ADMINISTRATION OF
CANADIAN SAFEGUARDS POLICY

P. E. HAMEL

ADMINISTRATION DE LA POLITIQUE
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Mr. Chairman, Ladies and Gentlemen:

The previous speaker has indicated the broad objectives of international safeguards, how fragile but critical such international understandings and related systems are, and what are the essential elements of the Canadian safeguards policy. I propose to emphasize how and under what aegis Canada's safeguards responsibilities are implemented at home and abroad. I also wish to convey to you some of the future directions and requirements that may appear in international safeguards based on the outcome of the Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons held in Geneva last month.
1. **INTRODUCTION**

As you are aware, Canada has participated in the development, use and application of nuclear energy for more than a quarter of a century. It is currently a major exporter of natural uranium. With the successful development of its own national burner, the CANDU reactor and its natural uranium fuel cycle, it is also an exporter of equipment, heavy water and related technology.

Simple national controls were introduced at the onset of the industry to ensure safe and peaceful use of nuclear energy. Since then, these controls were expanded internationally. As the scope, magnitude and complexity of the fuel cycle continue to increase, new guidelines were required to satisfy the basic objectives.

It may be appropriate to recall the basic objectives. Simply stated, Canada has consistently taken the position that it wanted to share its wealth of national resources while not overlooking the destabilizing effect that the proliferation of nuclear weapons would have. These two objectives may appear somewhat contradictory at first glance. However, their fulfilment has been possible through the application of appropriate
controls applied at both the national and international level. The degree of success is dependent on the acceptability and credibility of the safeguards arrangements to ensure that the basic objectives are met.

2. **SUBSTRATUM**

The legal basis for the control of nuclear materials and equipment is the Atomic Energy Control Act. This act, promulgated almost thirty years ago, was and still is the large umbrella under which we seek cover in administering Canadian safeguards agreements, both within Canada and abroad. It stipulates that control and supervision are essential in the national interest and makes it possible to apply on an international scale the measures which may result from agreements concluded between various nations. The Act creates the Atomic Energy Control Board (AECB) and gives it regulatory power over the production, import, export, transportation, possession, use and sale of any substances, equipment or installations which, in the opinion of the Board, could be used for the production, use or application of atomic energy. It also gives the Board the power to make regulations for the purpose of keeping secret certain information the publication of which could be contrary to the public interest. Another aspect is of special importance in Canada: according to the Act, all works and undertakings for the production, use and application of atomic energy and prescribed substances are "works . . . for the general advantage of Canada" and thus solely under federal jurisdiction.

The latest version of the Atomic Energy Control Board Regulations was issued in May 1974. These regulations stipulate that the possession,
sale and export of prescribed substances, nuclear substances, and installations require a licence issued by the Board. The information that must generally be provided in order to obtain a licence, as well as the conditions to which it may be subject, are set out in these regulations. They also make provision for the secret nature of certain information and for the appointment of inspectors to ensure the observance of the terms of all international agreements to which Canada is a contracting party. All these regulations are mainly concerned with national activities. However, they have also been used to establish Canadian safeguards needed at a time when a system of international ones did not yet exist; the administration of safeguards was at that time solely the responsibility of AECB officers, and thus Canadian inspectors went abroad to carry out the necessary verifications and inspections.

With international dealings becoming increasingly frequent, it was soon apparent that much more comprehensive regulation of nuclear activities was needed to obtain an efficient and co-ordinated control of nuclear equipment and material. This is why, when the International Atomic Energy Agency (IAEA) was created, Canada took the occasion to administer, on its own behalf, an international system of safeguards requirements as defined by the IAEA. Each time negotiations for agreement on this subject were completed, the agreement usually took the form of a trilateral agreement concluded with the IAEA and the other participating government.
3. THE NPT REGIME

The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) came into being in 1968, and Canada was an early signatory. The experience and understanding acquired with the early bi- and tri-lateral agreements became very useful. It allowed Canada to conclude its own agreement with the IAEA within a year after the basic NPT safeguards requirements were approved by participating States.

Since then, Subsidiary Agreements and Facility Attachments have been completed that place all of Canada's nuclear fuel cycle under the IAEA safeguards system. All Canadian nuclear facilities are now subject to national accounting requirements with periodic inspection-verification visits by the Agency's inspectors. The Atomic Energy Control Board continues to play an overseeing role on the domestic safeguards activities, acts as the national depository of transfer and inventory records, carries out auditing inspections, makes all necessary reports to the IAEA, resolves differences and maintains liaison between the international inspectors and the licensees.

As an adherent to the NPT, Canada has agreed amongst other things:
not to receive directly nor to manufacture nuclear weapons or other nuclear explosives devices;
not to provide fissionable material or equipment designed to use, process, produce such material unless the fissionable material shall be subject to IAEA safeguards.
It follows that countries that have ratified the NPT and concluded an agreement with the IAEA, are also subject to these same requirements in compliance with NPT. This satisfies most of Canada's requirements with regard to safeguards.

4. THE CANADIAN SAFEGUARDS POLICY

In December 1974, the Canadian government announced its decision to demand stricter safeguards governing the sale of Canadian nuclear materials, equipment and technology to foreign countries. The aspects of this decision which dealt with the safeguards requirements that all countries wishing to obtain such supplies must meet were described by the Honourable Donald Macdonald in a speech in the House of Commons on December 20, 1974. Basically, the conditions and safeguards he announced may be summarized as follows:

- they apply to nuclear materials such as uranium, thorium, plutonium and heavy water, and to various nuclear equipment and related technology, such as reactors, nuclear fuel production and reprocessing plants and heavy water plants, as well as their main components;

- they require that the safeguards agreement be administered by the IAEA or any equivalent agency delegated to do so by virtue of the NPT; that it apply to all supplies provided by Canada for the length of their useful life and that of their subsequent generations, including nuclear materials, regardless of origin, produced or processed
in installations provided by Canada; that it contain
an irrevocable clause guaranteeing that Canadian
supplies will not be used in or for nuclear
explosives devices regardless of what the ultimate
use may be.

The provisions of the Canadian nuclear policy relating to the
export of nuclear supplies are jointly administered by the Atomic Energy
Control Board (AECB) and the Department of Industry, Trade and Commerce (IT&C). Recently, over 1,200 letters were sent to potential Canadian exporters advising them that they must check with these two agencies to determine whether there are any impediments arising from the safeguards before making an offer to supply materials or equipment. Moreover, the Department of External Affairs in consultation with other government agencies and departments, is preparing texts of the required international agreements and is undertaking negotiations. Though requests for information on exports may be sent to either the Board or the Department of Industry, Trade and Commerce, requests for licences are processed by both agencies, as well as others where necessary.

Export licences are not issued until all safeguards requirements are met. They are usually issued for one year, and should special circumstances warrant it, the Canadian government may revoke a licence at any time.
5. **FUTURE DIRECTIONS**

The latest element of the Canadian Safeguards administration policy has been announced on May 4th, 1975, by the Secretary of State for External Affairs at the NPT Review Conference in Geneva. It provides that future Canadian bilateral official development assistance commitments for the financing of nuclear projects will be undertaken solely to countries that are party to the NPT. Furthermore, ratification of the Treaty will be an important factor in reaching decisions on the provision of Canadian government financing in the nuclear field.

Other important elements of future safeguards policies may be anticipated by paraphrasing briefly the outcome of the NPT Review Conference. It was attended by sixty States Party to the Treaty, including most major suppliers, seven signatories, seven observers and a number of international and non-government organizations. I will confine my remarks to that ensuing from Articles III, IV and V of the Treaty which relate generally to exports, assistance and peaceful nuclear explosive services respectively. May I also add that the work of the Conference resulted in a final declaration which was adopted by consensus subject to interpretative statements by some delegations.

The Conference urges that common export requirements related to safeguards be strengthened by applying them to all peaceful nuclear activities in importing States not Party to the Treaty and take note of the need to arrange for common safeguards requirements with regard to nuclear technology transferred in tangible form.
Considering the need to ensure effective protection of nuclear material at all time, the Conference urges the IAEA to elaborate further recommendations including principles relating to the responsibility of States while calling upon all States to enter into appropriate international agreements to ensure the protection and to implement the recommendations within their national systems.

With regard to assistance, the Conference reaffirms the undertaking to facilitate exchange of material, equipment and technology for peaceful purposes consistent with safeguards requirements and considers necessary to increase such assistance through new programs. In reaching decision for assistance, appropriate weight should be given to adherence to the Treaty by the recipient States.

Regional or multinational nuclear fuel cycle centres for enrichment, processing, reprocessing, manufacture and disposal of nuclear materials are recognized of particular interest to satisfy, safely and economically, the needs of many States while facilitating physical protection and safeguards. Further IAEA’s studies in this area are recommended and all States in a position to do so are urged to co-operate in these studies and in assisting in the implementations of positive findings.
As for peaceful nuclear explosives services, the Conference notes that the related technology is still at the stage of development and a variety of aspects still need to be investigated. In any case, such services should be provided on a non-discriminatory basis and potential benefits made available under appropriate international observations and procedures.

6. CONCLUDING REMARKS

In summary, it has been Canada's experience that safeguards systems can be administered without undue hardship and at a cost which does not affect the price of the commodity. The little problems that have surfaced from time to time are by far outweighed by the advantages obtained for the control of nuclear material on an international scale. It should be remembered that the basic objectives of safeguards are to allow international commerce and co-operation in the peaceful use of nuclear energy with the assurance that such activities will not be a threat to international security.

As for the degree of assurance that might be provided, it is related to the rigour of the safeguards systems and to the number of countries outside the non-proliferation regime. Although safeguards agreements cannot
rigourously prevent diversion of nuclear supplies to explosive uses, they do provide a measure of the purchasing country's intention towards peaceful uses. Efforts are continuing to increase the degree of assurance through the development of appropriate instruments and systems to reinforce the administration and implementation of the safeguards system.

Thank you.