

# REPORT TO PARLIAMENT ON THE GOVERNMENT'S PROGRESS ON THE UK'S EXIT FROM THE EURATOM TREATY

---

**Department for Business, Energy & Industrial Strategy**

10th October 2018

# CONTENTS

<b>Executive summary</b>	3
EU Negotiations	5
International Agreements	6
Domestic Safeguards Regime	6
- Legislative framework	6
- Implementation	7
No-Deal Contingency Planning	8
Engagement with Industry and other stakeholders	9
Wider Issues	9
- Research & Training	9
- Nuclear Materials with Medical Uses	9
- Movement of Goods	10
- Movement of People	10

## **Executive Summary**

This report is laid before Parliament in accordance with section 3(4) of the Nuclear Safeguards Act 2018 and follows the Government's March and June voluntary updates to Parliament in setting out overall progress on the Government's implementation of its Euratom Exit strategy, including EU negotiations, domestic operational readiness, legislation and international agreements. This is the first report made under the provisions of the Act and covers the three-month reporting period from 26<sup>th</sup> June until 26<sup>th</sup> September. The next report is planned for January 2019.

### **Latest developments up to the start of September 2018:**

- In its White Paper published on 12<sup>th</sup> July, the Government set out its approach for seeking a close association with Euratom - specifically, through the negotiation of a Nuclear Cooperation Agreement (NCA) between Euratom and the UK that is more comprehensive and broad than any existing agreement between Euratom and a third country.
- The Government remains on track to have in place all the international agreements that are required, for policy or legal reasons, to ensure continuity of nuclear trading with third countries by the end of March 2019. The most recent progress came with the signing of a new UK-Australia Nuclear Cooperation Agreement on 21st August.
- A public consultation and associated workshops on the draft Nuclear Safeguards Regulations, setting out the detail of a new domestic civil nuclear safeguards regime, took place between 9<sup>th</sup> July and 14<sup>th</sup> September. The Government is analysing responses and expects to lay regulations in Parliament by the end of 2018.
- The Office for Nuclear Regulation (ONR) remains confident that it will be able to deliver a domestic safeguards regime. This will enable the UK to meet its international commitments by 29 March 2019, in light of good progress made in developing the UK State System of Accounting for and Control of Nuclear Material, including the Safeguards Information Management and Reporting IT System (SIMRS) and recruitment and training of safeguards inspectors.
- The EU Regulation for a new 2019-2020 Research and Training (R&T) Programme extension was approved by European Parliament, bringing the extension of the JET programme one step closer. An EU Council vote will follow later in the Autumn.
- The Government continues to have regular engagement with industry, civil society, academia, trade unions, and other interested stakeholders, to ensure civil nuclear continuity under any potential scenario. The most recent Euratom Exit Industry Forum took place on 19<sup>th</sup> July, with BEIS and DExEU Ministers speaking. The next event is scheduled for 25<sup>th</sup> October.
- In the interests of preparing for all potential scenarios, including the unlikely event that the UK leaves the EU and Euratom at the end of March 2019 without agreement (a 'no deal' scenario), the Government has published Technical Notices on a range of issues, including issues relating to the civil nuclear industry. These were published on 23rd August.
- As part of this ongoing process of ensuring contingencies are in place for a "no deal" outcome, Government has laid a number of Statutory Instruments (SI's) before Parliament, some of which are Euratom-related . The first of

these, the Special Fissile Materials (Right of Use and Consumption) (EU Exit) Regulations 2018 was published on 31<sup>st</sup> August.

Further details are set out in subsequent sections of this report.

## **EU Negotiations**

Since the last update to Parliament on Euratom Exit progress, the Government set out its approach for seeking a close association with Euratom in its White Paper for a future relationship between the UK and the EU<sup>1</sup>, published on 12<sup>th</sup> July. Specifically, it set out the proposal to negotiate a new, mutually-beneficial civil nuclear relationship, which would be based on a new, comprehensive Nuclear Cooperation Agreement (NCA) between Euratom and the UK. This would be more comprehensive and broad than any existing agreement between Euratom and a third country and would help ensure the UK's standing as a leading and responsible civil nuclear state is maintained.

The Government proposes that this new relationship should:

- establish a close cooperation mechanism between the UK safeguards regulator - the Office for Nuclear Regulation (ONR) - and Euratom, enabling activity such as technical information exchanges, joint studies and consultation on regulatory or legislative changes;
- facilitate the UK's association to the Euratom Research & Training programme as part of an ambitious science and innovation accord, including associations with EU research funding programmes such as Horizon Europe, the Euratom Research and Training Programme, the Joint European Torus (JET) project and ITER;
- ensure continuity of contractual arrangements for the supply of nuclear material after the UK's exit from the EU;
- minimise barriers and simplify export control arrangements in the trade and transfer of sensitive nuclear materials, equipment and technology between the UK and the Euratom Community;
- provide for technical cooperation on nuclear safety including continued notification and information-sharing arrangements on radiological events and monitoring, participation in EU systems such as the European Community Urgent Radiological Information Exchange (ECURIE) and the European Radiological Data Exchange Platform (EURDEP), and;
- provide for continued UK cooperation and information-sharing with the European Observatory on the Supply of Medical Radioisotopes.

These objectives form part of Government's wider ambition to develop an economic relationship with the EU that maximises future prosperity in line with the Industrial Strategy, and a new trading relationship that includes a free trade area for goods.

---

<sup>1</sup> <https://www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union>

## **International Agreements**

The Government remains on track to have in place all the international agreements it requires to ensure uninterrupted cooperation and trade in the civil nuclear sector by the end of March 2019.

Significant progress in this area includes the signing of a new bilateral NCA between the UK and Australia on 21<sup>st</sup> August, which is required as the current Euratom-Australia NCA will not apply to the UK when Euratom arrangements no longer apply to the UK. This is the second NCA to be signed with a priority third country in preparation for the UK's withdrawal from Euratom, following the new bilateral agreement with the United States signed on 4<sup>th</sup> May. It affirms Government's commitment to continued international cooperation on civil nuclear.

A further milestone has been achieved with the US bilateral NCA having been approved by the US Congress in August. This was the final step required in the US before the agreement can be brought into force.

Good progress has also been made in discussions with Canada and Japan, the other two priority countries with whom we must have appropriate arrangements in place to facilitate nuclear trade and cooperation. The Government remains on track to sign a new NCA with Canada later this year. The UK has had a bilateral NCA in place with Japan since 1998. The UK and Japan have had detailed discussions on this, and have now commenced negotiations formally to put in place arrangements to ensure that this NCA remains operable following the UK's withdrawal from Euratom. Given this progress, we are confident that all priority NCA arrangements will be in place to enable international cooperation in the civil nuclear sector.

These new bilateral NCAs, as well as the new safeguards agreements with the International Atomic Energy Agency that were signed on 7<sup>th</sup> June 2018 will be presented for consideration by the UK Parliament this Autumn, under the established processes for ratification set out in the Constitutional Reform and Governance Act 2010. Subject to the will of Parliament, therefore, all the new civil nuclear international agreements required as a result of withdrawal from Euratom will be ready to come into force in March 2019, as a contingency against the unlikely event of a 'no deal' scenario.

The Government is also continuing to discuss arrangements for ongoing cooperation with a number of other countries, including those where nuclear agreements are not a requirement but are nonetheless currently in place with the EU. This will ensure that future cooperation reflects the UK's position outside of Euratom.

## **Domestic Safeguards Regime**

### **Legislative framework**

A consultation on the draft Nuclear Safeguards Regulations, setting out the detail of a new domestic civil nuclear safeguards regime, was run between 9<sup>th</sup> July and 14<sup>th</sup> September. Two successful public workshops were held to support the consultation, in London and in Manchester, as well as bi-laterals with key members of industry. The consultation received 28 responses including from industry, local government, and

NGO (professional bodies). The government will issue its response to the consultation in due course . The Government expects to lay the regulations in Parliament by the end of 2018 subject to Parliamentary time.

## **Implementation**

The Office for Nuclear Regulation (ONR) has continued to make good progress with setting up a domestic safeguards regime – a State System of Accounting for and Control of Nuclear Material (SSAC), which will enable the UK to continue to meet its international commitments from 29<sup>th</sup> March 2019.

The ONR is developing a regulatory framework and operating model for the SSAC, consistent with the draft Nuclear Safeguards Regulations. The ONR will engage with industry on the development of guidance associated with this framework.

A key deliverable in the setting up of a domestic safeguards regime is the development of the Safeguards Information Management and Reporting IT System (SIMRS). SIMRS will enable the ONR to manage and process Nuclear Materials Accountancy reports from its duty holders and submit these, along with other relevant safeguards reports to the IAEA in line with the UK's international commitments, once Euratom safeguards arrangements no longer apply to the UK.

ONR is working closely with Axis 12, the contracted supplier of SIMRS and NAC International, with whom they have partnered on this project. Their expertise in state nuclear material accounting has been demonstrated through this work and the development of SIMRS is on track. SIMRS work packages are completed monthly and at each point SIMRS is increasingly capable and assured to be working to ONR requirements, with all work packages delivered on time to date. SIMRS is on target for testing and operations by the end of 2018.

The ONR estimates it will require a minimum of 9 safeguards inspectors to deliver this regime in time for 29<sup>th</sup> March 2019. Their recruitment target for the first phase has been met, with 14 safeguards inspectors currently in place. These officers are undergoing training to become warranted safeguards inspectors. Warrants give inspectors powers of entry, investigation, and enforcement under The Energy Act 2013. The training will ensure that they have the requisite technical knowledge to carry out their duties and covers the legal framework in which inspectors will operate, ONR regulatory policies and processes, and the behavioural expectations of an inspector in their interactions with duty holders. Safeguards officers are also undertaking on the job training in safeguards and will receive safeguards training from the IAEA in November. The ONR has also appointed Nuclear Material Accountants to their team and they in turn will be going through a full training process.

Progress made by the ONR was emphasised when Dr Mina Golshan, Senior Responsible Officer at the ONR, gave evidence to the House of Lords Select Committee on 11 July<sup>[1]</sup>. In this session, the ONR confirmed that they are confident that they will meet their timeframes and objectives for delivering the SSAC project to

---

<sup>[1]</sup> <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/eu-energy-and-environment-subcommittee/the-office-of-nuclear-regulations-brexit-preparedness/oral/86771.pdf>

enable the UK to continue to meet its international commitments from 29<sup>th</sup> March 2019. Thereafter, the ONR will build upon this work to deliver a safeguards regime equivalent in effectiveness and coverage to that currently provided by Euratom.

The Department for Business, Energy & Industrial Strategy continue to allocate funding to the ONR to enable it to set up the UK's domestic nuclear safeguards that will be effective once Euratom safeguards arrangements no longer apply to the UK.

The funding arrangements for the future domestic safeguards regime are currently under review. The public consultation on the draft Nuclear Safeguards Regulations sought views on the implications of introducing a regime to allow the ONR to recover its cost from industry. Responses to this consultation are informing further policy analysis.

### **No-Deal Contingency Planning**

While the Government is confident that a deal will be secured with the EU, as a responsible Government it will continue to prepare for all scenarios, including the unlikely outcome that we leave the EU without any deal in March 2019.

On 23<sup>rd</sup> August, the Government published a Technical Notice<sup>2</sup> on civil nuclear regulation setting out how the sector will be affected in the UK in the unlikely event that the UK leaves the EU and Euratom in March 2019 without an agreement in place. It sets out information to allow businesses and other interested parties to understand what the impact of a 'no deal' scenario would be, so they can make informed plans and preparations should this be necessary. This includes information about nuclear safeguards, ownership and movement of nuclear material, equipment and technology, the management of spent fuel and radioactive waste, and reporting and notification obligations.

The notice is only one aspect of the Government's contingency planning and engagement with the industry on 'no-deal' preparations. It will continue to work with the civil nuclear industry and all of our stakeholders to ensure that we are addressing the areas of greatest concern and provide further detailed information as we move closer to the UK's withdrawal from Euratom.

The Government is ensuring that the necessary legislation is able to account for all potential scenarios, including no deal with the EU, and in this respect has laid a number of Statutory Instruments (SI's) before Parliament on Euratom-related issues. This is to ensure no inoperabilities are retained in UK law after we leave the Euratom Treaty. The first of these was laid on 31<sup>st</sup> August and relates to the ownership of special fissile material<sup>3</sup>.

---

<sup>2</sup> <https://www.gov.uk/government/publications/civil-nuclear-regulation-if-theres-no-brexite-deal>

<sup>3</sup> <https://www.gov.uk/eu-withdrawal-act-2018-statutory-instruments/the-special-fissile-materials-right-of-use-and-consumption-eu-exit-regulations-2018>

## **Engagement with Industry and other Stakeholders**

The Government remains committed to regular engagement with industry, civil society, academia, trade unions, and other interested stakeholders, to ensure civil nuclear continuity under any EU Exit negotiation outcome between the UK and EU.

The Government has run several civil nuclear industry events at which it provided the latest information on the progress on the UK's exit from Euratom and sought views from the sector. The most recent was on 19<sup>th</sup> July 2018. Officials from BEIS also held workshops in London and Manchester in August to seek views on the operability and effectiveness of the draft Nuclear Safeguards Regulations, in support of the public consultation launched on 9<sup>th</sup> July.

In addition, Government has engaged with the Devolved Administrations, regulators, operators and other stakeholders through bilateral discussions, working groups, and Industry forum events to share news of progress, understand concerns and provide reassurance.

## **Wider Issues**

### **Research and Training**

The European Parliament approved the regulation for a new 2019-2020 Research and Training (R&T) Programme extension in a plenary sitting on 11<sup>th</sup> September, bringing the extension of the JET programme one step closer. An EU Council vote will follow later in the Autumn.

The Prime Minister's speech of 21<sup>st</sup> May, and the White Paper of 12<sup>th</sup> July reiterated the UK's ambition to explore an association to the Euratom R&T programme as part of an ambitious UK-EU Science & Innovation Accord. A technical notice, published on 23<sup>rd</sup> August, outlined what UK nuclear research in the UK could look like in the event that no deal is reached with the EU.

In addition, the Commission's proposal for a regulation for a post-2020 R&T programme was published on 7<sup>th</sup> June, with European Council Working Groups scheduled to discuss the regulation early in the new year.

### **Nuclear materials with medical uses**

The Government has provided information to the public and Parliament on the likely impact of the UK's withdrawal from the EU and Euratom on the importation of radioisotopes for medical use in the unlikely event that the UK leaves the EU without agreement, via a series of Technical Notices<sup>4,5,6</sup> published on 23 August. Within these, the Government confirmed that in order to ensure continuity of supply in

---

<sup>4</sup> <https://www.gov.uk/government/publications/batch-testing-medicines-if-theres-no-brexite-deal>

<sup>5</sup> <https://www.gov.uk/government/publications/how-medicines-medical-devices-and-clinical-trials-would-be-regulated-if-theres-no-brexite-deal>

<sup>6</sup> <https://www.gov.uk/government/publications/submitting-regulatory-information-on-medical-products-if-theres-no-brexite-deal>

medicines, the UK will continue to accept batch testing of human medicines carried out in EU countries, other EEA countries and those third countries with which the EU has an Mutual Recognition Agreement.

At the same time, the Government announced details of its approach to no deal EU exit medicines contingency planning<sup>7</sup>. The approach recognises that there are some products, such as medical radioisotopes, that have short shelf lives and cannot be stockpiled. Government will consider how suppliers can be supported in making arrangements to avoid any border delays that may arise at the end of March next year.

### **Movement of Goods**

The Government's White Paper on the Future Relationship with the EU of 12<sup>th</sup> July outlined a proposal for a deep and comprehensive Economic Partnership with a frictionless free trade area for goods. This would ensure businesses on both sides can continue operating through their current value and supply chains and would avoid the need for customs and regulatory checks at the border. The paper outlines how these close arrangements on goods should sit alongside new ones for services and digital.

### **Movement of People**

The Migration Advisory Committee, which is a non-departmental public body associated with the Home Office, published their full report on 18<sup>th</sup> September<sup>8</sup>, in which they advised on the economic and social impacts of the UK's exit from the EU and also on how the UK's immigration system should be aligned with a modern Industrial Strategy.

The Home Office also published an Employer Toolkit<sup>9</sup> under the EU Settlement Scheme, offering practical advice for EU citizens on how to apply for settled status. The toolkit provides clear and simple information to EU citizens, employers, local authorities and community groups to help them understand what they need to do.

The White Paper on Immigration issued by the Home Office will be published in Autumn this year.

---

<sup>7</sup> <https://www.gov.uk/guidance/medicines-supply-contingency-planning-programme>

<sup>8</sup> <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

<sup>9</sup> <https://www.gov.uk/government/publications/eu-settlement-scheme-employer-toolkit>