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**What the Commission Report says on:**

## NUCLEAR INDUSTRY AS A NON-PROLIFERATION PARTNER

If peaceful nuclear energy is to play the role it should, it is critical that it be managed in a way that reduces, and does not add to, the world's problems. The first indispensable dimension of that effective management is safeguards (i.e. ensuring that there is no diversion of nuclear material from civil to military purposes...). The second is security... and the third is safety.... These are not the only factors involved in long-term effective management – others are the development of proliferation-resistant technology, *stronger industry-government cooperation* and efforts to multilateralize the fuel cycle.

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Until now it has been more or less accepted wisdom that the issue of nuclear non-proliferation is a political and security matter for government. Industry's view, broadly shared by most governments, is that the nuclear power industry has no direct responsibility for nuclear weapons proliferation. Industry feels it is already highly controlled and regulated. However much of the world's nuclear industry is multinational, with significant public/private cross-ownership where commercial interests, non-proliferation interests and national strategic interests can overlap or collide. And proliferation has in the past been bad for the development of civil nuclear industry, with the Nuclear Suppliers Group having been successful – at least until it approved the 2008 agreement between the U.S. and India.

More than ever, the issue of how to manage the civilian nuclear agenda is not just a problem about how some states may be making inappropriate use of their rights under Article IV of the NPT: it is about responsible stewardship of a system under strain which at the same time is experiencing a revived interest, despite current financial constraints. In short, the role of the world's nuclear industry in mitigating the proliferation risks of a growing civilian nuclear sector world-wide will

need to grow, requiring more intense government-industry collaboration than has hitherto been the case.

The nuclear industry already cooperates with governments to fulfil its non-proliferation obligations, abiding by export controls and their safeguards inspection and reporting requirements. Industry has been engaged in Generation IV reactor activities in the U.S. and other countries to develop proliferation safe reactor designs. Beyond their formal obligations and R&D cooperation, the industry contribution to non-proliferation has tended to be minimal, with operators primarily focused on safety and security issues. Non-proliferation values are, however, contained in the WNA Charter of Ethics and Principles of Uranium Stewardship.

Industry knows how fragile public support remains and how the slightest mishap can set things back for it. The World Association of Nuclear Operators (WANO), formed in May 1989 in response to the Chernobyl accident to improve safety standards at nuclear power plants worldwide, shows how industry initiatives to improve the safety record of nuclear operators have surpassed the minimum safety standards imposed by national legislation and have facilitated more uniform safety standards internationally. The recently-established World Institute for Nuclear Security (WINS) intends to bring together representatives from government, industry, academia and think tanks in an effort to share best practices on nuclear security, in a similar model to WANO. A commitment to nuclear safety is a very common corporate social responsibility principle for companies operating nuclear reactors. The sharing of best practices, performance indicators and peer reviews are mechanisms that could be transposed into the non-proliferation arena, as WINS is attempting to do for nuclear security.

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**The full text of *Eliminating Nuclear Threats: A Practical Agenda for Global Policymakers*, Report of the International Commission on Nuclear Non-proliferation and Disarmament, Co-chairs Gareth Evans and Yoriko Kawaguchi (November 2009), is available at [www.icnnd.org](http://www.icnnd.org)**

Industry can contribute to global efforts to raise the political, financial and commercial costs of proliferation, raise the barriers, and raise the standards. Its technical and practical expertise, and unique networks within industry and with government as well as civil society, make it a valuable partner in the promotion of nuclear non-proliferation. Industry's pragmatic and market driven approach could take the politics out of this matter, and can help underpin proliferation regime.

As noted elsewhere in the report, new rules of the game are being considered which may have real impact on the development of the industry, most notable among them proposals to multilateralize the nuclear fuel cycle; to limit the spread of sensitive nuclear technologies; and to change NSG rules to insist that countries not exercise the right to develop sensitive technology as a condition of supply, as well as making the adoption of the Additional Protocol – or some more technologically up to date version – a mandatory condition of supply.

Industry is also at the front line of the development and spread of dual-use nuclear technology and has the capacity to prevent, limit or place conditions upon the spread of that technology, as well as report it, and to influence the type of nuclear technology that is developed in the future. Industry reporting of sales could assist the IAEA in assessing the completeness of member-state declarations.

Large nuclear companies can exert considerable pressure upon their national governments in their nuclear policy choices. Therefore an industry which makes non-proliferation a priority may also

help reinforce the non-proliferation commitments of government. Making a commitment to non-proliferation part of the corporate brand might in fact deliver practical benefits for companies, helping to cultivate better relationships with regulators and non-proliferation advocates, and dispel the poor image created by the anti-nuclear lobby. Of course there are limits to the pressure that even larger nuclear companies can exercise when they are publicly owned and where broader national security and strategic concerns come into play.

Industry-wide initiatives to stem proliferation would require a harmonisation of business practices, ensuring that no company was disadvantaged for being more proactive on proliferation and thereby discouraging the first mover. More generally, industry should be an active partner with governments in the drafting of regulations and treaties that affect their activities, to ensure that they make operational sense and to encourage compliance.

*Recommendation:*

Nuclear industry, and government-industry collaboration, will need to play a greater role in mitigating the proliferation risks associated with a growing civilian nuclear sector worldwide. Industry should become a more active partner with governments in the drafting of regulations and treaties that affect its activities, to ensure that they make operational sense and to encourage compliance.

[Section 14, Paras 14.4, 16–24, Rec 38]