

CARNEGIE ENDOWMENT FOR INTERNATIONAL
PEACE

RESTORING THE NPT: ESSENTIAL STEPS FOR 2010

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GEORGE PERKOVICH: Good morning and welcome. My name's George Perkovich; I'm the vice president for studies here at the Carnegie Endowment. It's my pleasure to welcome you this morning.

We're here both to launch, as it were – I guess in this field, that's probably not a good expression – to release a report by Deepti Choubey that you have in front of you – or that is available – “Restoring the NPT: Essential Steps for 2010.” I'll say a few things about it and then Deepti, obviously, will present some of its highlights. That's one of our purposes, obviously, and the other is to facilitate or begin to illustrate some of what Deepti is urging by having a discussion with Ambassador Shoukry of Egypt, which we're very honored and pleased to be able to do.

Deepti Choubey is a deputy director of the nonproliferation program at the Carnegie Endowment. I imagine that most of you here know her. She's been with us for several years and, prior to that, was director of the Peace and Security Initiative at the Ploughshares Fund.

I think you'll see when you read this report – and those of you who have not read her prior report may be inclined after reading this one to go back and look at her prior report – that Deepti has really found a niche and demonstrated a great skill at going around and engaging with diplomats from the key states in the nuclear nonproliferation regime – nuclear weapon states, non-nuclear weapon states; and then within those broad categories, the states that really do kind of shape opinion and drive the debate.

And her reports really reflect and give you a flavor for the thinking; in some cases, the kind of historical; in some cases, kind of emotional drive behind different states' perspectives as we go into, in this case, the 2010 Review Conference. And so they're very flavorful, and I think do more than if you were just describing issues and analyzing substantive issues; really give you a flavor for what's kind of the drama, the narrative that's going to drive this event. And so I think it's very important as we look to the Review Conference in 2010 to try to get that insight. And that's why we're so proud to be releasing this report here today.

A big part of the drama of the NPT Review Conference will be the engagement between the most focused and studied of the states, especially the non-nuclear weapon states. And Egypt is always at the top of that list as a major persona in this drama that goes on through the nuclear nonproliferation treaty, and so we are really delighted to have Ambassador Sameh Shoukry here.

He's been Egypt's ambassador to Washington since 2008. Prior to that, he was Egypt's permanent representative to the U.N. in Geneva from 2005 through 2008, as well as ambassador to Austria, and permanent representative to the international organizations in Vienna. He knows a great deal about things nuclear, as well as about things multilateral. And since the NPT is both, we are delighted to have him here today to share his expertise and insights.

Let me get out of the way. Deepti is going to, you know, summarize her report. But, as I said, it's very rich in its content, so I urge you all to read it. And then Ambassador Shoukry and I will have a brief discussion about it, and then we'll turn it open to a broader discussion. Thank you, again.

DEEPTI CHOUBEY: Good morning, and thank you for coming. And in particular, I also wanted to add my thanks to Ambassador Shoukry for his help in releasing this report and

underscoring the importance of the 2010 Non-Proliferation Treaty Review Conference, which will be held next May over four weeks.

And based on interviews with over 35 officials and experts from 18 countries, I want to offer this morning my assessment of what can be achieved next May, and what it will take to secure even modest success and avert catastrophic failure at the Review Conference.

So considering current proliferation threats like Iran and North Korea and the apparatus in place to address them, why should we care about this conference, which is for many, a perfect example of multilateralism at work for all of the good and negative connotations that invokes?

Well, Review Conferences – held once every 5 years – serve as a barometer of the health of the regime. They're tasked with assessing how well the provisions of the NPT have been implemented and for charting a course forward. In this way, they're important, and vital progress can be made during them.

However, due to how the broader nonproliferation regime operates, the Review Conference is also a paradox. Achieving even modest results will require many states to expend enormous amounts of political will and effort, but failure will come with serious consequences. So I think it's worth making an effort to avert such an outcome.

But in a nutshell, faith in the regime is what's at stake. For nuclear weapon states and Iran's neighbors, there are doubts about the security benefits of the regime. But for other states, their faith in the equity of the regime is what hangs in the balance. But given swift action and the right conditions, the Review Conference is a key opportunity to restore that faith, but I think time is running out.

There are a few developments that will influence prospects for next May. Since the 2005 Review Conference, there's growing uncertainty about whether the enforcement system will actually work. We see Iran's continued defiance of the IAEA and the U.N. Security Council, and now, rejection of the outstretched hand of cooperation.

What happens next with Iran, and particularly if there are appropriate consequences for rule-breaking, will create incentives from others to either strengthen the regime or to keep it weak. I think we'll see this play out at the Review Conference.

A positive development, though, has been the reemergence of American leadership in the form of President Obama's speech in Prague and the other stated elements of his disarmament and nonproliferation agenda. This has the potential to be a game-changer, but no touchdowns have been scored yet.

President Obama has created extremely high expectations that have changed the atmosphere and tone, particularly at the last preparatory committee meeting held this past May. But high expectations can be a double-edged sword. One diplomat I interviewed thought that high expectations would actually make it harder to achieve anything, whereas another thought it might encourage brinksmanship among certain states.

I found that there was both optimism and skepticism from nuclear and non-nuclear weapon states. Both a British and an Indonesian diplomat were optimistic, whereas a French and an Egyptian diplomat were more skeptical about what could be achieved. But there was broad agreement that casting 2010 as a make-or-break moment for the regime, it's misleading and it's a mistake, and we should try to get away from that kind of framing about what 2010 will mean for the regime.

So giving these reactions proper weight is helped by putting the Review Conference in perspective. Although the regime is broader than the NPT and has other forums in which key decisions are made, the Review Conference is one chance for many of the 188 states-party to the NPT to have a voice, whereas they are otherwise disenfranchised.

And just to illustrate this point, at any given time, the vast majority of these states do not have representation on the IAEA's 35-member board of governors, they are not one of 46 members of the Nuclear Suppliers Group, and at best, might have a 1-year term as one of the 10 members of the U.N. Security Council that do not have veto power.

The 65-member Conference on Disarmament has better global representation but, until recently, was moribund for more than a decade and seems stalled again. The First Committee of the U.N. General Assembly, which consists of all U.N. member states, is largely marginalized on these issues.

So if the future of the regime will be heavily by decisions of non-nuclear weapon states, it seems worth it to try to engage them in one of the few forums that they deem legitimate, and feel empowered. But there are serious limitations that can hinder the Review Conference functioning effectively, such as institutional deficits, where there is no standing NPT secretariat, substantive loopholes such as a lack of enforcement provisions in the NPT, and procedural politicking, such as the challenge of universal consensus rules that can actually facilitate what I call "spoiling behavior."

There are those several factors that can help avert failure, such as group leadership, establishing a strong chair and finding alternative ways to capture agreement and success aside from a consensus final declaration.

When asked about what would indicate success, many diplomats talked about the importance of a P-5 statement with strong language on disarmament. They talked about acknowledgment of past commitments and also the desire for a substantive consensus final declaration. So on that note, I think it's worth taking a minute to discuss the Achilles' heel of the Review Conference, specifically the consensus final declaration.

The text of the NPT neither mandates nor provides guidance for how to indicate Review Conference results, and changing the practice of reaching universal consensus that's expressed in a final declaration seems anathema to many states, even though in more politically charged Review Conferences, it has enabled one or a few states to block meaningful progress.

In the seven Review Conferences that have happened in the last four decades of the NPT's existence, only three conferences have resulted in final declarations. Some analysts contend that two of them, particularly the ones reached in 1975 and '85, do not reflect true consensus, and that's

because divergent rules were appended behind the document. So clearly, there are risks with relying on consensus as the key indicator of success or failure of the conference.

It may be more useful for states to think about alternatives for capturing progress, such as elevating the chair's statement or having individual states or groups make public commitments on specific issues.

Many of the diplomats I spoke with agreed that a final document blocked by one or two states is not failure. Instead, the momentum for action after the conference is what matters most. So what can be realistically achieved?

I've identified eight goals in my report, but will only take time to highlight a few right now. The goals are not utopian and they should be achievable. Many of them will not be easy to pursue, but with concerted effort, tough negotiations and sufficient political will at the highest levels of government, they are within the realm of the possible. In the end, it will be up to the collective judgment of states themselves to determine how much must be achieved to reinvigorate the NPT.

So one goal that I think is very important is reaffirming the vitality of the NPT. If states could do that, they could pave the way for support of the other goals. For instance, states individually or in regional or other groupings can offer statements that affirm the security benefits of the regime.

A coordinated P-5 statement establishing a clear and strong commitment to negative security assurances for non-nuclear weapon states in compliance with the NPT could aid in that effort. It would also serve to remind states that a world with a strong NPT is better than one without an NPT at all.

Another goal is to reiterate the unequivocal undertaking to eliminate arsenals. Considering the emphasis of many states on acknowledging past commitments, nuclear weapon states reaffirming that sentiment in national statements as well as in a coordinated P-5 statement could generate a lot of goodwill.

And acknowledging the rights to peaceful uses of energy is another key goal for unsticking current debates. The past several years have created confusion and concern about Article 4 of the NPT. The Review Conference could help alleviate suspicions about the possible infringement of rights. And because all fuel cycle proposals are now voluntary, affirming Article 4 commitments in conformity with Articles 1, 2 and 3 can help do that.

Debates about fuel cycle proposals could be based on the common understanding that the NPT does not confer the right to peaceful uses of energy but acknowledges it. But the NPT does, however, set the conditions for how assistance will be offered to states that want it.

The Review Conference is an important opportunity for states to forge an agreement that a world with a great deal more nuclear enrichment or reprocessing facilities would heighten insecurity, undermine the spread of nuclear industry in the developing world and lessen the possibility of nuclear disarmament.

Contributing to the further progress of nuclear weapons-free zones is also important. Zones free of nuclear weapons and weapons of mass destruction are among the more complicated elements of the nonproliferation regime, but they are also another important contribution by non-nuclear weapons states to achieving the zero option. Progress on these zones is necessary for continuing to build trust in the ability of the regime to respond to demands from non-nuclear weapon states concerning their own regions.

The implementation of the 1995 resolution on the Middle East is at the top of the agenda for Egypt, and I'm sure we will hear more about that. And the 2010 Review Conference may offer the best chance for even incremental progress if Egypt can offer constructive leadership and if the P-5 can create a positive environment and coherence in the P-5 position.

There are some positive signals and agreement, and a conference to address the issue in 2011 and appointing a special coordinator should be achievable goals in May. The results of the April 2010 Nuclear Security Summit will be worth watching because progress there, particularly in regard to Israel's fissile material, could pave the way for other agreements at the May 2010 Review Conference. And at the very least, the Obama administration should build buy-in at the head-of-state level for Review Conference goals on the margins of the summit.

Another key goal is to encourage universalizing the Additional Protocol. In a world where nuclear technology and potential weapons capabilities are spreading, the Additional Protocol is a critical tool. The IAEA has stated unequivocally that the effectiveness and efficiency of the IAEA safeguard system to provide credible assurance that the peaceful use of nuclear material and activities on a non-nuclear weapons state part depends on several factors, the most important of which is the implementation of a comprehensive safeguards agreement, and also, the Additional Protocol.

However, there are still strong objections among key states who point to the lack of progress on disarmament from nuclear weapon states. However, if proliferation occurs or doubts about the nonproliferation regime rise, disarmament will be harder to achieve. In this way, the AP helps facilitate further progress on disarmament, and non-nuclear weapon states should adopt it.

And then, finally, establishing consequences for NPT violators would also be a tremendous outcome for this next Review Conference. Depending on how the situation with Iran and North Korea progresses, there may be renewed enthusiasm for measures to clarify, procedures to withdraw and consequences.

Progress on this issue could combat the crisis of confidence some states are having regarding the regime. A minimal step would be for the Review Conference to affirm the principle that, in accordance with international law, a state that withdraws from the NPT remains responsible for violations committed while still a party to the treaty.

Furthermore, states that are withdrawing from the NPT and that are noncompliant should be held to task. And surely, it should be easier to agree about what should be done about states that have been cheating from within the regime. I think all states should be worried about this and should want to address the consequences of that scenario.

In the end, achieving these substantive goals will require action by all states, and I've identified in my report specific steps for the United States and non-nuclear weapon states to take. All states should emphasize the joint endeavor where nuclear weapon states and non-nuclear weapon states share responsibility in shoring up the regime.

I think the time for insisting that the other goes first is over. States should also raise the political profile of the conference by ensuring that their delegations are led by people who have clear mandates and are empowered to negotiate. And then finally, states should also engage NGOs who can brief smaller delegations who may lack experts, they can offer substantive inputs into the process and also shine a light on states that might be dragging their feet in negotiations.

And in terms of recommendations for the United States, the biggest challenge or advantage for the U.S. delegation will be the publicly available nuclear posture review. The new START treaty will be signed but maybe it will not be ratified by the time the Review Conference happens. The CTBT is also unlikely to be ratified by May, and therefore, the NPR will be the best piece of evidence for U.S. intentions and for their commitment to disarmament.

And I think every effort should be made to reconcile the NPR with NPT commitments. I offer more details in the report, but this can be done if the NPR narrows the purpose and role of nuclear weapons, if it explicitly acknowledges its NPT commitments and if it can reconcile currently conflicting policies and messages.

On this point, proponents of some form of refurbishment of nuclear warheads should realize that the U.S.'s credibility with the international community has taken a beating in recent years. The U.S. must take steps to regain its credentials, such as ratifying the CTBT, so that these proposed programs, if essential, are seen as compatible rather than contrary to disarmament.

Although U.S. action is important, the choices of non-nuclear weapon states are, as well. For instance, NATO states should also reconcile policy inconsistencies, and use the Review Conference to send signals that can shape the NATO Strategic Concept process. Otherwise, they run the risk of being increasingly seen as non-nuclear weapon states in bad faith.

Those states that are especially frustrated by a lack of progress on previous commitments should make use of this window of opportunity while favorable political conditions prevail. If U.S. leadership is key to strengthening the nonproliferation regime, the experience of modern American presidencies show that it's impossible for American presidents to aggressively push innovative policy agendas in their second term. So 2010 may be the best chance for progress.

Finally, the nonaligned movement should anticipate the future and what it will mean for its own contributions to disarmament. For instance, if the U.S. ratifies the CTBT, many analysts predict that China, Indonesia and possibly Israel will soon follow. If this scenario is accurate, the NAM will be facing an accountability moment. The states remaining are all nonmembers, so this is Egypt, Iran, India, Pakistan and North Korea.

The NAM affirmed its commitment to the CTBT at its 2009 summit this past July but the nuclear realm, I think, poses the greatest challenge to the NAM, and this is particularly due to the divergent policies and behaviors of its members. If further ratifications of the CTBT occur within the next 5 years, this may be a chance for the NAM to burnish its own disarmament credentials,

which may provide it with greater leverage to call for more action on disarmament steps. Smart states that are serious about disarmament will see this as an opportunity to embrace rather than a commitment to avoid.

So there's both good news and bad news, and time is running out, but concerted action by all states and realistic expectations about what can be achieved in terms of modest outcomes could undercut the motivation and effectiveness of would-be spoilers. And although ambitious steps are welcome, I think small steps will do. Thank you, and I look forward to your questions. (Applause.)

MR. PERKOVICH: Thank you, Deepti. I'm sure there's a lot there that people want to engage with. Let me start – and Ambassador Shoukry, I guess I have a couple of broader questions, I guess, to start. But one of them is to ask, you know, simply, do you think it's possible that we, the international community, put too much weight on the Review Conferences? In part, I'm thinking of – because, after all, one state – whether it's the United States or Iran or Switzerland – any state can basically block formal achievement at the conference. So what is the kind of proper perspective, and are we putting too much weight on this?

AMBASSADOR SAMEH SHOUKRY: Thank you very much. First of all, let me thank the Carnegie Endowment for giving me this opportunity to share in what is a very important moment in the issuance of this report.

And in response to your question, no, I would not underestimate the value of the review process. You would have to take note of the fact that for the indefinite extension in 1995, the strengthened review was part of the package of that time, and thereby, it elevated the importance of the review process, and placed great emphasis on its value.

This, as a cooperative endeavor by all states party, was recognized as a very important component to maintain the vitality and the credibility of the treaty for the ensuing 5-year periods within the review, especially now that the treaty has been extended indefinitely.

So it must remain a very pertinent and very prominent component in terms of providing the opportunity for states party to meet the challenges that face them in terms of strengthening the treaty, strengthening the nonproliferation and disarmament regimes as a whole.

And the concept of consensus is, again, an important one, for, the value of the treaty relates to its ability to provide the security to the parties. And thereby, if we detract from their ability to indicate their positions towards the treaty – this, I don't think, has been abused in the past – views have been usually formulated within overreaching groups of countries that represent components of the review mechanism, and that has not been the responsibility of any particular single state to shoulder the results of the Review Conference.

MR. PERKOVICH: You know, given that it is important, as you say, but also that politics is the art of the possible, and because of the rules that we've talked about – and you're right, maybe one state hasn't blocked it but in the past, there've been moments where two or three states did and that's out of 190-odd – so a few can really stymie things. That would seem to limit the brackets of what's possible.

So in your mind, what is it realistically possible to get done at this Review Conference, given the procedures and all the different interests that are there?

AMB. SHOUKRY: Well, again, I beg to differ. I don't think two or three states have ever had the effect that you probably place on them. I think that two or three states had been more vocal in demonstrating the political will of the various groups that they associate with. Having been at the forefront does not necessarily mean that they have had the exclusive right, or for a specific national interest, been manipulating the process.

But on the second half of the question related to what can be achieved in the review process, I took the advantage of, maybe, preparing for this meeting to review the 2000 document. And, again, I think we have to look somewhat into the history of the review process, and recognize that in the last two decades, we have only had one consensus final document – 2000. So if we do achieve success on this occasion – which is necessarily an improvement – we will be going on a one-decade sort of cycle, and I hope that will be the case.

But reviewing the 2000 – I think the importance of the 2000 was that it was the first Review Conference after the indefinite extension. There was great pressure on all parties to justify the viability of that indefinite extension. And all parties had a vested interest to somehow convey the sense that their decision in 1995 was a pertinent and important one, and thereby, had they been unsuccessful in 2000, I think it would have really damaged the credibility and the viability of the treaty.

But having said that, and looking at the 2000 document, in general, it's a declarative document in its totality, other than the 13 practical steps. The 13 practical steps were maybe the most important element because of their implementative nature.

And, again, I think this is where we should embark upon when we refer to 2010 in view of the lack of progress during the last decade; that we should be seeking more implementative and more pragmatic and practical and realistic results, but, which I had complained, were very subjective in terms of how different states would construe them.

So from pragmatic and realistic, my concept of them is that they should be implementative results that can be referred to and quantified to indicate that we are on the right road to strengthening the treaty, to maintaining its credibility, in providing the state parties with the necessary security, and elevating that security rather than decreasing it.

It's very important – and I think the report indicates many of the challenges that are facing the 2010 Review Conference and the possibilities of reaching a final document – but I think one of the most important elements here is that we should shy away from the focus on the exceptional nature of one or two or three cases of specific challenge in this regard – whether it's the DPRK, whether it's Iran – and stem what has been quite apparent in the three preparatory conferences an effort to try to navigate this process of the review towards addressing what constitutes, from anyone's perspective, the challenge that's associated to very specific circumstances, and deal with the broader issues of the treaty and the broader issues of the review, and not hold it hostage or try to manipulate it for the benefit of reinterpreting or trying to instill outside the legal concept of the treaty itself new interpretations or new stipulations or new obligations that have no foundation in the legal context of the treaty.

This is going to be a dangerous endeavor, especially in the light that it does shift the balance of the three pillars and it does create a sense of inequity that will be – and is already – looked upon with some degree of apprehension, and a sense of double standards.

But we should be, as well, cognizant of the fact that so far, we have not been consistent. I think we can't take the possibilities of success or failure outside of the context of the pendulum effect that the U.S. administrations have had on the process. And we certainly recognize that currently, we are at an upswing in terms of the U.S. administration's ability to regain its leadership role, and to have a very marked affect on the success of the conference.

But then also, there are going to be, in the minds of many, the possibility of the opposite sway, and we have, since 2000 and 2005, seen the very severe effects of a change of policy of the U.S. administration on the viability of the parties to advance their common objective, which went as far as to negate the important aspects of the final document of 2000, hereby the incursion on the viability of the final documents that occurred in 2000 will still be an issue for many to contend with when they come down to accepting the compromises that are necessary and provide the flexibility that is necessary for arriving at a consensual document for 2010.

MR. PERKOVICH: Let me ask one more question and then we'll open it up, but I think you were saying some important things there, including about how one or two countries can really make or break a Review Conference. But I wanted to make sure I understood when you were talking about that we shouldn't focus on exceptional cases and, in some cases, specific incidents, and you mentioned, DPRK, I think, but we should address the broader issues. I wonder, first of all, if those – you know, are they mutually exclusive?

But also, it seems to me that there is a risk if you – it's like if you have a conference in a hotel of firefighters – fire department leaders – and they're talking about the principles and the science of putting out fires, and next door, a building is burning and they say, well, no we've got to stay here and finish our agenda to go through, you know, the latest theories of firefighting while this building is burning down next door – that it does undermine the credibility of the enterprise of firefighting, at some point.

And so when you have, for example, a case of a state that has been found noncompliant and where all of the procedures that are required, and acknowledged to be required, have been followed. So via the IAEA, and so on and so forth. And then you have legally binding requirements put on that state – all of which are diplomatic and peaceful – and then that state ignores those that the implications of that for the overall enterprise are quite serious. So I know you wouldn't say it should be ignored, but I couldn't tell from your remarks how it should be addressed. And so I think that's one question.

And then when you were talking about the double standard and trying to put new things through, you were being so brilliantly diplomatic I wasn't quite sure what the specific reference was to, and so – not being as subtle – (chuckles) – I'd like more enlightenment about what you were talking about. And then, we're going to open it up more broadly.

AMB. SHOUKRY: I'll be happy to be a little bit more specific, but, first of all, you seem to presume that all the firefighters in the world are assembled in one hotel. That isn't the case. The review process is one for conceptualization and recognition of the challenges that face the regime.

There are other institutions which are more pertinently involved with the enforcement of whatever might be considered as noncompliance. Thereby, it's not up to the nonproliferation regime as far as the NPT is concerned, to over duly emphasize or try to extract, or try to confine or apply any specific enforcement related to presumed case of noncompliance. But there are other mechanisms – the Security Council, for one – which are competent and does work in conjuncture with NPT and will take the general direction of whatever is the consensual undertaking by parties in terms of their assessment of the conformity to tricky obligations.

So there is no lack of will that parties should address the challenges, should define them, should articulate and stipulate their understandings. And this is part of the review process. It must assess the implementation of the treaty, and look forward, and in this case, certainly if there are cases of noncompliance, if there are particular challenges that meet the treaty, then it's – and it has been the case that they have been always flagged and drawn attention to, but then in the report, it was quite evident that there are restrictions of how to do that because of the desire to reach a consensual agreement. And that has been the case in the past. I don't think the review process has been restricted.

Maybe what I was referring is partially – also, we have to take into account that we've had three PrepComs so far. And we have not conformed, as parties, to the stipulations of the strengthen the review, or to the 2000th reference to the obligations set on the 3rd PrepCom in producing recommendations.

This is a worrying aspect that we hope might be balanced by the change in terms of the U.S. administration, and thereby, we are in a new ballpark, so to speak. And we might be able to get beyond the difficulties that certainly were there even through the 3rd PrepCom. The 3rd PrepCom's inability to realistically address its responsibilities of providing the recommendations to the conference does worry many of us.

But on the specifics that you asked me to mention, there has been great emphasis by specific groups within the parties to issues like, referred to in the report, like the universalization of the Additional Protocol. And I think this is one of the issues lacking in the report, is the recognition that should have been incorporated as a reflection of the principles and objectives of the 2000 Review Conference in terms of the priority of achieving universality of the NPT.

So these are issues – the fuel cycle, is another – issues related to the fuel cycle, to Article 10, to enforcement measures. All are very important challenges to the treaty. All should be dealt with, but not necessarily within the context of the review process, as important issues to deliberate, but certainly not to try to infringe on the review process by creating a momentum which primarily amends the treaty within the context of the review. The review was not envisaged for that purpose, and there is no specific mechanism in the treaty that can provide that.

These are all controversial issues where no consensus could exist in any of the multilateral fora on many of these issues. Not for the purpose of negating or confining or suppressing the common desire to strengthen the regime, but for purposes of evaluation, of how certain issues

might have impact on the three pillars in terms of, for example, fuel cycle proposals – how does that infringe on Article 4 obligations and rights? This is an issue that is still – positions are quite far apart on, and overdue emphasis in terms of how they might be handled in the Review Conference, I think, will be problematic and will restrict our ability to reach consensus on them.

MR. PERKOVICH: Okay. I don't want to hog up the discussion, but you're the author, so if you want to jump in on any of this, that would be great, and we're going to then open it up to broader discussion. But I want to make sure you get a chance to –

MS. CHOUBEY: Thank you, and Ambassador Shoukry, I think you've been very diplomatic in couching your critique of the report, and I appreciate that. But the only thing I wanted to say is on this last point about what issues should be addressed within the Review Conference and what shouldn't.

I staked a claim on some of those issues, like the AP enforcement issues, Article 10 and fuel cycle because that's at least part of, I think, a vision that the NPT and the regime itself needs to evolve to deal with challenges that the regime is addressing.

I don't think you can take all of those out, and I agree with you that many of the issues should be and will be addressed in other forums like the Nuclear Suppliers Group or at the IAEA. But I also know that there is a tremendous amount of resistance, particularly within the nonaligned movement, for the U.N. Security Council to make decisions where – particularly on, for instance, the issue of U.N. Security Council Resolution 1540 – where there are objections that the U.N. Security Council stepped in and there wasn't a chance to more broadly discuss that and agree to it in broader multilateral forums.

So my point is that I think we need to be realistic about what the current challenges are to the regime, and how the Review Conference can actually facilitate moving forward on some of these really complex and controversial issues. And trying to put them to the side, I don't think is going to get us where we need to be for strengthening the regime overall and addressing the three pillars. So that's – I'll just, yeah.

AMB. SHOUKRY: Let me comment on your intervention. And I didn't at all imply that we should brush them aside or put them under the carpet, but it is how we address them and what is the overall objective, and have we arrived at that point where we can readily come to an understanding on these issues? And from the discussions in the three PrepComs and multilateral fora, these are all very charged items, and thereby, if we are to interject them with the emphasis that is believed to be the case, I think we will complicate the issue.

And then, again, it's a matter of the equilibrium between the three pillars, and if we were to embark upon such an in-depth application or effort to apply these ideas to the review process, then we would necessarily feel that there is an imbalance here with the other pillars. To what extent are we going to equally implement the necessity for equal security assurances, which I think is another very important issue of the – (inaudible) – and one that there is very little grounds to stand on for the nuclear weapons states, and still not being able to come to a legally binding instrument that provides negative security assurances to the vast majority of law-abiding, compliant non-nuclear weapon states, who present no theoretical, practical threat to the nuclear weapon states.

So this is an issue that does not seem to have the same degree of importance and credibility, and thereby, again, there is a tendency to emphasize and focus on the nonproliferation pillar rather than on the disarmament pillar, on the security dimension, and on the effect of some of these issues on Article 4 rights.

So again, certainly, it is for the review process to air these ideas, but not to reach the point, at this stage, of trying to force implementation of some of these ideas or extract endorsement because I don't feel that sufficient dialogue has ensued between the parties. There has been, I think, a high degree of understanding within a group of the parties on many of these issues for understandable reasons, but there certainly is no consensus on them at this stage. And thereby, this gives the impression of an effort to manipulate the process for specific policy directions rather than to really strengthen the regime as such.

MR. PERKOVICH: Thank you. I'm going to start taking questions. Please put your hand up, and then when we call on you, wait for the microphone, and then please identify yourself. And so we'll start here in the middle. Kim, I guess you're closest – right to Ambassador Schulte, and then we'll work our way back, and then we'll come back again.

GREGORY SCHULTE: I'm Ambassador Schulte. I'm at the National Defense University, but I had the honor of working for 4 years in Vienna as the U.S. representative to the IAEA. Ambassador, I'd like to tell you, you had some very good successors there – Ambassador Ramzy and Ambassador Fawzy, who I really enjoyed working with.

George, at the meeting of the RevCon, you're going to have not only fires burning outside, but you're going to have a couple of arsonists actually sitting in the room with the firefighters. I remember the PrepCon that took place in Vienna, where, for days, all these highly-paid delegations sat around doing nothing because the Iranian ambassador blocked approval of the agenda.

So I think what you talked about in terms of spoilers is a real problem, and the only way that we'll be successful in dealing with spoilers is if they're colleagues, including countries from across the developing world and the non-aligned movement; basically, tell them that we need to move on.

Now, I think we have to pay attention to the exceptions, and in looking at the exceptions, you do have to draw lessons for the overall regime. And I think one of the lessons we can draw, that you have drawn, is we need to universalize the Additional Protocol. This is something the last administration supported, this is something this administration supported, this is something most countries in the world support.

Now, when I talked about doing that, I ran into questions from three ambassadors: first, the ambassador from Brazil – Brazil doesn't like the AP for reasons they never clearly articulated, but led to some concerns; the ambassador from Argentina – Argentina was following Brazil; and the distinguished ambassador from Egypt, who didn't want the Additional Protocol because of Israel, the country that wasn't named earlier.

I'm wondering if things have changed, Ambassador. I think we're in a situation now where we have a neighbor of yours, Syria, that hadn't signed the Additional Protocol, that was found building a covert reactor; we have another nearby country, Iran, which threatens to spark a nuclear arms race in the region; we have a lot of countries, including your own, that are thinking about

nuclear power now. And I'm wondering if universalization of the Additional Protocol now becomes important as a confidence-building measure in the region and also to help create the conditions for what President Obama has talked about, which is zero nuclear weapons. Thank you.

AMB. SHOUKRY: Yes, well, first of all, thank you for making reference, and I'm only sorry that I didn't have the opportunity of working with you myself in Vienna. Certainly, the first PrepCom was held up for quite a considerable time because of the devising the agenda. But I believe it was time well-spent, because it was because of the ability.

And in terms of Iran's perspective and Iran's motivations, I think they were not probably associated to other factors, but the whole conceptual issue of how to define, and how to instigate the importance of previous Review Conference documents was a very important one, and which was held by the vast majority of NAM states.

Iran maybe manipulated that part of the discussion to extract certain guarantees or to highlight its political activism and ability to influence the process. But in the final context, the result, I think, served well and put us in the second and the third PrepComs and the adoption of the agenda of the RevCon with absolutely no hindrance whatsoever.

So I think we should take that as the overall result, irrespective of what the motivations of Iran were or weren't. So that was a very positive and constructive effort by all. And I think many in the NAM did rise to their responsibility and were able, finally, to contain the Iranian ambitions in this instance and suppress them for the benefit of the treaty itself.

As for the Additional Protocol, the Additional Protocol is one case that might draw attention, again, to other issues that I mentioned previously as controversial ones; ones that, incrementally, are being brought to the forefront.

As the Additional Protocol, at one time, was a very voluntary application – one that was contingent on other issues being resolved – now is the priority of certain parties' policies and is now considered a prerequisite to further application of Article 4 rights, for example. So here is how this is incrementally advanced – not necessarily with the objective of maintaining the balance between the various pillars of the regimes.

And again, here, to what extent have we been equally faithful in achieving the universality of the treaty? What applicable steps has the nuclear weapons states, in terms of shouldering their special responsibilities in the maintenance of international peace and security, undertaken in the last 40 years to advance the issue of the universality of the NPT? And I think there is very little that can be referred to in terms of that obligation.

So if we want to universalize the Additional Protocol, we must certainly universalize the comprehensive safeguard agreements, recognize their values and address the issue of universality.

Now, this is all from a practical perspective, and as Egypt, a country that upholds and values the NPT, we recognize the practical constraints and political constraints and thereby, recognize that this doesn't necessarily have to be an exact – progress might not be achieved in the same points or with the same speed on these issues.

But there is such a divergence and such a gap between the way that these two issues have developed, the way that they have been absorbed by the international community – especially in Vienna, with the resolution on the application of safeguards – and how the Additional Protocol has gained relevance because of countries like Egypt – who does oppose the Additional Protocol to be applied in the regional context – have recognized the value of the Additional Protocol and have not hindered the application for those who seek to apply it, but at the same time would think that, necessarily, security situations in different regions are different and must be dealt with in a different manner.

Again, here, I think it's important not to over-exaggerate sometimes, or at least to confine ourselves to what is the factual case. And in the case of Syria, we still await the definite result of the agency to be able to ascertain what exactly was Syria doing or was not doing. And I think we haven't reached that point yet. Thank you.

MR. PERKOVICH: I just want to follow up just on Syria for a second because I think what you said is important. You're waiting for the final review of the agency. One of the reasons the agency can't do that is they don't have the cooperation from Syria to go back in and investigate. So what are things that Egypt and others could do to try to encourage that cooperation? And if, indeed, the result of that investigation were that – well, we already know that there were violations of Syria's reporting obligations – but if there were, being built there, a reactor and so on, what implications would you draw from that regarding the Additional Protocol?

AMB. SHOUKRY: First of all, in terms of reporting obligations, I'm not sure that we're there yet, because for reporting obligations, then we have to have the authority to say that there was a reactor being built.

MR. PERKOVICH: Well, we know there were isotopes there –

AMB. SHOUKRY: Well, how the isotopes were there and how the isotopes are found in many areas of the world does not create – it's not a smoking gun in terms of the creation of a reactor. So again, this is why it's important to give the credibility and authority to the agency, being the only competent body that can ascertain exactly what is the case. And I think much of the press reports have indicated as factual what the agency has not been able to indicate as yet.

But at the same time, we can't go outside the parameters of the legal norm. Syria has a comprehensive safeguard agreement, has provided for the agency site visits and is in consultation with the agency as to whether the agency's further requests for broader visits are within the legal confines of the safeguard agreement. And that is something that they must resolve with the agency. That is a bilateral issue that must be resolved with the agency and it will be up to the agency to determine, in the final context, whether it is within its rights under the safeguard obligations to seek those additional and more intrusive investigations.

The question mark remains, and it should be dealt with, but it should be dealt with by the agency and within the legal framework that is necessary. We recognize that the Additional Protocol is an important element in the safeguards regime. But the problem for us is that, again, the disparity that exists today in universalizing the NPT and the efforts that have been undertaken in that regard – whether they are sufficient to provide the level of comfort for state parties to move an additional step.

Whereas, they do not feel that the nuclear weapons states have probably moved, sufficiently, in terms of nuclear disarmament or that they have not sufficiently moved in terms of the universality of the NPT. In other areas, there is a conception that there are now efforts to restrict Article 4 rights. So on all these issues, it does modify and qualify, somewhat, how states will address themselves when it comes to the Additional Protocol.

MS. CHOUBEY: I wanted to just quickly respond. Ambassador Shoukry, I agree with you that the process has not worked well, particularly over the last three preparatory committee meetings. And you know, just to carry the fire analogy a little further, one of the objectives of the report was to create a sense of urgency for states to wake up. I mean, we're a little less than six months away from the Review Conference, and I think there are still opportunities for states, particularly those that have great concerns, to try to engage some of these issues and try to come to some reasonable agreements.

And Ambassador Schulte, I thank you for painting the picture of the current circumstances we're in, and what I think needs to happen is that we need more urgency around using the tools that currently exist and that we know that work. The Additional Protocol is an instance where, you know, the international community is not flailing around looking for a solution to our concerns about what certain states are doing and for providing assurances that their activities are exclusively peaceful.

But beyond that, I wasn't trying at all to argue that the Additional Protocol should be seen as an additional obligation. I actually think it's something that states should do in their own interests, particularly when there are concerns about other regional actors. And let's move away from the Middle East for a second and let's take a look at South America. I think there are, increasingly, concerns about what Venezuela may or may not be doing, and I think as those concerns grow, there may be more of a regional demand from other states in the region that Venezuela, Argentina and Brazil actually accept and adopt the AP.

And then the other point I want to just address is about the universality of the NPT. I think we all agree that that's absolutely something that we would like to see. But realistically, that's not something that's happening anytime soon. And I don't think that we can hold up action on urgent issues in pursuit of that goal, although absolutely, we should keep pressure on that.

And then finally, just in terms of the gap in positions on the Additional Protocol, that gap is really amongst, I think, a set of just a few states. Largely, within the Non-Aligned Movement and amongst smaller countries that are not as engaged in developing the position of the NAM, I think there's a lot of confusion, and understandably so. There have been a lot of different proposals over the last decade and there has been controversy about whether things are voluntary or if they should be obligations. So what I'm trying to advocate for is basically a resetting of expectations about what really should or should not be happening with Article 4.

And then the last thing I'll just say is that in order to narrow that gap amongst key states, I think the nuclear security summit is one of those key opportunities. I think it's for President Obama and some of his other partners to go and talk to some of these states on the margins of that meeting and see if we can get to some agreement. So although all hope isn't lost, I don't think that we can be

complacent about this, and we actually do need to move forward, and it's in the best interests of, actually, a balanced approach to the NPT.

MR. PERKOVICH: And I was working my way back, so there's a gentleman there and then we'll work our way back.

Q: I'm Paul Ingram. I'm the executive director of the British-American Security Information Council. I wanted to ask the ambassador a question around the obvious frustration that has built up over the last few decades – or decade-and-a-half – around the lack of implementation of the 1995 resolution on the Middle East. And there's been a lot of talk in the last few months, particularly after the preparatory committee, around the establishment of a conference and the appointment of a coordinator that Deepti has referred to in her report.

My question is – well, questions are – why do you think there's been a lack of progress since 1995? Whose responsibility within the Non-proliferation Treaty membership does it really fall to, to ensure that these things happen? And will those two initiatives be enough to ensure that Egypt sees the Review Conference as a success?

AMB. SHOUKRY: Thank you. Certainly, there has been frustration. And I think the resolution has, again, to be taken in the context of that it was an integral part of the extension – indefinite extension of the treaty. And it was through that resolution as one of the components, with the principles and objectives and the stringent review process that consensual – (coughs) – sorry – consensual agreement on the indefinite extension occurred, thereby, the importance of implementing the resolution as an indication of the credibility of the overall package in 1995 and its viability to take us forward.

The reason for the lack of implementation of the resolution rests with the political will and the tendency in many quarters – and among them, the nuclear weapons states – in addressing this issue from a political perspective rather than from a nonproliferation – standing on the principles associated to strengthening the nonproliferation regime and strengthening the NPT and giving greater weight to political considerations related to the situation in the Middle East and providing a conditionality here, which we have found totally inappropriate, somewhat – I don't want to say, similar, to that – that maybe was expressed now in terms of, maybe the universality.

But this is more, maybe, marked in that the conditionality is that the international community is incapable of making any concerted effort towards the implementation because of the political and security environment of the Middle East.

So if we were to condition the application of the principles of nonproliferation of the treaty to the various political dimensions, then we would certainly be restricted to meet the challenges as related to the DPRK or so on, because, certainly, the security environment in Iraq and Afghanistan would not be conducive for Iranians to proceed to faithfully implement and comply with our obligations.

We are opening in that regard if we do continue on this conditionality for political or security reasons – the receding the principles that we are trying, through the review process, to instill and to etch in stone so as to reinforce the treaty and reinforce its obligations and the necessity of compliance.

There are a variety of implementation proposals – proposals for implementation of the resolution, again, taking into consideration that this needs to somehow be a work in progress; that we need the participation of all concerned; that it should be a collaborative effort supported by the parties and not subject to the intervention of non-parties.

We are here as parties who hold the same objective and who have the same desire to strengthen the regime and, thereby, should work to that effect and not work, in any way, to shelter nonparties from providing greater integration into this. And this is one of the ways to achieve the universality of the regime. Certainly, the two implementation mechanisms that you refer to – establishment of a conference and coordinator – are two, but we are open to an additional set, which I think we have elaborated in our three working papers, and any other practical ideas that might be presented by others.

And, certainly, there's a lack of engagement in that regard, which has also led to a degree of frustration. We hear of the general acceptance of a concept, but then it is couched on certain conditionalities and we have not received, as yet, more specific ideas from the various parties on how or other forms of implementation that might help the process forward.

MR. PERKOVICH: I just want to pick up on one point, which is that when you were talking about the security environment, I mean, I do think it's not external and considerations of the security environment have to be taken and are very important. And I think you reflected this yourself when you talked about the importance of negative security assurances, so that's one example.

I think when you were talking about Iran and you mentioned Iraq and Afghanistan, I think precisely – and I know and have colleagues in Iran who do understand that the removal of Saddam Hussein actually improved Iran's security and the removal of the Taliban actually improved Iran's security, as has the change in the U.S. policy and the willingness to seek cooperation with Iran, which is part of the strategy and one of the reasons why Mohamed ElBaradei and others are so disappointed that Iran has not picked up on the offer of cooperation to fuel the Tehran research reactor.

But also that the Middle East resolution itself, in its first item, talks about the importance of security and the peace process more broadly. So those things are recognized, then, and I'm guessing you might agree, then, that, that could also be part of an agenda of a conference in the region. Is that –

AMB. SHOUKRY: Well, certainly, I think one has to be practical in taking into consideration the security and dimension associated with the implementation of the treaty. But what has been the case over the last 15 years is more of a veto conditionality in terms of any effective measures to implement the resolution on the premise that the security environment is not conducive.

And this is the objectionable part, and this is why I said that it's recognized that this is not a process where duress will be, even by the parties, a matter of objective, but where this is an inclusive and a comprehensive and a collaborative endeavor, but one that has to start on the road of implementation with what is acceptable to all concerned parties and what is achievable, so there is

nothing to restrict us from undertaking those steps – those practical steps – and here, I use that subjective word, without at the same time jeopardizing the principles associated with the resolution, with the overall strengthening of the treaty.

MR. PERKOVICH: Right here.

Q: Spurgeon Keeney, Council on Foreign Relations. I think, given the obligations under Article 6 and the focus in the preamble of the treaty, the ratification of the Comprehensive Test-Ban Treaty and the presumed follow-on Strategic Arms Control Treaty would strengthen the hand of the United States in a leadership role in the Review Conference.

But my question to both of the panelists is what would be the impact if the Senate refused – rejected – one or both of these treaties, or, two, the administration, out of concern that rejection was likely, fails to present these treaties to the Senate? Will this become an issue that will be visited in the Review Conference, and how important is this in the success of the conference?

MS. CHOUBEY: Okay, I'll go first. I think you're right that, actually, the more likely scenario is that we won't see failed ratification; it just won't be presented. And my hope is that the administration at least learns some of the lessons from 10 years ago with the CTBT, which is make sure you do your headcount and know where it's going. So I don't think they'll make that mistake again.

In terms of what impact it will have, I mean, for this current Review Conference that's coming up, you know, certainly CTBT – I don't see that being ratified unless there's a massive reorientation in the administration's political strategy about how to get it done. So I think that's, you know, one issue that we can put to the side for this upcoming Review Conference. I think the second, which is where will we be with START follow-on – I mean, my hope is that it does get ratified.

It's a very modest arms-control measure and the administration has talked about it as a down payment for further reductions. And I think states understand that, but if there was not substantial progress by the Review Conference, I think it will be up to the U.S. delegation to explain some of the vagaries of our domestic political circumstance. But now projecting forward to 2015 – so, in the next 5 years – if we don't see any movement on that, I think it will have an impact.

You know, in my previous report – “Are New Nuclear Bargains Attainable?” – when I asked diplomats, you know, what would be the top three ways of nuclear weapons states demonstrating their commitment to disarmament, CTBT and FMCT were at the top, and actually, stockpile reductions were a lot lower on their list of priorities.

So I think it's a little bit of a mixed bag, but I think it's important. And this is why I – you know, being a little bit pessimistic about what will be done by the next Review Conference – this is why I emphasize, greatly, the importance of the nuclear posture review. I think that's going to be the big piece of evidence that the U.S. delegation to the Review Conference will be walking in with. And either it's going to be something that they have to explain away or they're going to be able to point to it as real evidence. But even that, I think, will just be a stopgap measure until we see real progress on the treaties.

AMB. SHOUKRY: Thank you. I tend to share your opinion on all of these. I think probably the START follow-up and the strategic posture review are probably the two main elements that will have a very positive effect on the conference and will be indicative of U.S. direction.

And the CTBT will remain a matter of good intentions, but the conference will not be carried on good intentions, whether as it relates the CTBT or there might be a certain degree, also – though I think it will be couched in diplomatic terms and will not be brought to the forefront – of, also, the value of the strategic review because that is an ongoing process. We might have a favorable one in this administration; we might have a less favorable one during another administration.

So it does fluctuate, and I think I referred to, also, that in the minds of many, that is an issue, certainly. And I think this was a very pertinent point in the report, as to seek the opportunity. But to what extent can we seek the opportunity in this Review Conference? I think it must be through a greater set of implementative measures rather than declarative measures, which were the characteristic of the 2000 review.

If we are to take advantage of the current situation or the current policies of the administration, which have raised expectations, which have been readily accepted by many of the parties, then we should take advantage of those opportunities through a greater emphasis on what we can implement, rather than what we declare as intentions.

MR. PERKOVICH: Okay, thank you. There were other hands there. We're going to end at 10:30, so if anybody's holding back because they're then afraid we're going to go over 10:30, I want to alleviate them – we've got a taker right here.

Q: Thank you very much. I'm Carl Stoiber, consultant in nuclear law, various organizations. I'd like to pick up on something Ambassador Shoukry mentioned in terms of looking forward to a positive agenda. And I want to specifically focus on Article 4 because as I look at Ms. Choubey's analysis, which I think is profoundly interesting, there's a missing piece.

You focus on the first part of the article, which deals with the unalienable right to use peaceful nuclear technology, and you talk about multinational fuel-cycle approaches and the whole problem of dealing with sensitive technologies. But there's a second half of the article which talks about the broadest cooperation in the peaceful uses of nuclear energy.

And it seems to me – I was the chair in the United States in Main Committee III in 1995, when the extension conference extended the convention, and there was a lot of interest at that time in terms of what the NPT parties, including nuclear suppliers, were willing to do in terms of broadening cooperation and assistance in the nuclear field.

We now have this talk about the nuclear renaissance. The IAEA has said that it has received expressions of interest by some 70 countries in moving, eventually, toward nuclear power or broader nuclear development. And it seems to me that one missing piece in your analysis is, what is the United States and other countries going to say about broadening assistance and cooperation on peaceful uses to countries that are abiding by their NPT commitments? And I think there's a tremendous amount of interest there.

And so it seems to me that that is part of an agenda – if we were able to move along with the 2000 document – the 13 steps – and others, to make some commitments in this direction – that would help a successful Review Conference.

Now, obviously, you have some countries in the NPT family who are deeply skeptical about nuclear power – the Austrians, the Irish, others – who will not be enthusiastic in moving in that direction. But I wonder, Ambassador Shoukry and Ms. Choubey, whether this shouldn't also be something that we consider and talk about? Thank you.

AMB. SHOUKRY: Thank you very much. I'll go first this time, and I certainly appreciate your comments, and I share them. And it would be, I think, an important indication if the emphasis was on Article 4, paragraph two, and how we might implement those. But taking from experience, the emphasis is usually on somehow trying to extract further endorsement and restrictions through the Nuclear Suppliers Group, which are, again, a matter of contention within the NAM.

This is a treaty obligation; this is a matter of compliance. And I think the greater emphasis that is put on Article 4, paragraph two and how we might implement it and not only declare our support with one hand and then detract from its relevance by the other in terms of endorsement of Nuclear Suppliers Group will maintain the contradiction and the lack of acceptance from many in the developing world that there is one standard being applied.

MS. CHOUBEY: And what I would add to that is, I think I actually did address it – the second half of that article – where there's a section in the report that talks about the role of nuclear industry. And we have to acknowledge that governments absolutely have a role to play in terms of regulations and export controls and broader policies, but at the end of the day, I think it's going to be up to nuclear reactor vendors making decisions about where they feel comfortable selling their services and products. And I think we need to acknowledge that.

But beyond that, I think that we need also recognize that the potential of the nuclear renaissance – or just an even less than the word of "renaissance," but enthusiasm – to flourish is that it doesn't exist in a vacuum. I think we're living in an increasingly more complicated world where we have the rise of nonstate actors. There are concerns that these civilian nuclear energy programs are the beginnings of hedging options for a lot of states and, you know, because of that, there's a lot of concern. So you know, I just tried to address this part of it by recognizing some of the realities on the ground about how decisions will be made.

MR. PERKOVICH: Can I just – I think this is a really important point and I want to add to it. Article 4 is quiet – but probably for understandable reasons – on how, actually, cooperation would happen. In other words, no one's giving away nuclear power plants. Areva's stockholders might feel like they were giving it away to Finland, but you know, Finland's getting an extra bill for another 2 billion euros or whatever. So companies are losing money, but they're not trying to lose money; they're trying to make money.

In the United States, you have the industry saying, basically, they need, I think, another \$50 billion in subsidy in order to build plants here. And the NPT is silent on what that means and it is going to be private actors, in many cases with stockholders, who will be building – if we're talking about power plants – power plants, and will be making decisions based on financial and other forms of risk.

Q: Some private and some public – what about the Russians and the Chinese? Those are going to be – (inaudible, off mike).

MR. PERKOVICH: Well, but I know the leaders of Rosatom and they don't see themselves as a charitable organization. And so, again, going where they're going to get paid and try to be paid handsomely. China is arguably the most capitalistic system there is now. They're also not going to give them away.

And so where people are going to look is where you're most certain to get paid, where there's a demonstrable track record of operating these things right, because the first big mistake, the whole industry may die. The next Chernobyl may be the last opportunity for a Chernobyl and they kind of know that and so they say okay, how do you keep the industry, for self-interest, alive?

None of this is in the NPT. None of this is in Article 4. I think it's the kind of thing that ought to be talked about, but when you do, it then sheds a broader light and context on why safeguards have to be more confident – because you want to reduce risk in order to allow the nuclear renaissance.

AMB. SHOUKRY: Well, if I may just comment briefly – and I'm not going to address, maybe, the commercial aspect because, again, it's a matter of the exceptionality, where one would presume that if one was buying something, he would pay for it. So cases of default, I think, are issues of a commercial nature that have to be resolved at the commercial level.

But what concerns us within the context of the NPT are the proliferation aspects, and I see no reason, other than the fact that the lack of transparency within the Nuclear Suppliers Group, the lack of inclusiveness in the formulation and trying to address these issues outside the existing Article 3 obligations. They are there. There is no conceivable manner in which new development of nuclear activity would not come specifically under safeguard agreement – comprehensive safeguard agreement. It's inconceivable.

So where lies the risk? Where lies the constriction that is somehow being circulated, in terms of that the increase in the development of nuclear energy should constitute, somehow, a restriction and additional efforts to provide assurances of safeguards? Safeguards are there in Article 3.

MR. PERKOVICH: Because it's known – this is very important, and I'm sorry – the reason the risk is there is because it's known and was acknowledged by the IAEA that comprehensive safeguards were insufficient. That's why the Additional Protocol, after six or 7 years of working it out through the IAEA, was developed and it's why the IAEA says the Additional Protocol should be universal.

AMB. SHOUKRY: Never was it considered insufficient. The Additional Protocol was considered to increase the ability of the agency to declare that there were no undeclared activities. But we are considering now declared activity. So these are two different concepts. And never, never has the agency indicated that the comprehensive safeguards are insufficient. They are sufficient for what they provide in terms of full safeguards to the declared facilities.

MR. PERKOVICH: Right, and as a matter of risk, which again, an investor, a company, a bank would be looking at, they're insufficient.

(Cross talk.)

MR. PERKOVICH: Right, well exactly – but that's the point. This is – I think it would be great if the Review Conference would get into some of these actual practical issues on implementing Article 4 because I think it makes it a much more worldly discussion than perhaps at the level of abstraction.

But I want to thank all of you for coming and I want to thank Deepti and her report for prompting this kind of discussion. I can guarantee you there are at least 20 issues like that in the report that are as stimulating of further discussion. And I want to thank Ambassador Shoukry for coming. Thank you.

AMB. SHOUKRY: Thank you very much. (Applause.) Thanks so much. That was very good and interesting. I hope I was useful.

(END)