

107TH CONGRESS
1ST SESSION

S. 1277

To authorize the Secretary of Energy to guarantee loans to facilitate nuclear nonproliferation programs and activities of the Government of the Russian Federation, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 31, 2001

Mr. DOMENICI (for himself and Mr. LUGAR) introduced the following bill;
which was read twice and referred to the Committee on Foreign Relations

A BILL

To authorize the Secretary of Energy to guarantee loans to facilitate nuclear nonproliferation programs and activities of the Government of the Russian Federation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Russian Fissile Mate-
5 rials Disposition Loan Guarantee Act of 2001”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

1 (1) The proliferation of nuclear weapons rep-
2 resents a risk to the national security of the United
3 States.

4 (2) Countries seeking new nuclear weapons ca-
5 pabilities require both technical expertise and nu-
6 clear weapons materials.

7 (3) The nuclear weapons complex of the former
8 Soviet Union contains large amounts of such tech-
9 nical expertise and materials and could present risks
10 for nuclear proliferation.

11 (4) Several current programs address the po-
12 tential for loss of such technical expertise and mate-
13 rials.

14 (5) Progress on the Highly Enriched Uranium
15 Agreement and on the Plutonium Disposition Agree-
16 ment will enhance United States security against nu-
17 clear proliferation, but United States security would
18 be further enhanced were additional progress
19 achieved in securing and disposing of the nuclear
20 weapons materials of the former Soviet Union.

21 (6) In addition to the programs referred to in
22 paragraphs (4) and (5), a program providing for the
23 placement of nuclear weapons materials of the Rus-
24 sian Federation under permanent safeguards in ex-
25 change for the guarantee of loans for nonprolifera-

1 tion programs and activities of the Russian Federa-
2 tion could enhance the economy of the Russian Fed-
3 eration and achieve the interest of nations worldwide
4 in providing for the security of nuclear weapons ma-
5 terials that are not currently under international
6 safeguards.

7 **SEC. 3. LOAN GUARANTEES.**

8 (a) **AUTHORITY TO GUARANTEE LOAN.**—Subject to
9 the provisions of this section, the Secretary of Energy
10 may, with the approval of the President, guarantee loans
11 made to the Government of the Russian Federation for
12 purposes described in subsection (c)(1).

13 (b) **LIMITATIONS ON GUARANTEES.**—(1) The aggre-
14 gate amount of loan principal covered by guarantees under
15 this section at any one time may not exceed
16 \$1,000,000,000.

17 (2) The guarantee of a loan under this section applies
18 to principal and to interest specified in the loan, except
19 that the guarantee on interest shall not apply to amounts
20 allocable to interest at a rate in excess of 3 percent per
21 year.

22 (c) **LOANS ELIGIBLE FOR GUARANTEE.**—(1) A loan
23 eligible for guarantee under this section is any loan made
24 by a private lender to the Government of the Russian Fed-
25 eration the proceeds of which are to be utilized by the Gov-

1 ernment of the Russian Federation for one or more of the
2 following purposes:

3 (A) Retirement of the sovereign debt of the
4 Russian Federation.

5 (B) Support of nuclear nonproliferation pro-
6 grams and activities of the Government of the Rus-
7 sian Federation.

8 (C) Development of the energy infrastructure of
9 the Russian Federation, including peaceful uses of
10 nuclear energy in a manner that complies with the
11 Nuclear Nonproliferation Treaty.

12 (2) A loan is not eligible for guarantee under this
13 section if the proceeds of the loan are to be used for any
14 purpose or activity under the Plutonium Disposition
15 Agreement, including to cover the costs of the manufac-
16 ture and use of mixed oxide (MOX) fuel in Russia under
17 the Plutonium Disposition Agreement.

18 (d) LOAN TERMS.—A loan guaranteed under this
19 section shall have the following terms:

20 (1) The loan principal shall be in increments of
21 \$20,000,000.

22 (2) The term of the loan with respect to any
23 principal increment of the loan shall be not less than
24 15 years.

1 (3) Payments of principal and interest on the
2 loan shall be based on an amortization schedule pro-
3 viding that—

4 (A) interest on a principal increment of the
5 loan will commence on the date of the disburse-
6 ment of the principal increment of the loan;

7 (B) no payment of principal or interest on
8 a principal increment of the loan will be re-
9 quired for at least 5 years after the date of the
10 disbursement of the principal increment of the
11 loan;

12 (C) once payments of principal and inter-
13 est commence pursuant to subparagraph (B),
14 such payments will be made on a semi-annual
15 basis; and

16 (D) all interest and principal on each prin-
17 cipal increment of the loan will be due and pay-
18 able not later than the completion of the term
19 of the loan with respect to such principal incre-
20 ment of the loan.

21 (4) The proceeds of the loan shall be disbursed
22 to the Russian Federation or a department or min-
23 istry of the Russian Federation.

1 (5) The lender may, upon default of the Gov-
2 ernment of the Russian Federation on the loan, ex-
3 ercise the option described in subsection (e)(3).

4 (e) LOAN SECURITY.—(1) As security for a loan
5 guaranteed under this section, the Government of the Rus-
6 sian Federation shall, for each loan principal increment
7 of \$20,000,000, place 1.00 metric tons of weapons-usable
8 plutonium and 1.00 metric tons of weapons-usable highly
9 enriched uranium under International Atomic Energy
10 Agency (IAEA) safeguards at a facility in Russia that is
11 mutually acceptable to Russia and the IAEA. The place-
12 ment of materials under such safeguards as security for
13 a principal increment of a loan shall be completed before
14 the disbursement of the principal increment of the loan.

15 (2) As security for a loan guaranteed under this sec-
16 tion, the Government of the Russian Federation shall cer-
17 tify to the Secretary that any materials placed under
18 International Atomic Energy Agency safeguards pursuant
19 to paragraph (1) shall remain under such safeguards in-
20 definitely, including after the loan is paid off by the Gov-
21 ernment of the Russian Federation.

22 (3)(A) In the event of a default on a loan guaranteed
23 under this section by the Government of the Russian Fed-
24 eration, the lender may, with the approval of the Sec-
25 retary, provide for the disposition or utilization of mate-

1 rials placed under safeguards pursuant to paragraph (1)
2 as security for the loan to repay all or part of the loan.

3 (B) The disposition or utilization of materials under
4 this paragraph shall be in accordance with applicable
5 International Atomic Energy Agency safeguards regarding
6 such materials, and such materials may not, during the
7 course of such disposition or utilization, be removed from
8 such safeguards.

9 (4) Materials placed under International Atomic En-
10 ergy Agency safeguards pursuant to paragraph (1) shall
11 not be treated as part of the 34.00 metric tons of weapons-
12 grade plutonium to be used by the Government of the Rus-
13 sian Federation largely as mixed oxide (MOX) fuel under
14 the Plutonium Disposition Agreement.

15 (f) TREATMENT OF GUARANTEES UNDER PLUTO-
16 NIUM DISPOSITION AGREEMENT.—The guarantee of any
17 loan under this section shall not be treated as a contribu-
18 tion to the Government of the Russian Federation under
19 the Plutonium Disposition Agreement.

20 (g) PROHIBITION ON COLLECTION OF FEES.—The
21 Secretary may not impose or collect any fee in connection
22 with the guarantee of a loan under this section.

1 **SEC. 4. SUPPORT OF INTERNATIONAL ATOMIC ENERGY**
2 **AGENCY MATERIALS SAFEGUARDS.**

3 Of the amounts authorized to be appropriated or oth-
4 erwise made available to the Secretary of Energy each fis-
5 cal year for Materials Protection Control and Accounting,
6 not more than \$15,000,000 shall be available to the Sec-
7 retary for purposes of covering the expenses of the Inter-
8 national Atomic Energy Agency (IAEA) in implementing
9 and maintaining safeguards under section 3(e) on mate-
10 rials providing security for loans guaranteed under section
11 3.

12 **SEC. 5. AUTHORIZATION OF APPROPRIATIONS.**

13 (a) **COST OF LOAN GUARANTEES.**—For the cost of
14 the loans guaranteed under this Act as defined in section
15 502 of the Congressional Budget Act of 1974 (2 U.S.C.
16 661(a)), there is authorized to be appropriated for fiscal
17 years 2002 through 2005, such amounts as may be nec-
18 essary.

19 (b) **COST OF ADMINISTRATION.**—There is hereby au-
20 thorized to be appropriated to the Secretary of Energy for
21 fiscal year 2002, \$10,000,000 for purposes of activities
22 under this Act, other than to cover costs under subsection
23 (a) and to cover expenses under section 4.

24 (c) **AVAILABILITY.**—Amounts appropriated pursuant
25 to the authorizations of appropriations in subsections (a)
26 and (b) shall remain available until expended.

1 **SEC. 6. DEFINITIONS.**

2 In this Act:

3 (1) HIGHLY ENRICHED URANIUM AGREE-
4 MENT.—The term “Highly Enriched Uranium
5 Agreement” means the Agreement Between the
6 United States of America and the Government of
7 the Russian Federation Concerning the Disposition
8 of Highly Enriched Uranium Extracted from Nu-
9 clear Weapons, dated February 18, 1993.

10 (2) NUCLEAR NONPROLIFERATION TREATY.—
11 The term “Nuclear Nonproliferation Treaty” means
12 the Treaty on the Nonproliferation of Nuclear
13 Weapons, as opened for signature July 1, 1968.

14 (3) PLUTONIUM DISPOSITION AGREEMENT.—
15 The term “Plutonium Disposition Agreement”
16 means the Agreement Between the Government of
17 the United States of America and the Government
18 of the Russian Federation Concerning the Manage-
19 ment and Disposition of Plutonium Designated As
20 No Longer Required for Defense Purposes and Re-
21 lated Cooperation, signed by the United States on
22 September 1, 2000.

23 **SEC. 7. TERMINATION OF AUTHORITY.**

24 The authority of the Secretary of Energy to guar-
25 antee loans under this Act shall terminate on December
26 31, 2004. The termination of authority to guarantee loans

- 1 under this section shall not affect the validity of any guar-
- 2 antee made under this Act before that date.

