

**Technical Meeting:  
“Expanding Nuclear Power to New States:  
Defining Needs and Exploring Means to Facilitate Success”**

**INTERNATIONAL URANIUM ENRICHMENT CENTER  
( JSC IUEC )**

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**International Working Group - Landau Network-Centro Volta (IWG-LNCV),  
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- ❑ Increase of interest for the development of nuclear energy all round the world raises up the issue of the assured nuclear fuel supply of NPPs**
- ❑ Construction of uranium enrichment facilities and fabrication plants in the states, which do not possess such sensitive technologies, results in increase of risks of nuclear weapons proliferation**
- ❑ The only way to overcome these risks is to arrange an international system of the assured nuclear fuel supply of NPPs in the states, which truly meet the NPT requirements**
- ❑ Several initiatives to strengthen the nonproliferation regime were announced lately by the IAEA, Russia, USA, Japan, etc.**

## The Russian President Initiative

Saint-Petersburg, EurAsEC Summit, 25 January 2006

**«The key element of such an infrastructure should be an international centers network under the IAEA control for the provision of nuclear cycle services, including uranium enrichment»**

### Objectives of the initiative :

- ❖ To increase the role of nuclear energy in provision of global energy assurance
- ❖ To develop the global nuclear energy infrastructure via the establishment of an international nuclear fuel cycle centers network
- ❖ To provide the non-discriminatory and assured access to products and services of the nuclear fuel cycle for those states, which are currently developing nuclear power

- Non-discriminatory (equal) membership terms for all States concerned**
- Assured access of the IUEC member-States towards EUP and/or SWU**
- The IUEC activity is based on the existing market relations**
- Transparency of the IUEC activity through the IAEA safeguards application with regard to nuclear material in the ownership of the Center**
- No access of foreign members to the Russian uranium enrichment technology and classified information**
- Advantages of IUEC member-countries will exceed their losses in case they develop on their own sensitive technologies of nuclear fuel cycle**
- The IUEC may be created step by step, depending on the number of members and restructuring of Russian nuclear industry**

- ❑ **Rosatom announcement at the 50-th session IAEA General Conference about the establishment of IUEC on the site of the «Angarsk electrolysis chemical complex» (AECC)**

*September 2006*

- ❑ **The Republic Kazakhstan decision to join the Russian initiative about establishment of IUEC**

*October 2006*

- ❑ **Verbal Note of the Russian Federation to IAEA to include the AECC into the list of Russian facilities, that could be subject to the IAEA Safeguards**

*January 2007 z.*

- ❑ **Signing of the Federal Law N13 –FZ, which enables:**

- ❑ To form holding companies in the Russian nuclear industry (JSC «Atomenergoprom» - 100% shares held by state)
- ❑ To secure the ownership rights of legal entities to nuclear materials, facilities and storages

*February 2007*

- ❑ **Intergovernmental Agreement between the Russian Federation and the Republic of Kazakhstan on the establishment of the JSC IUEC**

*August 3, 2007*

- ❑ **Registration of the JSC IUEC as a legal entity**

*September 5, 2007*

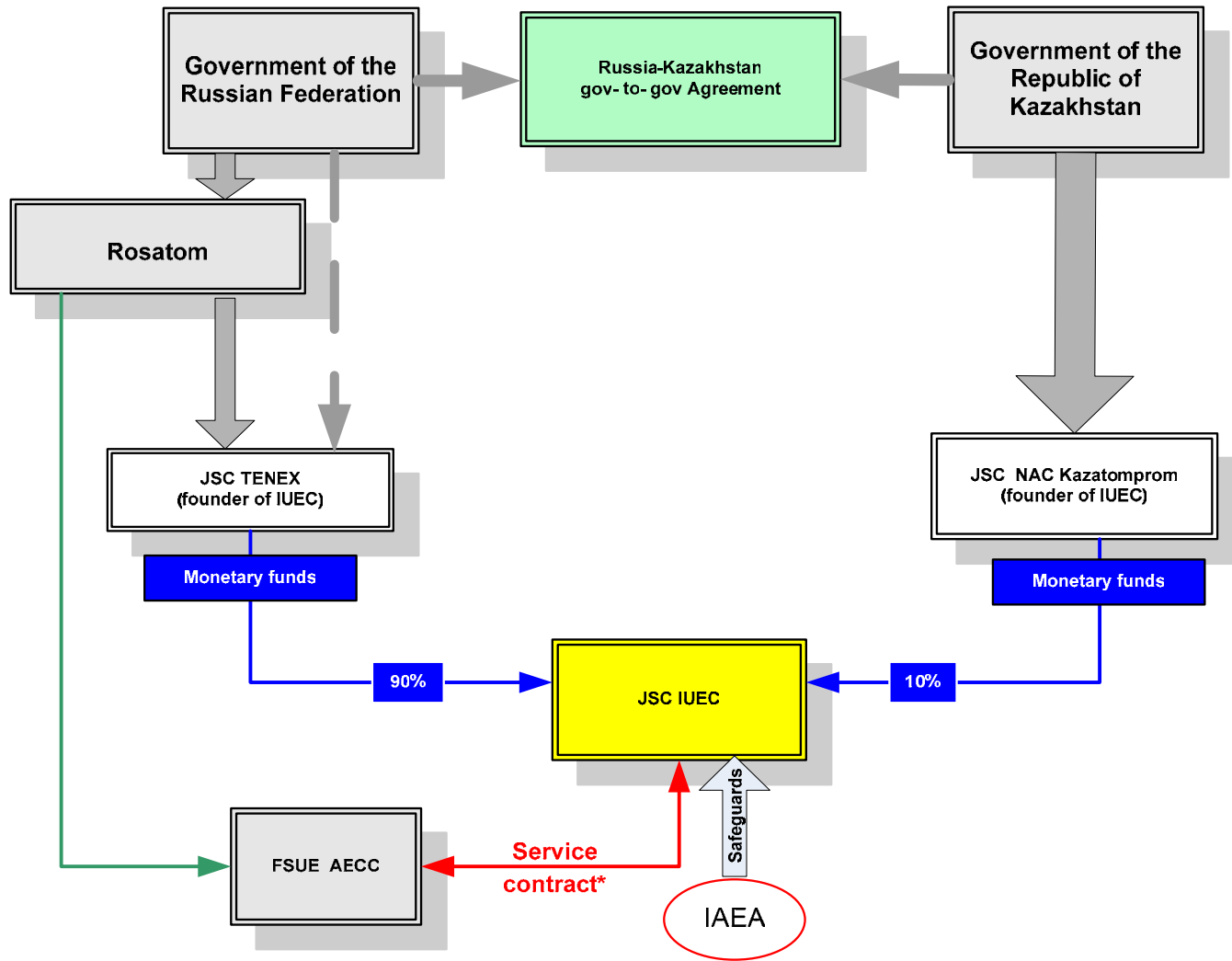
- ❑ **Registration of the JSC IUEC share issue** *November 27, 2007*
  
- ❑ **The Republic of Armenia decision to nominate of the JSC “Armenian NPP” for joining the JSC IUEC** *November 29, 2007*
  
- ❑ **Registration of the JSC IUEC office in Moscow** *December 14, 2007*
  
- ❑ **The decision of the Government of the Russian Federation to include the JSC IUEC into the list of Russian facilities, that could be subject to the IAEA Safeguards *in the framework of the Safeguards Agreement between Russian Federation and the IAEA - INFCIRC/327*** *December 27, 2007*
  
- ❑ **Verbal Note of the Russian Federation to the IAEA about inclusion of the JSC IUEC into the list of Russian facilities, that could be subject to the IAEA Safeguards** *January 2008*
  
- ❑ **Joining the Republic of Armenia to the JSC IUEC through exchange of Notes .** *February 2008*
  
- ❑ **Conclusion of the Shares Purchase and Sale Agreement between the JSC TENEX and JSC “Armenian NPP”** *after internal procedures have been completed*

*Agreement between Governments of Russian Federation and Republic of Kazakhstan on the establishment of IUEC defines as follows :*

- Main goals and terms for JSC IUEC activities;**
- Executive government bodies and authorized companies;**
- Form of incorporation and location of JSC IUEC ;**
- Basic requirements to member-countries, companies that would like to become shareholders of JSC IUEC (in full compliance with their NPT obligations);**
- Provision for no access by foreign shareholders to the Russian uranium enrichment technology and classified information;**
- IAEA Safeguards application on JSC IUEC nuclear materials.**

- ❑ Pursuant to the Agreement JSC TENEX and JSC NAC Kazatomprom the IUEC was established on 6 August 2007 in the form of Joint-Stock Company
- ❑ The initial share distribution in the chartered capital of IUEC is as follows:
  - ❖ JSC TENEX - 90% (80%)
  - ❑ JSC NAC Kazatomprom - 10%
  - ❑ (JSC Armenian NPP - Medzamor - 10%)
- ❑ JSC IUEC concludes contracts with federal state owned plant FSUE\* AECC for EUP/SWU
  - \* FSUE - Federal State unitary enterprise
- ❑ Arrangements to put JSC IUECs nuclear materials under IAEA Safeguards are in the process of negotiation

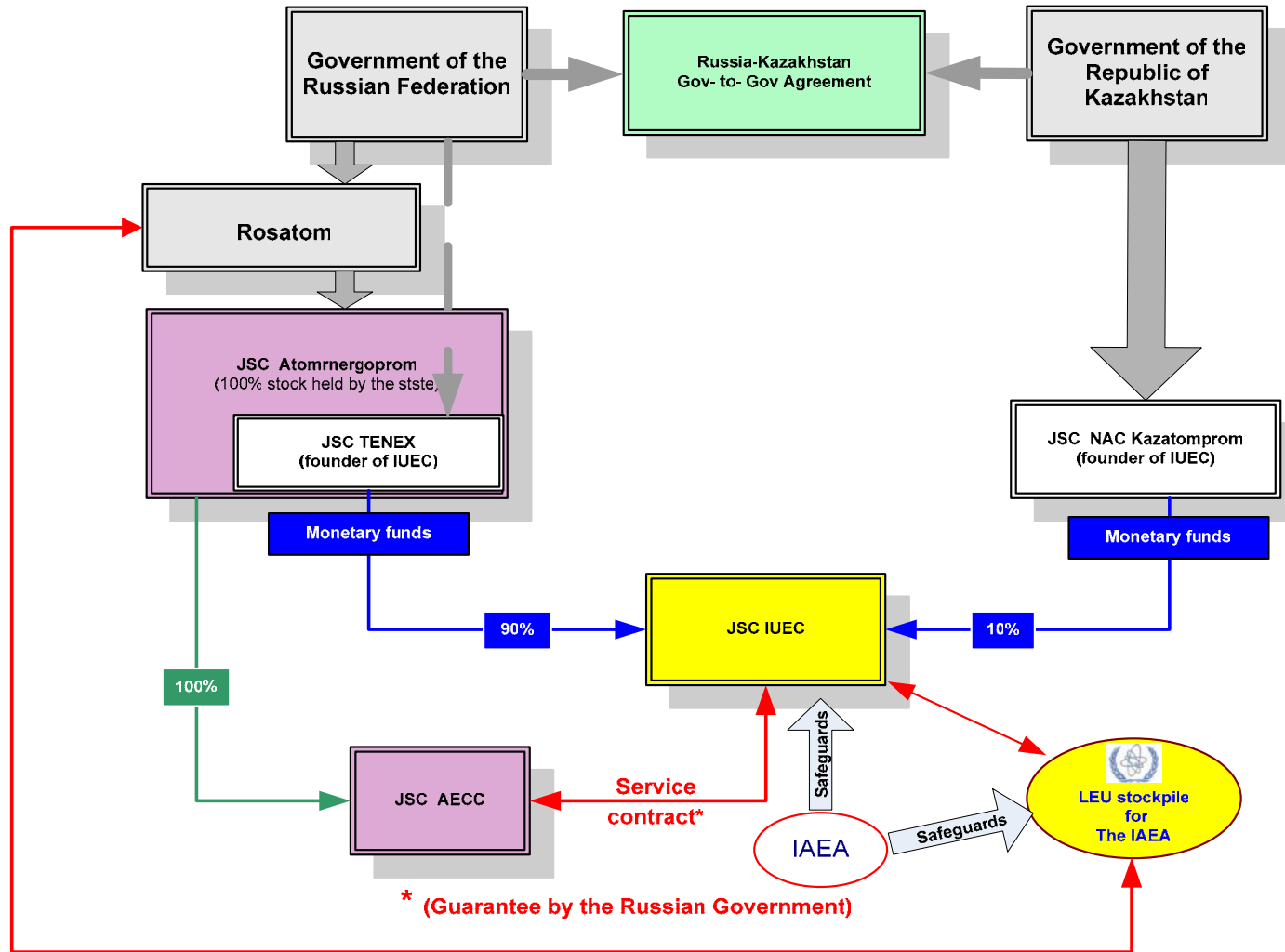
## Establishment of the JSC IUEC



\* (Guarantee by the Russian Government)

- ❑ **Restructuring of Russian nuclear industry:**
  - ❑ **Establishment of JSC Atomenergoprom;**
  - ❑ **Transformation of federal state owned enterprises to joint-stock companies (FSUE AECC → JSC AECC);**
  - ❑ **100% shares of JSC AECC belong to JSC Atomenergoprom**
  
- ❑ **Creation of nuclear materials stockpile at JSC IUEC storage to assure supply of EUP to countries according to requests of the IAEA**

## Reorganization of Nuclear Industry

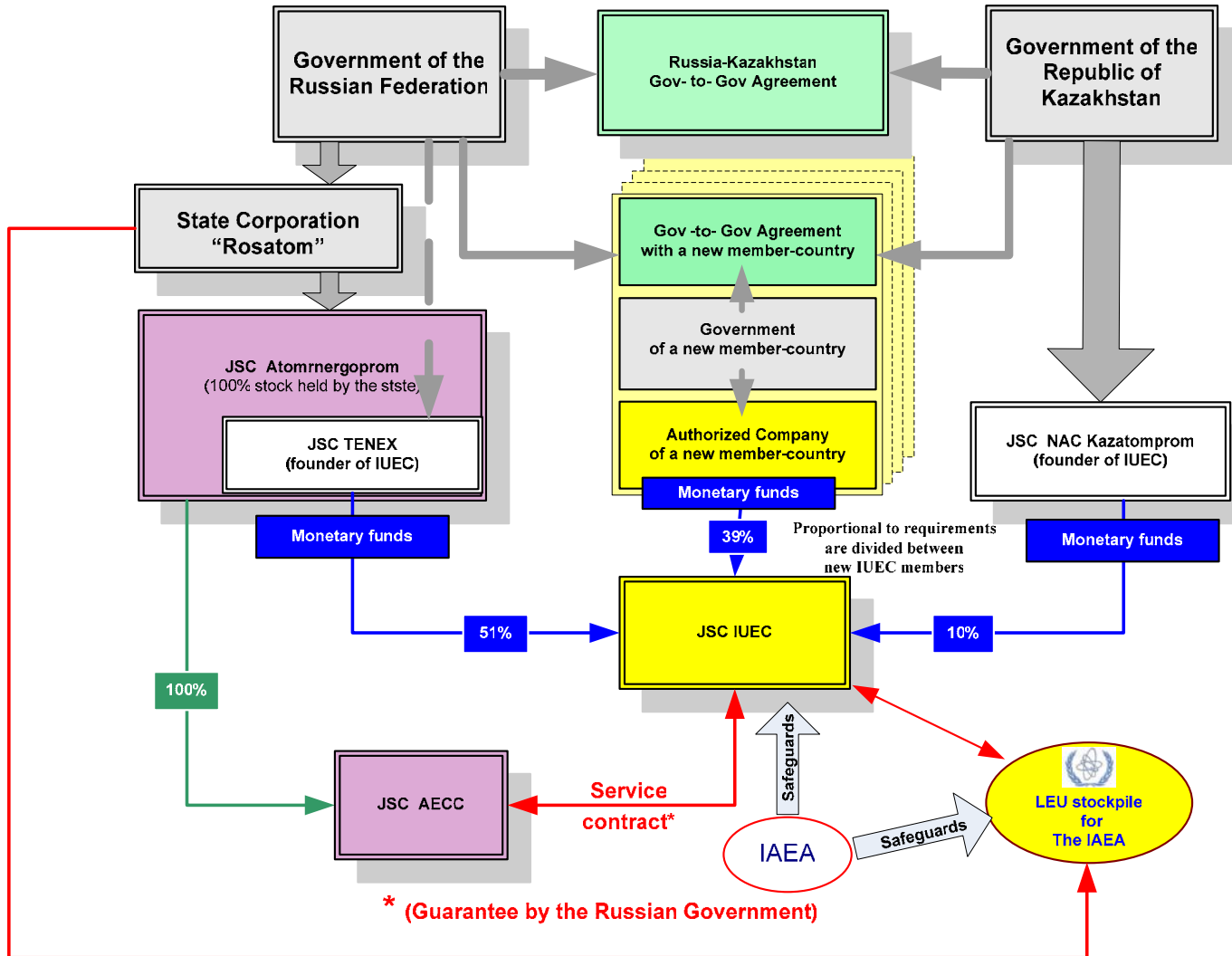


- ❑ **Authorized Companies of new member-countries are joining JSC IUEC on the basis of separate Gov- to- Gov Agreement (Note)**

**The JSC IUEC is open for participation of all IAEA member states which meet nuclear weapons non-proliferation requirements, and share objectives it is intended to achieve**

- ❑ **Redistribution of shares in the JSC IUEC chartered capital by reducing JSC TENEX share fraction as follows:**
  - ❑ **JSC TENEX - 51%**
  - ❑ **JSC “NAC Kazatomprom” - 10%**
  - ❑ **JSC “Armenian NPP” - 10%**
  - ❑ **New member-countries (all together) - 29%**

## New member-countries are joining the IUEC



## *Establishing an assured fuel reserve at the IUEC in Angarsk*

- ❑ The Government of the Russian Federation decided to create on the territory of the Russian Federation a reserve of low enriched uranium as a source of assured supply of low enriched uranium on the basis of international law for a country suffering a supply disruption unrelated to technical or commercial considerations.**
  
- ❑ It shall consist of 120 tonnes of low enriched uranium in the form of UF<sub>6</sub> in the enrichment range of 2.00% to 4.95%,**
  
- ❑ The price of the LEU delivery shall comprise:**
  - a.** costs of LEU (based on spot market price indicators reported by relevant reputable consulting companies averaged over a period preceding the LEU delivery) and
  - b.** other costs arising in connection with storage and LEU delivery.

## *Main principals for the creation of Nuclear Fuel Bank*

- Non-exclusive - Fuel Bank would not be the only or absolute model for other elements of fuel supply mechanism.**
  
- Non-discriminatory - There should be equal rights for fuel supply on the basis of international law for a country suffering a supply disruption unrelated to technical or commercial considerations**
  
- Non-disruptive of regular nuclear fuel market**
  
- No cost - Creation and use of “Bank” should not entail expenditures from IAEA budget or require any additional payments (contribution to budget) from IAEA member-states.**

## *Establishing an assured fuel reserve at the IUEC in Angarsk*

- ❑ **The idea of establishing an assured fuel reserve is to provide a political and non-discriminatory assurance of supply mechanism available to all states that are in compliance with their safeguard obligations and would not require a state to give up its rights regarding any parts of the Nuclear Fuel Cycle.**

# Thank you

