

**Opening Statement of the Honorable Ed Royce (R-CA), Chairman  
House Foreign Affairs Committee Hearing on  
“The Future of Civilian International Nuclear Cooperation”  
July 10, 2014**

**(As Prepared for Delivery)**

Today we assess the role of civilian nuclear cooperation agreements - known as “123 agreements” - especially their role in U.S. nonproliferation policy and in promoting our nuclear industry abroad. Of note, the Administration has recently submitted a proposed 123 agreement with Vietnam that is now under congressional review.

Nuclear cooperation agreements have the dual goals of advancing U.S. nonproliferation policy and also enhancing opportunities for the U.S. nuclear industry in foreign markets. Both are of great importance, but there is an unavoidable tension between the two. Those who stress nonproliferation argue that 123 agreements are a valuable tool in preventing the spread of uranium enrichment or the production of plutonium, also known as “E-N-R” – technology which can be used to create a nuclear weapon. Others argue that unilateral efforts to bind other countries will not work because they can turn to other nuclear suppliers, such as France and Russia - which impose few or no restrictions– undermining the competitiveness of U.S. companies.

Last December, the Obama Administration ended its *three-year* review of U.S. policy on this subject, which pitted the State Department’s argument for nonproliferation against the Department of Energy’s advocacy for U.S. industry. The final decision was to continue to push for a “no-E-N-R” commitment in nuclear cooperation agreements, but not to make that a *requirement*. For an Administration that has held out nonproliferation as a signature issue, this is a dramatic retreat from the so-called “Gold Standard” policy under which countries were pressed to forego acquiring these potentially dangerous technologies – begun under the previous Administration.

The debate over these and other issues is reflected in the proposed 123 agreement with Vietnam. It has generated both praise and criticism, the latter focused on the absence of a binding restriction regarding ENR; its automatic renewal after 30 years, which would eliminate the congressional review that has been the norm; and Vietnam’s abysmal human rights record – which we examined yesterday.

This discussion is not confined to Vietnam; but to those that follow as well. We are currently in negotiations to renew our 123 agreement with our ally South Korea, which have been slowed by significant differences over E-N-R. Our agreement with China expires next year, and its

renewal is certain to generate significant controversy. And the U.S. may begin discussions with Saudi Arabia over the massive nuclear energy program it is planning. That one is guaranteed to bring these critical issues into focus.

Of course, the Obama Administration has made the goal of limiting the spread of enrichment technology all the more difficult by its ongoing negotiations with Iran. In November, the Administration conceded that Iran will be allowed to retain a uranium enrichment capacity – a bomb making capacity - in *any* final deal. That is the effective melting of the “Gold Standard.” The Administration has conceded this dangerous technology to a state sponsor of terrorism that is under UN Security Council sanctions for egregious violations of its IAEA safeguards agreement.

Although today’s topic may sound technical, it should be clear to all that it concerns fundamental U.S. interests, not only in the present but far into the future as well.