor fuel to countries that forgo their own enrichment plants and are in good standing with existing international nuclear

safeguards commitments, should there be a disruption in the world's supply of nuclear fuel.

The bill authorizes $50 million to support the establishment of an International Atomic Energy Agency (IAEA) international nuclear fuel bank. Prerequisites include pledges to the IAEA of an additional $100 million from other sources, of which at least $75 million must have been received. The Nuclear Threat Initiative (NTI) has a standing pledge of $50 million. The U.S. funds would be authorized only through FY 08. These could be used only for the creation of a fuel bank that would supply fuel as a last resort to countries that are in full compliance with their international nuclear safeguards agreements and do not possess uranium enrichment or spent-fuel reprocessing facilities.

By ensuring that nuclear fuel is available to cover all contingencies of an interruption of supply, a fuel bank would undermine the national security argument employed by other countries that an independent capacity to produce nuclear fuel is needed as insurance against a potential cutoff by external suppliers. By removing this pretext, Iran's assertion that it requires a capacity for this reason would be greatly weakened, if not eliminated altogether.

An additional contribution to the global nuclear nonproliferation regime from a fuel bank derives from the condition that recipients cannot possess a nuclear fuel production capability. This will reinforce efforts to stop the further proliferation of this dual-use capacity, and with it the spread of a capacity to produce nuclear weapons.

BACKGROUND AND PURPOSE

Since the United States Baruch Plan of 1946, the United States has believed that an increase in the number of countries that possess nuclear weapons and the means to create such weapons makes the world less secure and stable by increasing the chances that nuclear weapons would be used. A world in which nuclear weapons are used again is less secure for all concerned, and could well trigger a global arms race, as more countries will be tempted to arm themselves with nuclear weapons to prevent attacks by countries that possess nuclear weapons.

It is therefore in the general security interest of all countries, and in the vital national security interest of the United States, that the number of countries that possess a nuclear weapons capability be kept to a minimum and ultimately be reduced.

Uranium enrichment and spent-fuel reprocessing facilities produce nuclear material that can be used either for peaceful purposes in electricity-generating reactors, or to produce uranium and plutonium for nuclear weapons. As such, these facilities are inherently a proliferation risk, allowing their possessor to be just months away from the production of a nuclear explosive device.

It is therefore in the general security interest of all countries that the number of countries that operate uranium enrichment and spent-fuel reprocessing facilities also be kept to a minimum, consistent with the global demand for nuclear power reactor fuel.

The financing and construction of additional uranium enrichment and spent-fuel reprocessing facilities in additional states around the world is indefensible on economic grounds alone, given current and future supplies of uranium and existing providers of uranium

enrichment and spent-fuel reprocessing services to the world market.

The desire to construct uranium enrichment and spent-fuel reprocessing facilities by additional countries, therefore, is often based upon considerations other than economic calculations. The possession of such facilities is often elevated to a matter of national pride—a demonstration to the world that the country that possesses this technology has arrived at a level of technological development comparable to that of the United States and other countries with advanced civil nuclear power programs.

Furthermore, the acquisition of uranium enrichment and spent-fuel reprocessing facilities can be perceived as a demonstration of the developing world's independence from technological domination by the more developed states. Article IV of the Treaty on the Nonproliferation of Nuclear Weapons (NPT) recognizes that State Parties have an "inalienable right . . . to develop research, production and use of nuclear energy for peaceful purposes without discrimination." However, this is a qualified right conditioned by a State Party's acting in conformity with the NPT's obligation for such countries not to acquire, possess, or develop nuclear weapons or nuclear explosive devices.

It has been long recognized that the proliferation of national uranium enrichment and spent-fuel reprocessing facilities would increase the likelihood of the emergence of new nuclear weapon states.

Concerned governments, nongovernmental organizations, and individual experts have for decades recognized the need to address this problem through multilateral assurances of the uninterrupted supply of nuclear fuel, the sharing of peaceful application of nuclear energy, an international fuel bank to provide fuel if the fuel supply to a country is disrupted, and even multilateral participation in international uranium enrichment and spent-fuel reprocessing facilities, as a means of reducing incentives of countries to develop and construct such facilities themselves.

Until recently, such efforts have produced little more than reports. However, the revelations of a nuclear black-market in uranium enrichment technology and equipment, combined with the attempt by North Korea and Iran to possess such technology and equipment to provide the basis for nuclear weapons programs, have rekindled this debate with a new urgency.

Iran has used the specter of a potentially unreliable international supply of nuclear reactor fuel as a pretext for developing its own uranium enrichment and spent-fuel reprocessing capability, which would enable Iran to also produce weapons grade uranium and plutonium for nuclear weapons.

Several initiatives have been proposed over the last year to address these concerns. The United States has proposed the Global Nuclear Energy Partnership (GNEP), which envisions a consortium of countries with advanced nuclear capabilities providing nuclear fuel services—fresh fuel and recovery of used fuel—to other countries that agree to employ nuclear energy only for power generation purposes, without possessing national uranium enrichment and spent-fuel reprocessing facilities.

The United States also joined France, the Russian Federation, Germany, the United Kingdom, and the Netherlands on May 31,

2006, in proposing a "Concept for a Multilateral Mechanism for Reliable Access to Nuclear Fuel" that would facilitate or create new arrangements between suppliers and recipients to provide fuel to countries with good nonproliferation credentials in case of market failure.

Any assurance of the supply of nuclear fuel should meet the condition outlined by President George W. Bush on February 11, 2004, that "The world's leading nuclear exporters should ensure that states have reliable access at reasonable cost to fuel for civilian reactors, so long as those states renounce enrichment and reprocessing.".

The Russian Federation has proposed that one of its uranium enrichment facilities be placed under international management and oversight, as part of a "Global Nuclear Power Infrastructure" proposal to create international nuclear fuel cycle centers.

In conclusion, the creation of a multi-tiered system to assure the supply of nuclear reactor fuel at current market prices, under appropriate safeguards and conditions, could reassure countries that are dependent upon or will construct nuclear power reactors that they will have an assured supply of nuclear fuel at current market prices, so long as such countries forgo national uranium enrichment and spent-fuel reprocessing facilities and are committed to the nonproliferation of nuclear weapons. Secretary of State Rice and other senior Administration officials have expressed their approval for the concepts of this bill, as it directly supports U.S. efforts to create an international regime for assured nuclear fuel supply for peaceful purposes.

HEARINGS

On May 10, 2007, the Committee held a hearing on nuclear nonproliferation policy, with a focus on H.R. 885. Witnesses were: former Sen. Sam Nunn of the Nuclear Threat Initiative; Joe Cirincione of the Center for American Progress; and Henry Sokolsky of the Nonproliferation Policy Education Center. On January 11, 2007, the Committee held a briefing entitled, "Next Steps in the Iran Crisis," with the Honorable Thomas R. Pickering, former Under Secretary of State for Political Affairs, and the Honorable R. James Woolsey, Jr., former Director of the Central Intelligence Agency, during which the issue of an international fuel assurance regime, in the context of possible responses to Iran's development of an uranium enrichment facility, were considered.

COMMITTEE CONSIDERATION

On May 23, 2007, the Committee marked up H.R. 885, and reported it favorably to the House, as amended, by voice vote, a quorum being present.

VOTES OF THE COMMITTEE

There were no recorded votes on the bill.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee reports that the findings

and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

The legislation authorizes $50,000,000 to establish an international nuclear fuel bank.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 1, 2007.

Hon. TOM LANTOS, *Chairman,*
Committee on Foreign Affairs,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 885, the International Nuclear Fuel for Peace and Nonproliferation Act of 2007.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sam Papenfuss, who can be reached at 226–2840.

Sincerely,

PETER R. ORSZAG.

Enclosure

cc: Honorable Ileana Ros-Lehtinen
Ranking Member

H.R. 885—International Nuclear Fuel for Peace and Nonproliferation Act of 2007.

H.R. 885 would authorize the appropriation of $50 million in 2008 for a voluntary contribution to the International Atomic Energy Agency (IAEA). This contribution would allow the IAEA to establish an international nuclear fuel bank that could be used to provide eligible countries with nuclear fuel in the event of disruptions that affect the market for nuclear fuel. Before making the contribution, the bill would require the President to certify that:

- Other countries have pledged at least $100 million to the IAEA for the nuclear fuel bank and the IAEA has received at least $75 million of the pledged amounts;
- The international nuclear fuel bank would be established in a country without nuclear weapons under the oversight of the IAEA;
- The host country for the nuclear fuel bank has an agreement with the IAEA regarding safeguards, has always been compliant with that agreement, has effective export controls over nuclear technology, and does not support international terrorism; and
- The international fuel bank will not provide nuclear reactor fuel to any country that does not meet certain guidelines specified in the bill.

If the President is able to make the certifications required in the bill, and based on historical spending patterns for voluntary contributions to international organizations, CBO estimates that implementing H.R. 885 would cost $45 million in 2008 and $50 million over the 2008–2009 period, assuming appropriation of the authorized amount.

H.R. 885 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Sam Papenfuss, who can be reached at 226–2840. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

PERFORMANCE GOALS AND OBJECTIVES

The Act seeks to close a major gap in the global nuclear nonproliferation regime by supporting the establishment of an independent international nuclear fuel bank.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d) (1) of rule XIII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in article I, section 8 of the Constitution.

NEW ADVISORY COMMITTEES

H.R. 885 does not establish or authorize any new advisory committees.

CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 885 does not apply to the Legislative Branch.

EARMARK IDENTIFICATION

H.R. 885 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI.

SECTION-BY-SECTION ANALYSIS AND DISCUSSION

TITLE I—INTERNATIONAL REGIME FOR THE ASSURED SUPPLY OF NUCLEAR FUEL FOR PEACEFUL MEANS

Section 1. Short Title.

Section 1 states that this Act may be cited as the "International Nuclear Fuel for Peace and Nonproliferation Act of 2007"

Section 101. Findings.

Section 101 includes several findings in support of the establishment of an international nuclear fuel bank.

Section 102. Sense of Congress.

Section 102 declares the sense of Congress that:

(1) the "Concept for a Multilateral Mechanism for Reliable Access to Nuclear Fuel," proposed by the United States, France, the Russian Federation, Germany, the United Kingdom, and the Nether-

lands on May 31, 2006, is welcomed and should be expanded upon at the earliest possible opportunity;

(2) the proposal by the Government of the Russian Federation to bring one of its uranium enrichment facilities under international management and oversight is also a welcome development and should be encouraged by the United States;

(3) the offer by the Nuclear Threat Institute (NTI) of $50,000,000 in funds to support the creation of an international nuclear fuel bank by the International Atomic Energy Agency (IAEA) is also welcomed, and the United States and other member states of the IAEA should pledge collectively at least an additional $100,000,000 in matching funds to fulfill the NTI proposal; and

(4) the governments, organizations, and experts currently engaged in developing the initiatives described in paragraphs (1) through (3) and other initiatives should seek to identify additional incentives to be included in an international regime for the assured supply of nuclear fuel for peaceful means at current market prices, including participation in non-weapons-relevant technology development and fuel leasing to further persuade countries that participation in such a multilateral arrangement far outweighs the temptation and expense of developing national uranium enrichment and plutonium reprocessing facilities.

Section 103. Statements of Policy.

Section 103 declares that, as a general statement of policy, the United States supports the establishment of an international regime for the assured supply of nuclear fuel for peaceful means under multilateral authority, such as the IAEA.

Additionally, Section 103 declares U.S. policy to: (1) oppose the development of a capability to produce nuclear weapons by any non-nuclear weapon state, within or outside of the NPT; (2) encourage states party to the NPT to interpret the right to "develop research, production and use of nuclear energy for peaceful purposes," as described in Article IV of the NPT, as being a qualified right that is conditioned by the overall purpose of the NPT to prevent the spread of nuclear weapons and nuclear weapons capability, including by refraining from all nuclear cooperation with any state party that has not demonstrated that it is in full compliance with its NPT obligations, as determined by the IAEA; and (3) strengthen the Nuclear Suppliers Group guidelines concerning consultation by members regarding violations of supplier and recipient understandings by instituting the practice of a timely and coordinated response by Nuclear Suppliers Group members to all such violations, including termination of nuclear transfers to an involved recipient, that discourages individual Nuclear Suppliers Group members from continuing cooperation with such recipient until such time as a consensus regarding a coordinated response has been achieved.

Section 104. Report.

Section 104 requires the President to report to the Congress not later than six months after the date of enactment of the Act, on the activities of the United States to support the establishment of an international regime for the assured supply of nuclear fuel for peaceful means at current market prices under multilateral author-

ity, such as the IAEA. The report shall also include an assessment of the feasibility of establishing an international fuel services center within the United States.

TITLE II—INTERNATIONAL NUCLEAR FUEL BANK

Section 201. Voluntary Contributions to the International Atomic Energy Agency.

Section 201 authorizes the President to contribute funds (authorized to be appropriated in Section 202, below) to the IAEA to help establish an international nuclear fuel bank of low-enriched uranium to provide to eligible countries in the case of a disruption in the supply of reactor fuel by normal market mechanisms. Such funds can only be contributed if the President certifies to the Committee on Foreign Affairs of the House of Representatives, and the Committee on Foreign Relations of the Senate, that the IAEA has received pledges of not less than $100,000,000 and is in receipt of not less than $75,000,000 of such pledges for a fuel bank. The President must also certify that the international nuclear fuel bank will be established within the territory of a non-nuclear weapon state, under the oversight of the IAEA, which has a comprehensive IAEA safeguards agreement and additional protocol for safeguards in force, has never been determined by the IAEA to be in noncompliance with such safeguards agreements, has effective enforceable nuclear export controls comparable to those of the U.S., and is not a state sponsor of terrorism under U.S. law.

Section 201 also requires that, in order to contribute funds authorized by this Act, the President must further certify that the international nuclear fuel bank will only provide nuclear reactor fuel to a country if the country is in full compliance with its IAEA safeguards agreement and has an additional protocol for safeguards in force; in the case of a country that was previously determined to be in noncompliance with its safeguards agreement, the IAEA determines that the country has taken all necessary actions to satisfy any concerns of the IAEA Director General regarding their activities; the country agrees to use the nuclear reactor fuel in accordance with its IAEA safeguards agreement; the country has effective and enforceable export controls regarding nuclear and dual-use nuclear technology and other sensitive materials comparable to those maintained by the United States; the country does not possess uranium enrichment or spent-fuel reprocessing facilities of any scale; the international nuclear fuel bank will not contain uranium enrichment or spent-fuel reprocessing facilities; and fuel bank fuel will be provided at current market prices.

In addition, the fuel bank cannot provide fuel to the government of any country that has been designated a state sponsor of terrorism under U.S. law. However, the President may waive this requirement if he determines that it is important to the national security interests of the United States to do so and reports to the foreign affairs committees the reasons for his determination.

Finally, Section 201 states that nothing in this section shall be construed to authorize voluntary contributions to support subsidization of the price of nuclear reactor fuel whose supply would be assured by the United States, the IAEA, or any other state or international entity covered by this section.

Section 202. Authorization of Appropriations.

Section 202 authorizes $50,000,000 for fiscal year 2008 for contributions to an international nuclear fuel bank.

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