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“Preventing a new age of nuclear insecurity”

International Institute of Strategic Studies

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Two years ago I gave a speech here at IISS in which I warned of a crisis in the global non-proliferation regime caused by the actions of countries like Iran and North Korea, the nuclear black market, the threat of nuclear terrorism, and stalemate over the future of the Nuclear Non-Proliferation Treaty. I called on the international community to overcome its divided and uncertain response to these challenges. Since then, while there have been some welcome developments, the crisis over nuclear proliferation has grown.

Nowhere is this more evident than in the Middle East. International sanctions and diplomacy have failed so far to stop Iran’s nuclear programme. The United States government has presented evidence that Syria was constructing a secret nuclear reactor with North Korean technology and assistance. And two weeks ago Iran test-fired a range of missiles aimed at demonstrating that it can disrupt oil flows through the Straits of Hormuz and target Israel, U.S. forces in Iraq and even parts of Europe. Israel has also conducted long-range military exercises that were widely portrayed as a dry run for a bombing mission against Iran’s nuclear installations.

Given these events, some might argue that it is the wrong time to talk about the Nuclear Non-Proliferation Treaty, and that governments should concentrate all their efforts on the crisis over Iran. However I believe that

it is precisely this tendency to deal with each proliferation crisis as a one-off that fundamentally hampers our ability to stem the global spread of nuclear weapons. In the space of relatively few years we have been confronted by confirmed nuclear weapons programmes in Iraq, North Korea and Libya, and concealed nuclear activities and a suspected nuclear weapons programme in Iran. While all these cases are different, they have important features in common – including how these countries acquired their technology, how they hid their activities (in the case of Iran for nearly two decades), and how they successfully held off international pressure for many years.

With every prospect of the pace of nuclear proliferation increasing, we must lift our gaze to look at the coming crises, not just the current one. The certainties of the Cold War, when nuclear weapons were concentrated in the hands of a few and mutually-assured destruction prevailed, have been replaced by a far more unpredictable array of threats. We are facing a new era of nuclear insecurity which left unchecked, could lead to the unravelling of the Nuclear Non-Proliferation Treaty, which has been a fundamental pillar of our global security for the last four decades. We therefore must act now while time is still on our side and while there is a remaining chance of turning this tide.

Since I last spoke on this subject there has been a resurgence of interest in nuclear weapons issues. On the other side of the Atlantic, George Shultz, Henry Kissinger, William Perry and Sam Nunn have proposed an initiative to “reverse reliance on nuclear weapons globally...and ultimately end them as a threat to the world”, which has drawn attention from around the globe. It has given much needed intellectual force and impetus to the debate about how to make the world safer from nuclear

weapons and has attracted the support of leading figures from the worlds of defence, politics and academia, including in this country.

The two US Presidential candidates have also both given major speeches on the need to make nuclear non-proliferation a higher priority. Senator McCain has committed himself to reducing the size of the US nuclear arsenal “to the lowest number” needed to maintain US security and commitments. Senator Obama has spoken of the need for “deep cuts” in US and Russian nuclear stockpiles. Both have embraced the vision of a world free of nuclear weapons.

We welcome the fact that these ideas are being debated in the United States, as the country with the largest number of operationally active nuclear warheads in the world and stockpiles second only to Russia, and whose weight and influence is indispensable to the success of any global initiative.

We also welcome the specific proposals put forward by Shultz, Kissinger, Perry and Nunn for changes to the Cold War posture of deployed nuclear weapons to reduce the danger of an accidental or unauthorized use, for action to secure global stocks of fissile material, and for substantial reductions in the size of nuclear forces in all states that possess them – something that the UK has already done.

Addressing the existence of stockpiles of nuclear weapons is an integral part of efforts to reduce the risks of nuclear weapons and a fundamental commitment under the NPT, which requires “negotiations in good faith on effective measures” on nuclear disarmament and on “a treaty on general and complete disarmament under strict and effective international

control". Britain has an excellent record. We have reduced our nuclear capability to a single system and the explosive power of our nuclear arsenal by 75% since the Cold War, more than any other nuclear weapons power, and the government has recently proposed using Britain as a "laboratory" to explore how disarmament could be verified. Showing that we take our disarmament commitments seriously is a vital part of winning the moral argument against nuclear proliferation.

However no amount of nuclear disarmament will protect us from the dangers of nuclear weapons without a more comprehensive approach to nuclear proliferation, which is by far the biggest challenge we face today. There is an urgent need for a concerted effort to put the brakes on nuclear proliferation, without which steps towards reducing nuclear stockpiles worldwide will have little effect.

The evidence for this is clear: more countries have acquired or attempted to acquire nuclear weapons technology despite progress that has already been made in reducing nuclear stockpiles worldwide. The US and Russia, which together possess 95% of the world's nuclear weapons, have destroyed over 13,000 warheads between them since 1987. It is a little-known and startling fact that one in ten homes, schools and businesses in the US receives electricity generated from dismantled Russian nuclear warheads, and that by 2013 the equivalent of 20,000 warheads will have been turned into nuclear fuel - enough to power the entire United States for about two years. Concrete and progressive steps to reduce arsenals have been taken, without denting the trend towards an increasing number of nuclear weapons states.

Although some countries have renounced nuclear weapons programmes or given up nuclear weapons on their soil, there are many more nuclear weapons powers today than when the Non-Proliferation Treaty was created, which aimed to limit the possession of nuclear weapons to five recognised powers: the United States, Russia, China, Britain and France. Today the global picture is far more complex – with Israel an undeclared nuclear power which has not signed the NPT, Pakistan and India as declared nuclear powers also outside the Treaty, and North Korea which pulled out of the Treaty and declared itself a de-facto nuclear power. In the light of this, not only is achieving nuclear disarmament now far harder than it was even at the height of the Cold War, but the risks of nuclear confrontation and the spread of nuclear technology are greater. Furthermore, unilateral disarmament by one or more of the nuclear weapons states would not change the rationale which drives some countries to seek nuclear capability.

Take the example of Iran. The driving factors behind Iran's nuclear programme – its relative weakness in conventional forces, its perception of being militarily encircled and its desire to ensure the survival of the Revolution – will remain whether or not the US and Russia make further reductions in their respective stockpiles. Iran knows full well that it cannot match the US or Israel in conventional forces, and that this position would be significantly altered if it had its own deterrent. This bigger picture of an uncertain world is also why I believe that the UK is right to take steps to retain its minimum strategic nuclear deterrent and why the Conservative Party supports the decision to renew the Trident submarines.

In short, proliferation, not the risk of accidental or deliberate nuclear war between the five original nuclear powers, is the greatest threat we face today. There are five major sources of this new threat:

First, the barriers to becoming a nuclear weapons power are considerably lower now than they were in the past. It was previously the case that only the most advanced nations had the technological capability to develop a nuclear weapons programme. This is no longer true. Although we have not yet reached the state predicted by President Eisenhower half a century ago that “the knowledge [then] possessed by several nations will eventually be shared by others – possibly all others”, it is increasingly likely to become a reality. Much of the most significant nuclear technology is 50 years old, and up to 40 countries are now considered to have the technical know-how to produce nuclear weapons.

Secondly, a thriving black market exists operating as a one-stop shop for would-be nuclear powers, so that even those countries such as Libya which did not have the indigenous base for a nuclear weapons programme were able to import it from abroad, leapfrogging the years of complex research and development normally needed. Former CIA director George Tenet argued that “in the current marketplace, if you have a hundred million dollars, you can be your own nuclear power.” Four years after the discovery of the operations of the rogue Pakistani scientist AQ Khan – who Tenet described as “at least as dangerous as Osama Bin Laden”, we are still trying to piece together the extent of his network, which spanned 30 different countries. Only last month, encrypted documents on a computer seized from Swiss members of the network revealed a design for a compact nuclear device that could be fitted onto a ballistic missile; an advanced system that no-one had known

that AQ Khan was supplying. More ominously still, we don't know who may have bought these designs, or how many other copies exist. Only a fraction of the black market has been exposed and few people have been successfully prosecuted. We are also behind the curve in learning how to catch and expose these individuals, more likely to be engineers and businessmen than the terrorist of popular imagination.

Thirdly, it is no longer beyond the power of terrorist groups to acquire the nuclear material necessary to detonate a nuclear device in one of our cities. We face the nightmarish combination of insecure nuclear research reactors and stockpiles of nuclear material across the world, coupled with porous borders and international terrorists groups known to have sought nuclear capability. Russia is a particular focus of this concern as its stockpiles are widely dispersed and believed in some cases to be poorly guarded. Pakistan is another source of worry. The Director General of the IAEA recently warned that "there are no grounds for the international community to consider relaxing its vigilance" over the threat of nuclear terrorism, the consequences of which would be obviously be devastating beyond anything we have yet encountered in the long catalogue of terrorist atrocities.

Fourthly, we have to grapple with the dangers of the nuclear fuel cycle. Once a country knows how to produce enriched uranium for a civilian power programme, it has overcome one of the greatest hurdles to acquiring a nuclear weapon. It can do this while being a member of the NPT, allowing it to "cheat" the Treaty, as North Korea did. Not only is it extremely difficult to detect the moment when a state possessing civilian nuclear power decides to switch to a secret nuclear weapons programme, the international community is also then left with very little time to react.

Countries no longer even need to continue all the way to a nuclear test, but can linger on the threshold, being “virtual” nuclear weapons powers with the ability to assemble a weapon at very short notice. At which stage therefore should we be alarmed? There were jitters when thirteen countries in the Middle East announced new or revived plans to pursue or explore civilian nuclear energy in the space of eleven months between 2006 and 2007. Most will probably choose to buy their nuclear fuel on the international market, but some may wish to develop the full fuel cycle as Iran is doing. If Iran does emerge as a nuclear power in their doorstep, would they then feel compelled to pursue their own nuclear weapons programmes? The combination of high oil prices, finite oil reserves, and climate change, means that increasing numbers of countries will consider nuclear power to meet their energy needs. The dilemma of the fuel cycle is one which will only get worse. As things stand, we do not have an answer.

And finally, the absence of effective control of proliferation has contributed to the reluctance by nuclear weapons powers to assist with the transfer of peaceful nuclear technology to states who want it. This has undermined the central bargain of the NPT that states which promised not to pursue nuclear weapons would receive access to nuclear energy for peaceful purposes as an “inalienable right”. As a result, non-nuclear weapons states feel they have lost out on the promised advantages of the NPT, and the international consensus about how to address nuclear threats has been weakened. Every five years all members of the NPT meet to review the progress of the Treaty. The last review conference, in 2005 was so mired in disagreement that it could not even agree a final document. In the words of former UN Secretary General Kofi Annan, “*mutually assured destruction*’ has been replaced by *mutually assured*

paralysis. This sends a terrible signal of disunity and waning respect for the Treaty's authority. It creates a vacuum that can be exploited." Iran has played on perceptions that non-nuclear weapons states have been denied access to technology by presenting itself as a champion of the rights of developing states and pledging to share its nuclear technology with others, implying that this is a dispute about access to technology rather than Iran's violation of the NPT.

It is this serious proliferation crisis which the international community has not addressed with sufficient rigour so far, and which requires a new concerted approach. This is not a problem that has arisen overnight to take the world by surprise. The warning has been written loud and clear in the actions of Iran and North Korea, in the blunt responses of countries who say privately that if Iran goes nuclear, they will have no choice but to consider their options, and in the bulletins of intelligence communities who tell us that terrorists continue to try to acquire the means to inflict mass casualties.

The international community has given the impression of fire-fighting in the wake of each crisis, with no consistent approach: North Korea has been dealt with through the Six Party Talks, largely outside the Security Council. Iran was dealt with initially by the European Troika of Britain, France and Germany, it then moved to the Security Council and is now handled by the so-called 'P5+1'; the five permanent members of the Security Council and Germany. But proliferation problems cannot forever be solved one country at a time. What would happen if we were suddenly faced by five or six cases of proliferation simultaneously, as could conceivably happen if Iran successfully acquires a nuclear weapon? How would we prevent the risk of nuclear war when 'new' nuclear weapons

powers, not constrained by experience, civil-military checks and balances or arms control agreements come into conflict? We only have to think about what the world could look like in five years, to understand why we have to do better: these problems will become more difficult to respond to, in a more challenging global environment and with increasing calls on our diplomats, soldiers and resources.

In short we cannot deal only with the known threats posed by existing nuclear stockpiles, but we must also address the reality of the proliferation threat as it evolves and becomes less predictable and even more dangerous.

I want to set out eight proposals which I believe the British government should adopt and champion publicly now.

1. First, there needs to be strategic dialogue between Britain, the United States, France, Russia and China on how to achieve future reductions in nuclear stockpiles, on ways to reduce further the risk of nuclear confrontation or accidental nuclear war, and how to make progress on our disarmament commitments in a way that strengthens the NPT. Britain should propose a Conference of the five recognised nuclear weapons powers that should take place before the 2010 NPT Review Conference to seek agreement.

2. Britain should launch a new effort to address the decline of the NPT and restore the broken consensus at its heart, with the goal of making the 2010 NPT Review Conference a success after 10 years of failure and recriminations. We cannot hope to build better understanding and cooperation between nuclear and non-nuclear states unless we engage

with countries which have not pursued a nuclear weapon even though they are considered to have the capability to do so, such as Argentina, Brazil, and Japan. These are some of the prominent non-nuclear weapons states and our natural partners in addressing these issues. And as part of the drive to reinvigorate the NPT, we should aim to bring the three nuclear powers outside its remit – India, Pakistan and Israel – within the wider non-proliferation regime.

3. There are specific steps which must be taken to close the loopholes in the Non-Proliferation Treaty. We must seek agreement about how to respond when a country either commits a serious breach of the Non-Proliferation Treaty or withdraws from it altogether. At the moment, there is no automatic procedure whereby a breach of the Treaty will be referred to the Security Council. This means that valuable time which could be spent addressing a suspected nuclear weapons programme is lost in political dispute about whether the Security Council should be discussing the matter at all. It took two years after Iran's secret nuclear programme was exposed to the world for the issue to be referred to the Security Council, and many further months for UN sanctions to finally be agreed. Iran has continued its programme almost uninterrupted throughout this period, with the result that has all but acquired the ability to enrich uranium to the level needed for a nuclear weapon. There needs to be a mechanism, preferably a Security Council Resolution, which would automatically refer a country to the Security Council in cases where a serious breach of the NPT has taken place. The international community is also powerless to respond when a country withdraws from the NPT, as North Korea did. While the Sovereign right of any country to withdraw from a Treaty has to be respected, the NPT is not like any other Treaty and the risks associated with its abuse are uniquely dangerous. This could

be addressed by a UN resolution which again, would immediately trigger discussions at the Security Council if a country withdraws from the NPT or announces it will do so. The IAEA would be required to report immediately on the nuclear activities of that country and whether there were grounds to suspect it was concealing a nuclear weapons programme. The resolution could also include the provision for international sanctions if the country in question were found to have breached the NPT.

4. We have to agree a mechanism to bring the nuclear fuel cycle under international control. High oil prices and mounting concern about climate change will make nuclear energy more attractive to many, just as burgeoning populations and growing economies in the developing world will make it increasingly necessary to many. We are already seeing an increased demand for the construction of new nuclear facilities worldwide as well as the supply of enriched uranium to power them. Proliferation control needs to keep pace with this fast changing reality. Whether it takes the form of international partnerships of a small number of states producing nuclear fuel, or a network of 'fuel banks', these proposals must be adopted and implemented as soon as is practicable. Britain should make this one of the top priorities of its international diplomacy. Addressing the dangers of the nuclear fuel cycle will make it possible to launch wider efforts to make the peaceful applications of nuclear technology available to all those countries who desire it.

5. We need to strengthen the IAEA and the international system of safeguards and inspections. We need to face the fact that the existing inspections regime was unable to detect Iraq, Libya or Iran's covert programmes. After over four years of inspections, we still do not know the extent of Iran's nuclear programme and any activities they may be

concealing. We still cannot be sure that Iran does not have secret sites where it is enriching uranium or conducting weaponization studies. This hampers our diplomacy and indeed increases the risk of military confrontation. The Additional Protocol, which gives the IAEA extra inspection powers, ought to be made a universal requirement for all countries within the NPT at the 2010 Review Conference, the momentum for which needs to be developed now. We must also ensure that the IAEA has the resources it needs. The IAEA monitors hundreds of tonnes of nuclear material in hundreds of facilities across the world, to ensure that it is not diverted from civilian to military purposes. It has sounded a warning about its ability to maintain this important work over the long term, since the amount of nuclear material it has to monitor has increased more than tenfold since the 1980s, while its budget has remained virtually static. Indeed as one report noted, the safeguards budget of the IAEA is not more than the budget of the police department of the city in which it is located. We have a vital interest in making sure the Agency's budget will be able to sustain the growing demands it will face and have to ensure that Member States are devoting sufficient resources to it.

6. We must urgently improve the international ability to track and block the trade in nuclear weapons technology and to isolate countries engaged in these practices. For an example of why this is important, one only has to look at Iran's missile capability, which includes Shahab-3 missiles based on North Korean technology which may one day give Iran the ability to threaten Europe. Part of the solution must be increasing our ability to interdict suspect vessels carrying such material. This currently happens on an informal basis under the Proliferation Security Initiative, which is a set of principles to which member states adhere and resolve to "seriously consider" boarding suspect vessels of another state, and does

not impose mandatory steps on its members. It also has no international secretariat, no shared databases, and no established funding. This flexibility might be strength, but it doesn't guarantee its sustainability. Its reach is also limited. Key countries such as Malaysia, Indonesia, and Pakistan remain outside the PSI, as do India, China, and South Korea. The urgent need to counter proliferation from North Korea makes it vital that we increase Asian participation in the PSI, as well as other important countries which still do not participate. To do so we must find ways of making it more acceptable to those countries currently opposed to involvement.

7. We must act to disrupt the financial networks that support the proliferation of weapons of mass destruction. Identifying and blocking these activities is essential as a means to slow down illicit nuclear programmes and to put pressure on the governments behind them. The Iranian regime, for example, has been accused of disguising its hand in terrorism and weapons proliferation by using front companies and intermediaries to obtain dual-use technology and materials. The Security Council decided in 2007 to ban a major Iranian bank, Bank Sepah from the international financial system. The Financial Action Task Force has also warned that Iran's lack of money laundering and counter-terrorism controls means that it poses a significant threat to the international financial system. These developments have had a significant effect on the willingness of international banks and companies to do business with Iran and increased the isolation of the regime. We await the Financial Action Taskforce's report on Proliferation Finance, which will study the techniques and trends of proliferation finance, and provide recommendations to all governments on how to address the threat. Building on these recommendations, we must urgently develop the

capacity at a national and international level to isolate nuclear proliferators from the international financial system. We must ensure that we have the right expertise and experience within our government departments to keep on top of this fast-expanding area and the capacity to assist other countries which do not have the means to do so. Many countries have been unable to meet their obligations under UN Resolutions to establish domestic laws and controls against WMD proliferation. This must be addressed, for our collective security against nuclear proliferation or a nuclear attack could be shattered by a single point of vulnerability.

8. Finally, we must deal more resolutely with existing cases of nuclear proliferation, learning the lessons of Libya and North Korea. First and foremost this means a step change in the international community's response to Iran's nuclear programme. The components of a successful diplomatic strategy have been slowly and painfully assembled in the form of limited sanctions, and a diplomatic offer holding out of prospect of normalisation of relations and economic benefits if a long-term settlement is reached. However there has yet to be any breakthrough comparable to North Korea's recent symbolic destruction of the notorious Yongbyon tower at its main atomic reactor and declaration of its nuclear facilities. Success in persuading Libya to relinquish its nuclear programme, and recent progress with North Korea, was the result of an intensity of diplomacy, incentives and isolation we have barely yet to muster on Iran. In the Conservative Party we have argued that the ability of the US to dangle carrots in front of Iran requires Europe to wield a bigger stick. In particular, Britain and other European nations should ban new investment in Iranian oil and gas, and the use of export credits to subsidise trade with Iran. As a part of the strategy to deal with Iran, Britain should also

increase its level of dialogue with Middle Eastern and particularly Gulf countries most affected by Iran's nuclear programme, to address their security concerns and gain their fullest possible support for international sanctions.

The need for further decreases in nuclear stockpiles and working towards a world free of the fear of the use of nuclear weapons is as important a goal as tackling global warming. But a strategy to achieve this goal must go beyond unilateral action by the nuclear weapons states. Nuclear weapons are no longer a stand-alone issue in relations between the great powers – but are bound up into wider issues of energy security, regional security, regional power, and actions by non-states actors. Our strategy to deal with nuclear proliferation needs to be commensurately broad.

The NPT is the world's most universally upheld treaty – only four states in the world are not members. It entrenched a consensus that nuclear weapons are among the most dangerous threats to our planet and that reducing these dangers requires efforts by all countries. We must not allow it to be fatally undermined by threats that the makers of the treaty could not have predicted. Governments, including our own, have to accord counter-proliferation the highest priority. Reducing the risk posed by weapons of mass destruction and nuclear weapons in particular is not a party political issue but a vital national interest which needs a common purpose and shared vision. We welcome the steps that the British government has taken to put Britain at the forefront of the debate on nuclear reductions and to propose a means of bringing the fuel cycle under international control. But such action now needs to be raised to a higher level of political priority and government commitment.

As a case in point, the EU adopted sanctions in 2007 banning Iranian students from receiving training in nuclear sciences in any member state, only for it to emerge later in the year that 60 Iranian nationals had been granted places at British universities to study advanced nuclear physics and engineering. This did not give the impression of an effective and joined-up counter-proliferation strategy.

We have to impart greater urgency to our efforts. Reading the great speeches of the 1950s and 1980s which led to the creation of the NPT and the International Atomic Energy Agency, one is struck by the vividness of the threat and the extent of the terror caused by the spectre of nuclear war. JFK, for example, spoke of a “nuclear sword of Damocles” hanging “by the slenderest of threads” over “the head of every man, woman and child” in the world, and “capable of being cut at any moment by accident or miscalculation or madness”. This sense of urgency no longer pervades the debate on nuclear proliferation. I believe we need to have a galvanising moment somewhat akin to the momentum mustered by the early champions of nuclear arms control if the division and inertia of recent years is to be overcome.

We cannot afford to be complacent and must recognise that proliferation is a moving target – that the decision for states to forgo nuclear weapons is not irrevocable – and that the decision-making process of states about their security needs is a continuum. We cannot afford to switch off for a number of years while we are preoccupied in other areas.

We need to take action now to address the financing of nuclear proliferation and the nuclear black market; to create a nuclear fuel mechanism to prevent proliferation through the fuel cycle, to establish a

chain of response enshrined in a UN Security Council Resolution to deal with countries which breach the NPT or withdraw from it, and above all, we must redouble of efforts to prevent Iran from acquiring a nuclear weapon and shattering the NPT.

As the starting point for a such a concerted strategy to revive the NPT, we should seek a common approach with America which would combine the influence of one of the world's most powerful nuclear weapons states with the moral authority of the UK as the nuclear weapons state with arguably the best record in this area. An important starting point might be dialogue between the US and UK about ways to build a consensus and bring in other countries – a vital issue for the incoming President of the United States. We ought to seize the opportunity of combining a new US administration with a major British effort to push these and similar ideas. This would be a real and meaningful use of the special relationship. It is an urgent one.