

International Uranium Enrichment Centre (IUEC) in Angarsk (Russia) and the International Assurances of Supply

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The IUEC in Angarsk is seen as the first step to implement the Russian President initiative on the international nuclear fuel cycle centres of 25 January 2006. The establishment of the Centre is considered to be a logic development of the IAEA multilateral nuclear approaches (MNAs), and correlates well with other related initiatives (RANF, GNEP). The IUEC has three prime objectives:

- Promote a wider use of nuclear energy worldwide, and, first of all, in emerging nuclear energy countries,
- Reduce the risk of nuclear proliferation by discouraging foreign IUEC member states from developing indigenous nuclear fuel cycle capabilities, U enrichment in particular,
- Provide additional assurances of nuclear fuel supply to the IUEC member states, which may voluntarily choose to rely on international routes of nuclear fuel supply.

In the last year some important milestones have been achieved on the way of turning the IUEC initiative into a reality:

- The IUEC objectives and conceptual approaches on how to achieve those have been widely discussed with the relevant parties in the Russian Federation, potential candidate countries, and internationally (at the IAEA forums)
- A decision was made by the Russian government to set up a commercial joint stock company “IUEC” on the site of the Russian

U enrichment plant in Angarsk (AECC); the plant has been entered in the list of Russian nuclear facilities eligible for implementation of the IAEA safeguards

- The Russian nuclear legislation has been amended to allow possession of nuclear materials by legal entities, as well as to acknowledge the right of foreign states (legal entities) to possess nuclear materials (and their processing products) imported to and/or procured in Russia
- An intergovernmental agreement to be concluded between the IUEC member states to provide the necessary international legal framework has been drafted; negotiations of the first IUEC agreement between the Russian Federation and the Republic of Kazakhstan have been well under way.

The IUEC is going to be founded and operated on the Russian soil according to the Russian law as a commercial company co-owned and co-managed by the shareholders (commercial companies authorised by the governments). Since conversion of the present-day enrichment plant in Angarsk from a state unitary enterprise into a JSC will take some time, initially the IUEC will not have enrichment capacities of its own, but will have to place orders for enrichment services at the plant. When the Angarsk plant conversion into a stock company is complete (end of 2007), the plant could acquire some shares of the IUEC in exchange for its enrichment capacities. At the next stage the IUEC shareholders may want to expand the Centre's production capacities by investing into the construction of new enrichment cascades. In any case, the Russian enrichment technology know-how shall not be transferred to other IUEC shareholders.

The Centre is believed to be able to provide additional assurances of supply to its shareholders at market-orientated prices due to:

- Diversification of suppliers
- Commitments of the governments involved, and the Russian government in the first place, to provide necessary support to its operations (regulatory oversight, export/import licenses, etc.)
- Robustness and competitiveness of the Russian enrichment technology.

In case and when the IUEC enrichment potential exceeds the needs of its shareholders it may also play a role in the emerging international assurances of nuclear fuel supply widely discussed nowadays by the world nuclear community. For instance, in case of disrupted market deliveries, in terms of the Six-nation (RANF) proposal of May 2006, which the Russian government is a party of, the IUEC may serve as a physical or virtual SWU/EUP back-up supplier at level II (collective assurances of commercial suppliers), and/or level III (governmental IAEA-administered EUP banks). It goes without saying that in this mode of operations related production costs will have to be borne not by the IUEC shareholders, but, apparently, by the supplier state governments concerned and sponsoring organizations.

Since non-proliferation is one of the IUEC objectives it will not be able to operate effectively without an IAEA support and involvement, which may materialize in various ways:

- Implementation of IAEA safeguards over the IUEC nuclear materials and/or facilities
- Assistance to the IUEC project in gaining international recognition and involvement of new countries

- Certification of participating countries' non-proliferation records against predefined criteria
- Provision of a framework and triggering the back-up supplies (in case the IUEC has the role).

In mid-March 2007 the Russian Atomic Energy Agency (Rosatom) and the IAEA conducted a workshop in Angarsk, where the issues above were discussed, and the follow-on action plans of both sides were coordinated. It was agreed to set-up a joint working group, which is currently scheduled to convene in mid-May in Vienna. The group will be tasked to develop common approaches for the IAEA participation in the IUEC operations, and for the IUEC involvement in the IAEA assurances of supply mechanism. In implementing the recommendations of the 50th IAEA GC Special Event on assurances of supply the IAEA Secretariat has been analysing related national and multinational initiatives to present a report for consideration by the IAEA Board of Governors at its June 2007 meeting. The results of the Rosatom-IAEA Vienna meeting are expected to contribute to the report.

In the meantime Rosatom, and its Kazakh counterpart are close to signing up of the IUEC intergovernmental agreement, which will pave the way for related commercial arrangements to found the IUEC. Other parties are welcome to join the IUEC, and consultations with them could be started as soon as JSC IUEC will be incorporated.

Attachment: Draft IUEC Organizational and Legal Structure

IUEC Organizational and Legal Structure

