

COUNCIL *on* FOREIGN RELATIONS

POLICY INNOVATION MEMORANDUM NO. 6

Date: July 12, 2011
From: Emma L. Belcher
Re: A Nuclear Security Fund

Nuclear terrorism could cause widespread death and destruction and potentially devastate the global economy. However, not all nations are convinced that acting to prevent nuclear terrorism should be a priority, and many lack the capacity to control nuclear materials within their borders. Nations, international organizations, and nongovernmental organizations (NGOs) have taken a variety of measures to help build nuclear security capacity worldwide. But a lack of funding for important projects complicates progress. Though many private firms have said they are willing to partner with governments on security, practical partnerships are limited and the international community has not leveraged the private sector's financial resources. In an era of shrinking government budgets, this is a missed opportunity.

The United States should establish a nuclear security fund to which the private sector could contribute. Such a fund would allow the United States to better engage the private sector, which is integral to the material supply chain, and draw on expertise and funding from the full range of sources to address this public-private problem.

A MUSHROOMING PROBLEM

Al-Qaeda and other terrorist groups say they want nuclear weapons and will use them if they can. The most likely acquisition method is to buy or steal fissile material and fashion a crude Hiroshima-style device, provided they have some training in explosives and engineering. Alternatively, a group could use fissile material in a radiological dispersal device, or dirty bomb, which would cause panic, even if it did not cause significant destruction. This makes securing fissile material, and preventing its trafficking if it is stolen, vitally important. There are approximately 1,600 metric tons of highly enriched uranium (HEU) and 400 metric tons of plutonium in over 1,100 civilian and military locations worldwide—enough for many thousands of bombs. The security of these sources varies widely, as does the robustness of measures to prevent smuggling of stolen sources.

Though many nations are taking measures to prevent terrorists from acquiring fissile material, others lack the resources or prefer to fund other and—in their view—more pressing problems. This situation is most prevalent in eastern Europe and

the Caucasus, where sources of fissile material are concentrated, and in sub-Saharan Africa, where public health and civil strife issues take priority over securing borders against smuggling. Terrorist groups could exploit these critical gaps, thus undermining global nuclear security efforts.

Some nations are attempting to plug these gaps by donating to bodies that fund nuclear security activities—the International Atomic Energy Agency’s (IAEA) Nuclear Security Fund and the UN Trust Fund for Global and Regional Disarmament.

Nations also implement their own nuclear security programs. In the United States, these include the Cooperative Threat Reduction program and the Nuclear Smuggling Outreach Initiative (NSOI). But none of these initiatives has a formal mechanism to include the private sector as potential donors. Though government engagement with universities and advocacy groups is growing, and entrepreneurs such as Warren Buffet, Ted Turner, Sam Nunn, and the Nuclear Threat Initiative have donated funds for nuclear security, engagement with the industries that play an integral role in the weapons of mass destruction (WMD) material supply chain lags.

A PUBLIC-PRIVATE FUND: BANG FOR THE BUCK

The United States should establish a public-private sector fund to advance its nuclear security objectives. The fund would finance projects that reduce the likelihood of nuclear theft and improve measures to detect and prevent smuggling of stolen sources in vulnerable nations. Examples include: adding capacity for regular inspections of sites that house fissile material; providing better security for the transport of radioactive material; supplying detection equipment, such as dosimeters, for use at border crossings; establishing outposts to help border police cover remote areas between official border crossings; training border police in proper use of such equipment; and legal workshops to improve criminal codes’ ability to punish nuclear crimes.

Private firms do not need to donate large amounts of money to have an impact. In some cases, relatively small contributions can sponsor important projects, such as legal review workshops. Lax penalties are all too common in the nations most vulnerable to nuclear crime. By increasing penalties, nations can affect smugglers’ risk-reward gamble and deter those who might be tempted to smuggle fissile material for profit. A few tens of thousands of dollars can sponsor review workshops to improve criminal codes. Similarly, small-scale projects that bring scientists and government officials to attend international forensics conferences can advance knowledge and build relationships at the transnational level—critically important given the transborder nature of smuggling.

Projects of this type are often (and justifiably) overlooked by governments in favor of higher-priority projects, such as securing spent fuel, which tend to be exponentially more expensive and sensitive and thus remain in the realm of nations. Through a nuclear security fund, the private sector could make a big difference in funding smaller yet important projects that support the international community’s goal of preventing nuclear terrorism but that have not yet attracted government and international organization donors. Many of these projects have useful side benefits that could be attractive for business investment. For example, strengthening borders against fissile material smuggling helps detection of other forms of illicit activity, which benefits firms that operate in areas prone to organized crime. Anticorruption programs reduce the likelihood that officials not only turn a blind eye to fissile material smuggling but also to the smuggling of other goods, making operating environments more stable and reliable for business ventures.

The State Department should lead the fund in partnership with the departments of Defense, Energy, and Treasury—to which businesses would contribute. A board consisting of representatives from the U.S. departments and private sector would govern the fund. In this way, the fund would serve as a focal point for identifying mutual interests and provide a means for private sector contribution, both financially and in-kind. To help coordinate activity and reduce duplication, an

experts group—including representatives of other nations, international organizations such as the IAEA, and NGOs—could advise the board. U.S. agencies would submit their funding requirements for specific nuclear security projects that they have found difficult to fund through their regular budgets. They would provide an estimated budget, ranging from tens of thousands to millions of dollars. The proposals could be smaller parts of large projects that might have synergy with business interests.

Businesses could contribute to the fund as part of their corporate social responsibility (CSR) portfolios—through their foundations, just as they do in other areas—and receive tax incentives for participation. Their contributions could be financial donations or donations of their goods and services, such as technical instruments to detect smuggling and legal advice for prosecution of nuclear crime. There would be a list of projects to which businesses could choose to contribute, so they could tailor their donations, or they could simply make a general donation and let the administrators decide where their contribution is best spent.

FEASIBILITY

In the past decade, the private sector has invested more in public goods such as environmental technologies and sustainable development. Firms have also donated their services, by paying select employees their regular salaries and assigning them to nonprofit organizations that advance their CSR goals. They do this not only because it is viewed as good CSR practice, but also because it can make good business sense. For example, incorporating environmentally sound practices can improve efficiency and the bottom line, and investing in local education and health care can improve stability in the communities in which firms conduct business.

A similar argument applies to private sector investment in nuclear security. The private sector has an incentive to help nations secure nuclear materials and technology, as it benefits from a stable operating environment that could be devastated by a nuclear blast. The nuclear energy industry, in particular, has an interest in making sure that its livelihood does not contribute to nuclear terrorism. Moreover, private firms that operate in nations in which illicit activity takes place stand to benefit from projects that strengthen infrastructure, like border patrols to detect such activity.

A successful public-private fund example exists in the Millennium Challenge Corporation (an independent U.S. foreign aid agency led by the State Department), which works to reduce global poverty in conjunction with the private sector. A similar framework could be used for a nuclear security fund—building on the tradition of Buffett, Turner, Nunn, and the NTI—to provide a systematic mechanism for more widespread private sector contribution.

Emma L. Belcher wrote this memorandum while she was a Stanton nuclear security fellow at the Council on Foreign Relations. She is currently a program officer at the MacArthur Foundation. The views expressed herein are solely her own and do not necessarily reflect the views of the MacArthur Foundation.

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