

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

November 15, 2010

We are writing to ask that you begin to apply a more forward-leaning policy to prevent the international spread of easy-to-militarize nuclear fuel making activities, such as uranium enrichment and spent fuel recycling. As part of this policy, we believe the U.S. government should declare that it will not provide US federal energy loan guarantees, federal contracts, or other subsidies or assistance to help foreign government-backed nuclear firms expand their nuclear business in the US unless they have committed to apply the nonproliferation standards (including with respect to enrichment and spent fuel recycling) established in the U.S.-United Arab Emirates (UAE) civilian nuclear cooperation agreement in all of their future civilian nuclear cooperation agreements.

Consistent with this policy, we urge you not to grant Electricité de France (EDF), a French government-owned utility, any federal energy loan guarantees for the construction of a new nuclear power plant at Calvert Cliffs, Maryland, unless the French government is willing to uphold the nonproliferation standards established in the U.S.-UAE agreement in its future civilian nuclear cooperation agreements. Further, we recommend that the \$2 billion conditional loan guarantee recently approved by the U.S. Department of Energy (DOE) to Areva, another French government-owned firm, to build a uranium enrichment facility in Idaho be conditioned upon adoption by the French government of these standards.

Some of the signatories below oppose federal loan guarantees for any energy commercialization project. A few oppose loan guarantees specifically for commercial nuclear energy; and a smaller number have taken no position on the general advisability of federal energy loan guarantees. Yet, all of us believe that it makes no sense for our government to help foreign firms expand their nuclear business in the U.S. with federal loan guarantees, government contracts, or Nuclear Regulatory Commission licenses unless they are willing to support the very toughest nuclear nonproliferation standards our own government has developed in the U.S.-UAE deal.

Under the U.S.-UAE deal, initially negotiated under the Bush administration but refined and finalized under yours, the U.S. extended nuclear cooperation and the sale of U.S.-controlled nuclear goods in exchange for the UAE promising not to enrich uranium or recycle spent fuel and to ratify an enhanced nuclear inspection agreement known as the Additional Protocol with the International Atomic Energy Agency. This set of sound nonproliferation conditions was rightly hailed as a major nonproliferation breakthrough. Unfortunately, too little was done to get other major nuclear supplier states, including close allies such as France, to adopt a similar set of nonproliferation conditions.

We are concerned that approving \$9.5 billion dollars in federal loan guarantees to help the French government expand its nuclear business here in the U.S. without first securing its

commitment to support the nonproliferation standards of the US-UAE agreement will set a bad precedent. First, it cannot help but be seen as a reward to a nuclear supplier that has given U.S. nonproliferation policy insufficient support. Second, a key argument that U.S. policy makers (both Democratic and Republican) have made repeatedly is that nuclear fuel making (uranium enrichment and recycling of spent reactor fuel) is unnecessary and uneconomical for emerging nuclear power programs. Certainly, our government's willingness to assume virtually all of the financial risks associated with several domestic reactors and nuclear fuel plant projects demonstrates that they are not yet commercially viable in the U.S. either. If the U.S. government is willing to assume these financial risks, on what grounds can our government argue that other governments should not do likewise?

In this regard, limiting future federal assistance to building only power reactors in the US would do little to reduce this moral hazard. The reason why is plain: First-generation nuclear fuel making facilities generally cost much less to build than new, large nuclear power plants. If our government is willing to massively subsidize the construction of new nuclear power plants, it naturally follows that the lack of profitability of much less expensive fuel making facilities should weigh even less in other governments' calculations.

These points are basic. The success of U.S. efforts to reduce the dangers of nuclear proliferation depends critically upon the U.S. upholding the standards it sets and doing all it can to encourage others to do likewise. That is why we believe that guaranteeing billions of dollars in federal loans to foreign nuclear suppliers, such as EDF, to expand their nuclear business in the U.S. without first requiring such suppliers to uphold the nonproliferation standards that US nuclear vendors must live by is not just bad business, but dangerous.

Respectfully,

Henry Sokolski, Executive Director, The Nonproliferation Policy Education Center, DOD
Deputy for Nonproliferation Policy under Bush (41)

Charles Ferguson, President, Federation of American Scientists

Jamie Fly, Executive Director, Foreign Policy Initiative, NSC director for Counterproliferation
Policy under Bush (43)

Jeffrey Kueter, President, George C. Marshall Institute

Victor Gilinsky, U.S. Nuclear Regulatory Commissioner under Ford, Carter, and Reagan

Henry S. Rowen, Hoover Institution, Assistant Secretary of Defense under Bush (41), Chairman
of the National Intelligence Council under Reagan

Daryl Kimball, Executive Director, Arms Control Association

Stephen Rademaker, Assistant Secretary of State for Arms Control and Nonproliferation under
Bush (43)

Peter Bradford, University of Vermont, U.S. Nuclear Regulatory Commissioner under Carter

Thomas Cochran, Chief Nuclear Scientist, Natural Resources Defense Council

Chris Ford, Hudson Institute, U.S. Representative to NPT Review Conference under Bush (43)

David Albright, President, Institute for Science and International Security

Mark Wallace, President, United Against Nuclear Iran, US Ambassador to the UN under Bush (43)

Gary Milhollin, Director, Wisconsin Project on Nuclear Arms Control

Frank Von Hippel, Princeton University, Assistant Director for National Security in the White House Office of Science and Technology Policy under Clinton

Jack David, Hudson Institute, Deputy Assistant Secretary of Defense for Combating WMD and Negotiations Policy under Bush (43)

Cc: Secretary of State Hillary Clinton
Secretary of Energy Steven Chu