Mr. Chairman and distinguished Members, it's a pleasure to join this panel and appear before you to address the diplomatic agreements and related efforts between the United States and the Russian Federation concerning plutonium disposition.

I would stress, at the outset, that transparently, effectively and safely converting Russian excess weapon-grade plutonium into forms that are not usable for nuclear weapons remains a critical nonproliferation, threat reduction goal. It is as important today, if not more so, as it was when the initiative was launched in the mid-1990's.

This priority was reaffirmed by President Bush's review in 2001. The goal has been strongly backed by G-8 countries, including by financial pledges from nearly all other partners. Many of them judge Russian and U.S. disposition as both a key nonproliferation measure and a key step for making arms control irreversible.

As President Bush highlighted in 2001, keeping weapons and materials of mass destruction out of terrorist and other proliferators' hands presents one of the greatest security challenges of our time. Having worked in the nuclear nonproliferation field for nearly three decades, I could not agree more.

Nonproliferation has always been a complex, multifaceted challenge, ranging from the headline and high-visibility issues (for example, Iran and North Korea today) to a number of less conspicuous, but no less vital efforts (for example, export controls, safeguards, the proliferation security initiative, and securing and reducing weapons and materials of mass destruction). The spread of information, technology, expertise and materials today and into the future only increases the complexity and urgency of meeting these nonproliferation challenges.
At the 2002 G-8 Summit, in Kananaskis, Canada, G-8 leaders joined in a "Global Partnership Against the Spread of Weapons and Materials of Mass Destruction." The United States took a leading role in this initiative. Among the four priority concerns listed in their statement was, I quote, "disposition of fissile materials." The July 16, 2006 G-8 leaders’ statement on non-proliferation reaffirmed support for the priority areas.

U.S. plutonium disposition efforts with Russia represent a key component for keeping weapons and materials of mass destruction out of terrorist or other proliferators' hands. Separated plutonium, particularly weapon-grade, represents one of the most dangerous and readily usable materials for weapons of mass destruction. This is a most compelling reason for converting it into forms that are not usable for such weapons and doing so under conditions of safety, security, accountability and transparency.

The 2000 U.S.-Russian plutonium disposition agreement establishes a sound set of nonproliferation and other conditions for disposition programs in Russia and the United States. Progress in executing that Agreement has been slower than we hoped, sometimes frustratingly so. But, today, it's critical to look forward, not backward. In doing so, we should heed some clear lessons from past experience.

Status of Disposition Negotiations with Russia

We are now engaged in a new phase in our negotiations with Russia on plutonium disposition. I believe this stage offers better opportunities for success than we have had over the past five years.

First, disagreement over longstanding liability issues between the United States and Russia is no longer a barrier to cooperation in plutonium disposition or, for that matter, in other nonproliferation or cooperative programs where these issues have frequently been an impediment. Liability formulations were resolved for plutonium disposition in negotiations last July. They have been approved for signature by both sides pending final conforming of the Russian and English versions.

We expect liability protections to be applied by the time they are required for cooperative disposition activities supported by U.S. assistance. Russia informed us in early 2005 that it was not prepared to
proceed with any substantial program activities pending high-level decision on its internal governmental review and agreement with the United States on a path forward. That review was not completed until early this year, 2006.

Second, and perhaps most important, in the wake of Russia's governmental decision, both sides agreed to begin exploring ways of meshing Russia’s program and related cooperation more effectively with Russia's interests and nuclear energy strategy. This means structuring cooperation as a more durable partnership, rather than simply an assistance program.

Conversely, it means that both sides are no longer pressing for positions that were going nowhere. To wit: Since 1999, Russia has maintained that it would only utilize its existing light water reactors for disposition if other countries covered all costs because such use was inconsistent with Russia's nuclear energy strategy. The United States -- backed by other G-8 contributing countries -- made clear all along that contributors would not cover all costs and that Russia needed to put more political commitment and some resources behind its program.

We hoped and believed that Russia's interest would grow and its position would become more flexible as pledges for cooperation and prospects for technology transfer increased and as the program took on more definition. Pledges for cooperation did increase some fourfold since 2000. They now total $800 million - with roughly half from other G-8 partners and half from the United States. DOE and others put considerable work into defining a technical program. Our belief, however, proved wrong; Russian interest in consistency with its broader energy strategy was stronger.

Looking forward, we have learned from and have now overcome the 2004-2005 rough patch. As a result of meetings in February and March this year, both sides are now actively exploring in diplomatic and other channels alternative potential disposition paths that, as noted, could mesh with Russia's nuclear energy strategy. That strategy, formulated at the highest levels of the Russian Government, envisions a much expanded role for nuclear energy and related initiatives.

More recently and more importantly, the joint statement by Secretary Bodman and Rosatom Head Kiriyenko signaled continuing commitment to
the disposition goals of the 2000 U.S.-Russian Agreement and the importance of exploring alternative paths for decisions by both governments. The Summit statement by President Bush and President Putin also referred to the commitment of both sides, highlighting the importance of discussions on how best to fulfill those commitments.

Two basic aspects are being explored in policy and technical channels. One would be disposition of limited quantities of excess weapon-grade plutonium in Russia's existing fast reactor, the BN-600, appropriately modified so that it does not operate as a breeder of new weapon-grade plutonium. This was envisioned in the 2000 Agreement itself and could begin well before the United States actually started disposing of its plutonium. The second would be large-scale disposition for the bulk of the 34 tons using reactors that Russia itself plans to bring online.

From the beginning of this exploratory process, we have stressed that Russia needs to identify a 34-ton program in which it has an interest and will invest politically, financially and technically. This offers a key opportunity, as noted, to move from basically an assistance program to a type of partnership, with Russia being the prime partner.

The ball is in Russia's court and we, with DOE, are working actively with Russia to move it forward. We hope to see some positive progress and direction by the end of this year and especially early next year. Some complicated negotiations no doubt lie ahead. But the key is that Russia has to decide what approach fits with its interests. We cannot force that even if we wanted.

We have other positive indicators today. While G-8 contributing countries have expressed disappointment with Russia's failure to move more quickly, they have also reaffirmed that disposition of Russian excess weapon-grade plutonium remains a priority.

Based on several diplomatic consultations since February, contributing partners seem open to the United States exploring with Russia other disposition approaches. They, too, hope for progress this year or early next, at least in terms of defining a direction and playing field. In short, though their patience may be running thin, they remain interested and involved.
We have also made some progress toward meeting a second requirement of the 2000 Agreement, namely, developing monitoring and inspection procedures for both sides' 34-ton programs. A few key issues remain. They should be resolvable next year as well, assuming Russia identifies its disposition program and the two sides agree on areas for cooperation with it.

Finally, we are engaged in a new negotiating paradigm. We have moved from trying to "sell" Russia a program, in which it proved to have insufficient self-interest, to offering to cooperate in a program that Russia defines to coincide with its interests.

Russia has said for almost a decade that it indeed will dispose of this plutonium, and will do so by utilizing and degrading it as reactor fuel. Again, the statement by Secretary Bodman and Rosatom Head Kiriyenko includes Rosatom's reaffirmation of its intention to stand by its commitment to dispose of no less than 34 tons of this plutonium.

I cannot predict the precise outcome or timing of the negotiations on which we are now embarked. But I can predict that we will have no positive result if we lose heart in the process.

The 2000 U.S.-Russian Agreement has sound conditions and such conditions would be reflected in any multilateral cooperative arrangements. To achieve Russian disposition under sound conditions, it is clear to me that we need to be steadfast on the objective but flexible on the time frame for Russia’s program.

Effects on Negotiations of "Decoupling" U.S. Disposition Activities

This is a critical aspect, and we should be absolutely clear about what is meant by "decoupling." Both the United States and Russia have long committed to the nonproliferation objectives of plutonium disposition; these mutual objectives should not be "de-coupled." We have no intention of walking away from the 2000 Agreement. Indeed, Russia has said it does not intend to walk away from that Agreement.

So, "de-couple" does not mean changing our overall objectives. Nor does it mean changing our efforts to work with Russia on these mutual undertakings.
De-coupling with reference to the schedules and time frames for each side's program is an entirely different matter. From a negotiating standpoint, such de-coupling is highly desirable and most likely essential to achieve the outcomes the United States has been seeking.

Having led the negotiations on the 2000 Agreement, I would note that its text throws important light on this aspect. It stipulates that the Parties shall cooperate to implement "their respective disposition programs in parallel to the extent practicable." While the concept of some parallelism was to encourage Russia to move positively, it was not intended to make progress in one program contingent on equivalent progress in the other.

Quite the contrary, "to the extent practicable" was a carefully chosen, deliberate phrase. The negotiating teams actually envisioned that neither program should be held hostage to the other in any way that impeded it or adversely affected program costs. They also envisioned that the two side's programs could, in practice, be some years apart. The agreement, for example, allows each side to notify the other of adjustments to its own schedules and milestones.

I believe the wisdom underlying the insertion of that qualifying phrase is apparent today. To hold the U.S. program hostage to progress or milestones in Russia's program would be expensive and inconsistent with the spirit of the 2000 negotiations.

Even more to the point, "coupling" the program activities and schedules would be as counterproductive today as it has proved to be in the past and would hurt U.S. negotiating efforts with Russia. It would increase Russian leverage in the negotiations, effectively giving it a say or even a veto over the U.S. program and related activities, and could correspondingly produce exaggerated Russian impressions of what it might expect to achieve. Conversely, “de-coupling” the program activities and schedules would give the U.S. the strongest negotiating hand.

As noted, since 1999, we told Russia that the United States and other donors would contribute only a fair share for the previously defined Russian program and that Russia had to commit some substantial resources. I don't know whether Russia might have thought that the United States would in the end agree to substantially increase its pledge, if only to save the U.S.
program. I do know, however, that it demonstrated no flexibility in its position and that its inflexibility was endorsed earlier this year at its highest levels.

Before closing, Mr. Chairman, I would like to inform the Subcommittee of a number of useful discussions I have had since the fall of 2005 with other countries that have pledged support for Russia’s program.

In these cases, I would characterize other partners’ responses as disappointment with the results of Russia’s high-level review: namely, that Russia would utilize its existing light-water reactors for disposition, but only if others paid essentially all costs. Nonetheless, these partners also indicated a continued interest in cooperating if Russia took more responsibility and gave greater commitment and resources to its own program.

In consultations, some partners also welcomed the U.S. initiative to proceed to break ground at the Savannah River Site on the MOX facility last fall, despite the existing and expected future delays in Russia's program. To their way of thinking, the best way to secure Russian fulfillment of this critical nonproliferation objective is to demonstrate that the United States is on the high road by proceeding with measures necessary to fulfill its obligations.

As a negotiator, that coincides with my way of thinking on this matter. This is not a situation that calls for Cold War-type thinking and logic. In negotiating terms, we have nothing to lose and potentially much to gain by proceeding to move forward on the U.S. disposition program on its merits as we continue to work with Russia on its own program.

Thank you, Mr. Chairman.