

CINTAC

Civil Nuclear Trade Advisory Committee

October 12, 2017

The Honorable Wilbur L. Ross
Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Mr. Secretary:

The Civil Nuclear Trade Advisory Committee (CINTAC), as an advisor to you on the promotion of nuclear energy exports, requests that you direct appropriate Commerce staff to coordinate within the U.S. Government (USG) to undertake an analysis of the implications of U.S. reactor suppliers succeeding or failing in international commercial nuclear reactor tenders. This information is necessary to support informed policy and promotional decisions that affect these tenders and their wide-reaching effects.

CINTAC is concerned that the full scope of benefits from the outcome of international reactor tenders involving U.S. reactor suppliers is insufficiently understood, particularly the non-monetary benefits such as improved bilateral relations. Similarly, the lost opportunities of failing at these tenders need to be studied, including a balance of appropriate USG actions against the real impacts of another country prevailing on a tender. This knowledge is necessary for the USG to make informed policy decisions that affect those tenders and to implement the appropriate diplomacy approaches to support U.S. suppliers, as they compete against other supplier countries. The success or failure of U.S. reactor suppliers has wide-reaching impacts beyond the transaction itself. A near-term example discussed below is an expected tender from the Kingdom of Saudi Arabia.

The monetary trade benefits or missed opportunities from international reactor tenders are well understood. If a reactor supplier is successful in such a tender, then there is an increase in U.S. jobs and revenue to that supplier and many other companies supporting the supplier or the project, and in the resulting tax income to the U.S. Treasury. The benefits can be quantitatively evaluated based on the direct value of the tender combined with appropriate multipliers and assumptions. If a reactor supplier is unsuccessful, then America simply misses out on those benefits.

The non-monetary effects of these international reactor tenders, however, are less understood. A successful tender creates a strong and strategic relationship between the purchasing and supplier country that could last for 100 years or more given the time to construct, commission, operate, and decommission nuclear power plants. That relationship is based on cooperation related to energy policy, nuclear laws, reactor design, construction, nuclear fuel supply, safety, security, and non-proliferation. It is obvious there will be many non-monetary benefits related to other trade activities, non-proliferation, military cooperation, and bilateral relations. Indeed, a nuclear project can act as a centerpiece to a much broader bilateral relationship addressing other industries, including aviation, civilian infrastructure, and military equipment. These benefits exist whether the purchasing country is a close ally or one with which the United States hopes to develop stronger relations. In short, the

benefits to the United States of a successful international reactor tender extend well beyond the financial benefits.

Conversely, the failure of an international tender presents an opportunity for other supplier countries to reap these benefits at the exclusion of the United States. When another country prevails on an international reactor tender, then it certainly realizes the financial benefits of a multi-billion dollar project and services for the operating life of the plant, but this success naturally opens the door for that country to gain influence on the non-monetary issues identified above, such as non-proliferation and military cooperation. As noted in earlier CINTAC letters, the global nuclear market is dominated by state-owned entities (SOEs). These SOEs not only provide financing options unavailable to U.S. reactor suppliers, but they also leverage these non-monetary benefits as they market their technologies. These SOEs use international reactor tenders to extend their bilateral relationships and influence throughout the world.

Here is a powerful example: the Kingdom of Saudi Arabia has been investigating a nuclear power program since at least 2010. Whereas CINTAC understands that the USG has been pursuing and negotiating a civil nuclear cooperation agreement (123 agreement) with Saudi Arabia over much of that period, it has so far been unsuccessful. This agreement is necessary for sharing of reactor technology (consistent with other laws) needed for construction in the country. The analysis requested by CINTAC would help the USG consider policy decisions to ensure that U.S. reactor suppliers have the full capability to compete in this and similar tenders. Otherwise, the United States could be conceding these opportunities, the billions of dollars of economic benefits, and regional influence to other countries. This is important for the opportunity in Saudi Arabia, but also should help guide earlier actions in other countries.

In summary, we recommend that, under your leadership, the Department of Commerce coordinate an analysis within the USG of the full scope of impacts from U.S. reactor suppliers being successful or failing in international reactor tenders. The analysis also should propose recommendations for policy changes based on the results. Although these impacts are sometimes discussed, CINTAC is unaware of a coordinated effort to study them and make corresponding changes to USG policy and diplomacy efforts. This requested analysis should be performed in concert with the current comprehensive nuclear review being undertaken by the Trump Administration.

CINTAC would be pleased to support these efforts, including sharing our experiences, but also believes that this must be a whole-government analysis to truly understand the impacts, and to obtain full USG backing for the policy changes identified by the analysis. Although we defer to the USG, we recommend that the analysis involve, at a minimum, the Departments of Commerce, Energy, State, and Defense. If USG policies do not reflect the real impacts of these international reactor tenders, then the United States will concede these important opportunities to other countries.

We thank you for your support of CINTAC, and we look forward to working with you and your team on this subject and other issues of mutual concern.

Sincerely and on behalf of the members of CINTAC,



Gary Wolski, Chairman



Chris Colbert, Vice Chairman

Cc: U.S. Secretary of State
U.S. Secretary of Energy
National Security Advisor
Chairman, U.S. Nuclear Regulatory Commission
Director, National Economic Council
Chairman, Export-Import Bank of the United States

CINTAC Members

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