

THE EURATOM TREATY: ITS ROLE AND FUNCTIONS

1. EURATOM - History

The Euratom Treaty was signed in 1957 by the six founding States (Belgium, France, Germany, Italy, Luxembourg and the Netherlands) who joined together to form Euratom (European Atomic Energy Community).

The main objective of the Euratom Treaty is to contribute to the formation and development of Europe's nuclear industry and to ensure security of supply. In other words: the Treaty was developed to foster nuclear energy with governmental funds.

Before the European Community was founded, there had been the Founding Treaties: ECSC (Coal and Steel), EEC (European Economic Community) and Euratom – in 1967 they were all merged to become later the European Union. While the first two ended, Euratom is left unchanged and only was added as a protocol to the new EU Treaty (Lisbon Treaty 2009).

The aim of the document at hand is to give a short introduction in the Euratom treaty in general and on Euratom loans specifically. Past examples on loans granted by Euratom under the pretext of enhancing safety features were researched; key results are presented here.

2. Content of the EURATOM Treaty

The basic purpose and structure of the Euratom Treaty are set out in its first two articles:

Article 1

It shall be the task of the Community to contribute to the raising of the standard of living in the Member States and to the development of relations with the other countries by creating the conditions necessary for the speedy establishment and growth of nuclear industries.

Article 2

In order to perform its task, the Community shall, as provided in this Treaty:

- a. promote research and ensure the dissemination of technical information;*
- b. establish uniform safety standards to protect the health of workers and of the general public and ensure that they are applied;*
- c. facilitate investment and ensure, particularly by encouraging ventures on the part of undertakings, the establishment of the basic installations necessary for the development of nuclear energy in the Community;*
- d. ensure that all users in the Community receive a regular and equitable supply of ores and nuclear fuels;*
- e. make certain, by appropriate supervision, that nuclear materials are not diverted to purposes other than those for which they are intended;*
- f. exercise the right of ownership conferred upon it with respect to special fissile materials;*

- g. ensure wide commercial outlets and access to the best technical facilities by the creation of a common market in specialised materials and equipment, by the free movement of capital for investment in the field of nuclear energy and by freedom of employment for specialists within the Community;*
- h. establish with other countries and international organizations such relations as will foster progress in the peaceful uses of nuclear energy'*

3. Instruments

The tasks agreed upon in Article 2 of the Euroatom Treaty are carried out using several so called “instruments” (separate institutions dealing with the implementation of different tasks of Euratom):

- Euratom Supplies Agency (ESA) owns and controls the supply of all fissile materials in the Community. It was founded to ensure that EU users enjoy a regular supply of ores and nuclear fuels.
- The European Commission develops research programmes of five years duration to foster nuclear research and development within the Community.
- Euratom Safeguards Directorate was established to ensure that nuclear materials would not be diverted from their intended uses by users (non-proliferation).

4. Euratom Loans

Loans are, from NGO perspective, the most “visible” part of the Treaty, for which the almost forgotten Treaty gets a lot of attention.

However, no provision for Euratom Loans is made in the ET. Euratom Loans were established under a Council Decision of 29 March 1977. Initially, this was restricted to nuclear facilities inside the Union with an initial credit ceiling of 500 million ECU. As projects were funded the loan fund had to be increased which was done in 1979, 1982 and 1985. The most recent addition was undertaken during the Irish Presidency in April 1990, which increased the loan facility by another 1 billion ECU to the current fixed ceiling of ECU 4 000 million.

In 1994 they were made available for nuclear reactors in Central and Eastern Europe, to increase the safety and efficiency of these power stations.

The European Parliament has no formal decision making power in granting these loans. The EU Commission prepares and decides on those loans alone. The Commission undertakes both a technical (safety) and economic review of the projects. The economic analysis is undertaken by the Commission taking into account a specific recommendation from the European Investment Bank (EIB) on the economic and financial aspect. The process of granting those loans is accompanied by a total lack of Definitive Safety Standard, any chance of the public to find out about how safety was increased or not.

4.1 Past loans

1977 EURATOM loans introduced

1994 EURATOM loans made available for CEE countries

2000 € 212.5 million loan for modernization of NPP Kozloduj 5&6 in Bulgaria

2004 € 223.5 million loan for the construction of NPP Cernavoda 2 in Romania

2004 € 83 million loan for the completion of Khmelnytsky 2 and Rovno 4 in Ukraine

Under the pretext of increasing safety and safety culture those loans were granted. However, the loan for Romania went into the construction of a new reactor which was delivered from Canada. Requests from NGOs made in 2012 were not answered by the Romanian regulator at all, the EU Commission was not able to give any information on the safety increases conducted either. The Bulgarian regulator did reply to the questions, but the answer does not enable the public to have any control over the safety upgrades which took place or not. EURATOM supports the secrecy the nuclear industry has established.

4.2 Current loans

Currently the EU Commission is preparing a loan for two reactors in Ukraine, Khmelnytsky 3 and 4 – in spite of massive problems surrounding this project. It is unclear when this project will be decided upon it is already over one year late. Up-to-date information is available:

<http://bankwatch.org/our-work/projects/nuclear-power-plant-safety-upgrades-ukraine>

5. OUTLOOK

5.1 Loans

In 2001 the EU Commission intended to increase the loan ceiling by further 2 billion Euro. In the past years suggestions were floated the EURATOM facility could reach a ceiling of 10 billion Euro and increasing its field of loan granting. This however does not seem realistic currently. It might already prove very difficult or even impossible to refill the facility once the next loan will have been disbursed, since only approx. 300 million can still be disbursed.

5.2 The Treaty

However, politically, the EU Commission is trying to promote the Treaty more and more as a guarantee for nuclear safety (which is not the case for many reasons) and as a legal basis for increasing its own competences in the field of nuclear. Currently there are preparations ongoing to make a proposal for some EU wide regulation on nuclear liability; while of course experts in this field are well aware that the EURATOM Treaty does not allow for this. For other reasons - EU member states being in too many different nuclear liability regimes – there will most likely be a non-legislative proposal only.

In spite of the strong focus on safety (at least on paper), EURATOM of course is still a Treaty with the task of promoting nuclear energy, on many levels, most importantly the loans but of course also policy, like e.g. the directive using Euratom as the legal basis.

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More on EURATOM:

Conference Reader, FoEE 2002: <http://www.laka.org/docu/boeken/pdf/6-04-0-20-56.pdf>

A NEW STUDY examining whether EURATOM Loans increase safety and introduce a better regulation will be published in the next months and also announced on our Joint Project website (<http://www.joint-project.org/>).