The Nuclear Trade Regime and the Arab Gulf Region

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Nuclear Newcomers

- Fukushima will slow but not halt drive for more nuclear power capacity worldwide
- IAEA low projection made six months after Fukushima increase from 367 GW installed to 501 GW installed—down by 8%
- Drivers remain: energy security, climate change, power demand, latent capabilities
- Positive geographical correlation of new nuclear aspirations with fastest-growing international shipping traffic routes

Gulf States and Nuclear Power

- GCC initiative with IAEA in 2000s: the lessons
- Rising expectations in Oman, Qatar, Yemen set back by 2008 financial crisis
- UAE has taken clear leadership in the GCC
- National leadership, infrastructure depth are critical issues
- Fukushima and Kuwait
- Saudi Arabia will be next

The Shadow of Iran

UAE PROJECT IS EVERYTHING IRAN's IS NOT

- Unambiguous commitment to FSS without nuclear weapons capabilities or option
- Focus is on power generation, capacity addition
- Clear commercial project orientation
- No forced fuel cycle dual-use technology development
- Embraces international compacts, cooperation
- Sets a benchmark for Saudi Arabia

Who Controls Nuclear Trade?

ZANGGER COMMITTEE

- NPT Article III (Safeguards, Export Controls)
- Criteria: Peaceful Use, IAEA SG agreement, conditions for retransfers

NUCLEAR SUPPLIERS GROUP

- Mission goes beyond NPT
- Post-Indian test conviction to include **all** suppliers of critical technology and items

NSG and Rise of Beyond-NPT Controls

- First Gulf War exposes massive Iraqi weapons effort undetected by IAEA safeguards
- FSS requirement 1993
- Dual-Use List (INFCIRC/254/Part 2) 1994
- 2002: Counterterrorism controls
- 2004: Catch-All mechanism
- Zangger Committee future is a question mark

Nuclear Trade Evolves: 1990s-

- State-supported, opportunistic nuclear commerce: (Russia, USA, China…)
- AQ Khan and Complex Procurement Transactions
- Globalization of Nuclear Trade Environment
- Rise of Nuclear Equity Issues

Current Challenges

- India exception and Sino-Pakistan trade
- NSG's response to nuclear trade globalization (brokering, financing, transshipping)
- Updating of Part I and Part II commodity lists
- Control of intangible technology transfer
- Effectiveness: listed goods vs unlisted goods

Membership and Decision making

- 7 members in 1975--27 in 1991--46 now

  70 participating governments in 2025?

- Decision making is by consensus

  Two-tiered membership of decision makers and adherents, rotating membership?

- Growing number of developing countries, NAM states will increase

  Binding rules and formal secretariat instead of informal understandings?

GCC and NSG

- All 27 EU states are members of NSG—half of them are not nuclear suppliers
- EU sets precedent and rationale for other customs unions to include all member states
- UAE would be welcomed as NSG PG (nuclear power, global trading leadership)
- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, perhaps Jordan and Morocco could be next

GCC and Nuclear Nonproliferation

- All six members are NPT parties
- All have CSAs
- Qatar has no AP but has amended SQP
- Oman and Saudi Arabia have no AP or amended SQP
- All are members of the Arab Group
- All are members of the NAM

GCC Port Trade 2010

PORT	VOLUME	RANK
Dubai	11.6 M TEU	10
Jeddah	3.8 M TEU	31
Salalah	3.1 M TEU	32
Sharjah	3.1 M TEU	39

Source: World Shipping Council

Global Transshipment Challenge

- 1980: Less than 5 million TEU representing 11% of world container trade
- 2010: Over 150 million TEU representing 33% of world container trade
- Uneven distribution: 3 million TEU in Salalah representing 95% of total traffic volume

Source: Drewry Shipping Consultants, 2012

GCC and Current Iran Trade Issues

- How do GCC states articulate policy response to Iran?
- Accounts frozen on UNSC-listed entities?
- Letters of credit halted for Iran?
- UAE’s $15 billion/y trade with Iran: Post-Khan export control cooperation with US agencies
- Abu Dhabi asserts post-2009 crisis authority over trade policy