Mr. Chairman and distinguished delegates, it is almost a tautology to observe that the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) is first and foremost, above all else, about preventing the proliferation of nuclear weapons. It is thus quite appropriate that the States Party here assembled have yesterday taken the important step of adopting an agenda that expressly reaffirms the need for full compliance with the Treaty.

For while it has been quite obvious all along that this agenda sweeps within its broad language compliance with all provisions of the Treaty, it is equally self-evident that noncompliance with the NPT's core of nonproliferation obligations - which are, not by coincidence, the first three articles of the Treaty - is the gravest sort of threat that it is possible for the NPT regime to face. After all, if this nonproliferation treaty is unable to prevent proliferation, we should hardly be surprised to see Parties and non-Parties alike come to question the fundamental integrity and viability of the Treaty.

Sadly, the NPT regime faces just such a threat today. The United States places great emphasis on ensuring compliance with the NPT’s core of nonproliferation provisions, and coping with the challenges presented by States that would violate these fundamental tenets, because the cost of unremedied noncompliance is so great. All the benefits that the Treaty brings are predicated upon being able to ensure that the overriding goal of nonproliferation is achieved.

First and foremost, Mr. Chairman, nonproliferation noncompliance imperils the NPT’s most important benefit: enhanced international security through greater assurance against nuclear proliferation and the reduced likelihood of new nuclear arms races and of nuclear war itself. Second, nonproliferation noncompliance compromises efforts to bring about universal adherence to the NPT, a goal that we all share. Third, nonproliferation noncompliance undermines the foundation of safety and trust upon which peaceful
nuclear cooperation is necessarily built. And fourth, nonproliferation noncompliance undercuts the international community's aspirations for nuclear and general disarmament, as expressed in the Treaty's Preamble and in Article VI.

Given the staggering potential cost of nonproliferation noncompliance, therefore, States Party must place at the top of their agenda for this review cycle the development and implementation of vigorous and sustained efforts to detect violations of nonproliferation obligations, to return violators to compliance, and to deter other would-be violators from following such a path. If we lack the will to accomplish these goals, the Treaty will have failed in its primary purpose.

The United States delegation anticipates detailing U.S. views on specific violations of the Treaty's nonproliferation obligations during special time on regional issues, though it is hardly a secret where the problems lie. Let me reaffirm that the United States remains gravely concerned by violations by Iran and North Korea of the Treaty's core obligations, a concern delegations at this meeting have shown themselves to share. It has been gratifying over the past few days to see States Party come together so resolutely in order to ensure that this meeting is able, at least for a brief time, to defeat one state's efforts to prevent this body from engaging in serious substantive discussion of these noncompliance issues. But we should not forget that it is incumbent upon the NPT regime not merely to discuss, but also to remedy violations of the Treaty's core of nonproliferation obligations.

In a moment, I will discuss an important area that has recently emerged as a key frontier in the NPT regime's ability to cope with, and deter, noncompliance with its core of nonproliferation obligations: how best to deter countries in violation of the Treaty from using the mechanism of Treaty withdrawal to attempt to escape the consequences of their violations. First, however, I would like to say a few words about U.S. policy in support of two other key mechanisms that help ensure compliance with nonproliferation obligations: safeguards and nuclear export controls.

**Safeguards**

Article III of the Treaty obligates all non-nuclear-weapon State Parties "to accept safeguards, as set forth in an agreement" with the International Atomic Energy Agency (IAEA) for the "purpose of verification of the fulfillment of its obligations assumed under this Treaty with a view to preventing diversion of nuclear energy from peaceful uses to nuclear weapons or other nuclear explosive devices." Incidentally, having mentioned the IAEA, let me take this opportunity to congratulate the Agency on its 50th Anniversary and its excellent work on safeguards and the promotion of the peaceful uses of nuclear energy. U.S. support for safeguards includes political support for increased adherence to comprehensive safeguards agreements and the Additional Protocol (AP), as well as financial support for the safeguards system.

The comprehensive safeguards agreement required by the NPT has been the minimum basis for modern safeguards. While most NPT Parties have concluded such an agreement with the IAEA, 31 have still failed to do so. This number is shrinking, but
progress has been too slow and remains unsatisfactory. There is no evidence that any of these 31 Parties harbor a secret nuclear program, but without a comprehensive safeguards agreement in place, confidence in this judgment is limited. We should continue to press all Parties to fulfill this most basic obligation as soon as possible.

In response to the challenges that emerged in the 1990s with respect to detecting undeclared nuclear activity, the international community developed the Additional Protocol to the comprehensive safeguards agreement. In those States without an AP in force, the IAEA has only limited tools to detect undeclared nuclear activities and cannot fully implement the strengthened safeguards measures Parties now understand are necessary. Implementation of the Protocol provides critical information on a State's fuel cycle activities and enhances the likelihood that a State in noncompliance with its nonproliferation obligations will be caught. The Protocol bolsters confidence in the NPT and the nonproliferation regime. Parties must now recognize the Protocol, in combination with the comprehensive safeguards agreement, as the new minimum standard for effective safeguards.

Progress on bringing APs into force has accelerated, but is still not satisfactory. One hundred and twelve States have signed APs, and 78 have brought them into force. The United States, other States, and the G8 Forum have actively promoted AP adherence through regional and global demarches. All Parties should continue such efforts until the AP is universally applied.

In addition to political support, the safeguards system requires strong financial and technical support. The IAEA is responding today to unprecedented demands, including increased safeguards costs associated with upgrading its information management system and analytical laboratory, and meeting new or increasing safeguards obligations at plutonium facilities, enrichment plants, and heavy water reactors.

The United States has strongly supported adequate IAEA safeguards funding. We initiated and helped win support for the recent 20 percent increase in the IAEA's regular budget. Though the Agency can be expected to achieve some efficiencies from its program of "integrated safeguards," it has identified further funding increases necessary to fulfill the growing safeguards obligations being placed on it.

The IAEA continues to rely heavily upon voluntary, or "extrabudgetary," resources to meet safeguards requirements for many activities, particularly research and development and equipment. In 2006, the IAEA received cash contributions of about $12.6 million in extrabudgetary funds for safeguards work, almost 10 percent of the safeguards regular program fund. The United States is proud to have donated nearly $9.6 million, or about three-fourths, of these extrabudgetary funds, an important part of our annual voluntary contribution. We encourage other NPT parties to help ensure that the Agency has the resources necessary to continue to help monitor NPT compliance.
Nuclear Export Controls

NPT Article III also requires that parties refrain from transferring certain nuclear material or equipment to any non-nuclear-weapon State unless it is subject to Article III safeguards. This provision helps ensure that nuclear exports do not contribute to violations of Articles I and II.

In recent years, states seeking nuclear weapons have engaged in procurement activities, particularly of sensitive nuclear technologies, that can seriously undermine the NPT. The emergence of sophisticated secret networks that transferred nuclear items without authorization or in violation of the NPT generated a UN Security Council-sanctioned requirement for export controls and nuclear security.

United Nations Security Council Resolution 1540 established, for the first time, binding obligations on States under Chapter VII of the UN Charter to develop and enforce appropriate legal and regulatory measures against the proliferation of Weapons of Mass Destruction (WMD) and their means of delivery. The United States wants to see greater and faster implementation of the Resolution through steps such as gaining regional agreement by Member States to develop road maps or action plans to implement 1540 and building technical capacity in cooperation with organizations such as the IAEA. Implementation of Resolution 1540 is important because it obligates States to prevent and deter illicit access to WMD, their means of delivery, and related materials. Implementing the requirements of 1540 also will benefit regions that seek to be key global economic suppliers of goods and services, including to the United States.

The United States also believes that supplier states should exercise special restraint in any transfers of enrichment and reprocessing technologies, because they entail an inherent capability to produce fissile material that can be used for nuclear weapons. In response to the challenge that these technologies present, President Bush proposed in 2004 that nuclear suppliers should refuse to sell relevant enrichment or reprocessing equipment and technologies to any state that does not already possess a full-scale, functioning enrichment or reprocessing plant. The United States is pursuing this and other efforts to stem the spread of enrichment and reprocessing capabilities. In an effort to uphold nonproliferation norms while more permanent solutions are developed, the G-8 has agreed to a rolling, one-year moratorium on new transfers of items used for enrichment or reprocessing.

Remarkably, some have tried to argue that any such effort to avoid providing access to proliferation-sensitive nuclear technologies is inconsistent with Article IV of the NPT. Some have even used such legally ill-founded allegations to excuse Iran’s pursuit of the capability to produce fissile materials for use in nuclear weapons. Fortunately for the integrity of the nonproliferation regime, however, such readings of Article IV are mistaken. Indeed, the Treaty requires discretion on the part of supplier states with regard to nuclear transfers, so that they can be assured that such transfers are consistent with their nonproliferation obligations, and do not assist another state in violating its own.
In any event, enrichment and reprocessing activities are not cost effective for most countries. Moreover, innovative approaches such as multilateral fuel supply assurances and the U.S. Global Nuclear Energy Partnership (GNEP) should help make the proliferation of fuel-cycle technology unnecessary by offering states a reliable alternative approach to meeting their energy needs.

We recognize that not all Parties agree with the U.S. approach to this issue. Nevertheless, the United States believes that all Parties can agree on three basic points. First, strict compliance with nonproliferation obligations and commitments is essential to the preservation and expansion of international nuclear cooperation. Second, an NPT Party in violation of its nonproliferation obligations should not expect to receive nuclear cooperation of any kind from other countries or international bodies. And third, a robust and reliable internationally-backed fuel-supply system would greatly reduce a country's perceived need to pursue costly and proliferation-risky fuel-cycle technology, while helping facilitate the expansion of civil power generation - thereby promoting and expanding peaceful uses of nuclear energy in proliferation-responsible ways.

**Deterring Treaty Withdrawal by Violators**

Now I would like to turn to the issue of how best to deter withdrawal from the NPT by countries in violation of its core of nonproliferation obligations, for this too is an important element of implementing provisions of the Treaty related to the nonproliferation of nuclear weapons. The announcement in 2003 by North Korea that it was withdrawing from the NPT - and its subsequent detonation of a nuclear device it had been developing for years while a member in bad faith of the Treaty - highlight the need for States Party to work together to deter Parties from using the mechanism of withdrawal as a means to attempt to escape the consequences of their violation of the Treaty's provisions. During the 2005 NPT review cycle, as a consequence, States Party began to focus keenly upon this subject. Today, I should emphasize, it is important to make such withdrawal more unattractive before any other State Party violator is tempted to follow such a course.

The 2010 review process should build on the work on treaty withdrawal that was so commendably begun during the 2005 cycle. The United States is heartened that Parties have again focused upon this issue. We should all continue this work, agree upon appropriate measures to help address this challenge, and implement them as quickly as possible.

We have heard much over the past week-and-a-half about the benefits associated with Parties' compliance with their NPT obligations. Preventing the spread of nuclear weapons to additional states serves the vital security interest of all parties. And all parties share in the economic and development benefits that flow from the network of nuclear cooperation whose peaceful nature is assured by ensuring nonproliferation compliance. As I have noted, these are the benefits that noncompliance threatens.
These vital benefits are threatened by the real possibility that a Party in noncompliance with its nonproliferation obligations might withdraw from the Treaty and develop nuclear weapons and yet face no penalty for its actions. Parties must respond to violations of the Treaty, and withdrawal from the Treaty cannot be seen as excusing prior violations or ending international efforts to take any appropriate measures to address violations committed prior to withdrawal.

Make no mistake: all States Party have the right to withdraw from the Treaty should they decide that extraordinary events related to the subject matter of the Treaty have jeopardized their supreme national interests. Nevertheless, they cannot by withdrawing from the Treaty escape their obligation to address past violations. All Parties should work to ensure that Parties do not succeed in using withdrawal to evade the consequences of Treaty violations.

I need hardly remind anyone, here of all places, about why this matters today. Disturbingly, since Iran’s multiple and ongoing violations of its NPT obligations have come to light, its leaders have hinted that they too are considering withdrawal. The international community’s response needs to be timely, focused, and effective to remedy the situation, because how we respond to these provocations will help determine whether the Treaty survives to bring its benefits to future generations.

Article X’s requirements that a withdrawing Party give three months notice to the international community and provide a statement of the reasons for its withdrawal give the international community the time and opportunity to mount an effective response to an announcement of intent to withdraw from the Treaty. The United States believes that there are specific measures the UN Security Council, the IAEA Board of Governors, and nuclear suppliers might take in the event a Party in violation of its nonproliferation obligations announces its intent to withdraw from the Treaty.

Because an NPT violator’s intention to withdraw from the NPT will likely be coupled with the intention to acquire nuclear weapons, and because such proliferation poses a threat to international peace and security, the United Nations Security Council must carefully consider the potential consequences of withdrawal for international peace and security. Upon its receipt of a notification of withdrawal, the Council should meet promptly to consider the Party’s reasons for withdrawing, the likely consequences of such withdrawal for peace and security, and the possibility that measures short of withdrawal might address the withdrawing Party’s concerns. The Council could ask the IAEA for all relevant information it may have about the country in question, including the status of its safeguards compliance, its technological capabilities, its holdings of relevant nuclear materials, and inspectors’ assessments of the Party’s activities. The Council also may wish to consult with the withdrawing party and make clear the possible future steps the Council might take.
Should the Party actually withdraw, the Council should carefully consider whether the resulting situation constitutes a threat to international peace and security and warrants invoking its authority under Chapter VII of the UN Charter, to address the threat.

The IAEA has no direct role in matters related to Treaty withdrawal, but its role in safeguards implementation and compliance would make it an important player in the event that a Party in violation of its safeguards obligations announced its intent to withdraw from the Treaty. The IAEA Board of Governors, for example, should consider the actions it could take in response to such an announcement. These include promptly reporting findings of any safeguards noncompliance to the UN Security Council, in accordance with its Statute, as well as being responsive to UNSC requests regarding any other compliance concerns.

The Board might also invoke the Agency’s statutory authority to suspend projects or technical assistance between the Agency and a state in noncompliance with its safeguards obligations, as well as withdrawing IAEA-provided material or equipment to such a state. The Board should take appropriate action for continuing safeguards in the withdrawing state under such authorities as may be available, such as any INFCIRC/66 agreements that had been superseded by the withdrawing state’s NPT safeguards agreement. The Board might also play a role in applying safeguards pursuant to the bilateral requirements of states that had supplied nuclear equipment and material to the withdrawing state (so-called “fallback safeguards” requirements).

There should be no further nuclear supply to a country in violation of the NPT once it announces its intent to withdraw. Nor should such a withdrawing Party be allowed to benefit from the use of nuclear materials and equipment that it imported while it was an NPT Party. A withdrawing state that has violated the NPT should not continue to enjoy the benefits acquired while it was a Party. To this end, NPT nuclear supplier states should seek through appropriate means to halt the use of nuclear material and equipment previously supplied to the withdrawing state and to secure the elimination of such items or their return to the original supplier. Nuclear suppliers should reserve these rights in their bilateral nuclear supply arrangements and exercise them wherever appropriate. All states could also use their resources to ensure the withdrawing Party does not engage in clandestine transfers directed at the acquisition of a nuclear weapons capability or at the proliferation of such technology to others.

The United States offers these possible courses of action and looks forward to hearing other Parties’ views. Withdrawal by a State Party in violation of its nonproliferation obligations could threaten the vital interests of all Parties. Parties have the sovereign right and the responsibility to address such a withdrawal. Accordingly, they should work together in this review cycle to develop and implement prompt and effective measures to deter withdrawal by Treaty violators and to respond vigorously should it occur. Effective international action in this regard would strengthen the NPT, better preserve international peace and security, and reinforce norms that facilitate international nuclear cooperation.
Conclusion

Let me emphasize, Mr. Chairman, that the United States’ insistence upon full compliance by States Party with all the provisions of the Treaty – a core value reflected by the agenda adopted by this Preparatory Committee – reflects the strength of our belief in the NPT’s value. And it is inescapably the case that the Treaty’s nonproliferation obligations lie at the NPT’s core. Compliance with those obligations is absolutely essential to the Treaty’s effective operation and continued integrity.

As we consider how to improve implementation of the NPT’s provisions related to the nonproliferation of nuclear weapons, therefore, we should consider the range of mechanisms that support these goals. I have today stressed only a few such mechanisms. There are in fact many ways in which States Party contribute to implementing the Treaty’s nonproliferation obligations, for without a web of individual and joint international efforts and commitments to support nonproliferation goals, treaties such as the NPT could quickly become dangerously hollow formalisms that fail to shape and constrain the very behavior it is their animating purpose to control. Nuclear safeguards, nuclear export controls, and measures to deter withdrawal by Treaty violators, however, are important elements of how the NPT regime can help surmount the challenges it faces from countries that seek to develop nuclear weapons under the pretense of a civilian nuclear energy program.

States Party must provide the financial and political support necessary to ensure the IAEA safeguards system has the capacity to verify declared nuclear activities and detect undeclared activities. All NPT Parties should support the Additional Protocol and make it part of the safeguards standard. They should act to implement fully Security Council Resolution 1540. They should exercise restraint in the transfer and pursuit of enrichment and reprocessing technology in order to uphold the Treaty’s core nonproliferation purposes. And they should develop and implement new ways to make it ever more unattractive for a country in violation of the NPT to seek to escape accountability for its unlawful actions by invoking the withdrawal provisions of the Treaty.

Thank you, Mr. Chairman, for your patience.