Obama’s Nuclear Mistake

By Henry Sokolski

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If President Obama hadn’t won the 2009 Nobel Peace Prize for his “work for a world without nuclear weapons,” his objection earlier this month to tightening nonproliferation conditions on U.S. civilian nuclear exports wouldn’t look so strange. But the president did, and this latest decision is quite odd indeed.

Congress, eager to sanction Iran’s suspect “peaceful” nuclear program, now plans to hold hearings on the policy shift, and once-dormant House legislation to increase oversight over U.S. civilian nuclear exports is again suddenly vital. Congress is in the right; the president is not.

What prompted Obama to kick this political nest? A stunning inattention to nuclear-export realities, his own nuclear-control rhetoric, and history.

In 2008, President Bush negotiated a nuclear-cooperative agreement with the United Arab Emirates (UAE). This agreement featured two new and important nonproliferation conditions. The first required the UAE to forswear making nuclear fuel — a process that can bring states to the very brink of acquiring bombs. The second stipulated that the UAE must open its nuclear facilities to intrusive nuclear inspections authorized under a special international understanding known as the Additional Protocol. While it negotiated this agreement with the UAE, the Bush administration also peddled its new, tougher conditions to existing and prospective U.S. civilian-nuclear-technology recipients, including Jordan, Egypt, Indonesia, Saudi Arabia, and Vietnam.

Initially, this effort enjoyed President Obama’s support after he succeeded Bush: He put the final touches on the UAE deal and in 2009 sold it as the new nonproliferation “Gold Standard” for future civilian nuclear-cooperation deals. After a year’s effort trying to get Jordan, Vietnam, and South Korea to forswear making nuclear fuel, though, Team Obama started to go wobbly.

First, in the late summer of 2010, Secretary of State Hillary Clinton announced that the U.S. had initialed a nuclear deal with Vietnam that lacked the Gold Standard conditions. The Hill went nuts. Letters were sent to the secretary of state, and State quietly put the Vietnam agreement on ice while the National Security Council ordered an interagency policy review. Deputy Secretary of State James Steinberg, who wanted to uphold the standard, fought Deputy Secretary of Energy Daniel Poneman, who did not. Nothing was decided.

Then, in July of 2011, Steinberg left the government. In short order, Poneman prevailed over remaining resistance within State. Late last year, State resumed nuclear cooperation talks with Vietnam. Anxious to notify the Hill, as required by law, Undersecretary of State Eileen Tauscher and Deputy Secretary Poneman tried to arrange a private, classified briefing with the House and Senate foreign-affairs committee chairmen and ranking members. But all the important members were out of town. So instead, the two officials sent them a short note.

It was a knee-slapper. First, it said the administration had decided that pushing the Bush administration’s Gold
Standard would actually risk undermining nuclear nonproliferation. “We are concerned,” Tauscher and Poneman argued, that pushing this standard would “reduce[ ] the number of future U.S. partners, minimizing our nonproliferation influence.”

Second, they noted that “France and Russia in particular are very aggressive in pursuing nuclear business,” that “neither imposes enrichment or reprocessing conditions in their agreements,” and that for every billion dollars of exports, the U.S. is able to support 10,000 jobs.

So, if we want jobs, we have to back off pushing nuclear nonproliferation? That seems to be the letter’s conclusion. Yet it’s unclear if there are any significant U.S. reactor exports to be made, or any truly American vendors to make them. Nearly 80 percent of Westinghouse’s nuclear division is now Japanese- and Kazakhstani-owned; roughly half of General Electric’s is Japanese-owned. As for nuclear manufacturing, nearly all of that is now done overseas.

Also, the Fukushima tsunami disaster has endangered whatever U.S. nuclear reactor or component exports might otherwise be left. Certainly prospective foreign customers have been loath to forswear suing U.S. nuclear firms in the case of a nuclear accident. Yet without such a pledge, U.S. vendors will not sell.

The letter’s most egregious error, though, is its misreading of the nuclear market. Contrary to the two officials’ suggestion, the most profitable nuclear sales prospect is not overseas reactors, where profit margins can be negative. Instead, it’s supplying nuclear fuel to run the U.S.’s 104 power reactors, the world’s largest fleet.

Russia and France are eager to penetrate this market. France is building a $4.8 billion fuel-fabrication plant in Georgia for the U.S. Department of Energy and has secured a $2 billion conditional federal loan guarantee to enrich uranium in Idaho. Russia would like to establish a similar U.S. enrichment project. Bottom line: If the U.S. wants to make a nuclear buck, doing so while maintaining nonproliferation standards depends far less on what other nuclear suppliers are doing overseas than those foreign suppliers’ export profits depend on securing U.S. taxpayer funds and loan guarantees.

So far, however, Team Obama has avoided exploiting this leverage. Impatient, the House Committee on Foreign Affairs has reported out a bill (H.R. 1280) to push the Gold Standard by increasing congressional oversight over U.S. civilian nuclear-cooperative agreements. The Senate has yet to act.

It’s pretty clear that leading and leaning on key nuclear suppliers to adopt the Gold Standard is our only option. Certainly, if the U.S. allows Jordan, Vietnam, South Korea, or Saudi Arabia to make nuclear fuel, it can forget about preventing any other country, including Iran, from doing so. In this case, President Obama will have succeeded only in turning Bush’s Gold Standard into nonproliferation lead.

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