

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

Department for Business, Energy & Industrial Strategy

15 May 2019

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Executive Summary

This is the third statutory report on the UK's progress on Euratom Exit laid before Parliament in accordance with section 3(4) of the Nuclear Safeguards Act 2018. The report sets out overall progress on the Government's implementation of its Euratom Exit strategy including EU negotiations, domestic operational readiness, legislation and international agreements. It covers a three-month statutory reporting period from 26 December until 26 March, and key events that occurred in the following week. The report has been published after this reporting period and therefore includes some additional information.

The next report is planned for July 2019

Latest developments up to the end of March 2019:

- The Government's preparations for the UK's withdrawal from Euratom mean that the UK has all the necessary measures in place to ensure that the UK nuclear industry continues to operate with certainty in all situations.
- On 22 February the UK and Japan signed an Exchange of Notes confirming how the terms of our existing 1998 Nuclear Cooperation Agreement (NCA) will operate in the context of the UK's withdrawal from Euratom.
- This means the UK has put in place all international agreements needed to ensure continuity of civil nuclear trade following Euratom exit.
- On 7 February the Nuclear Safeguards (EU Exit) Regulations 2019 and the Nuclear Safeguards (Fissionable Material and Relevant International Agreements) (EU Exit) Regulations 2019 were made.
- On 13 March the Shipments of Radioactive Substances (EU Exit) Regulations 2019 were made.
- This means that the Government has put in place all the legislation needed ahead of the UK leaving Euratom, ensuring that it can now operate as an independent and responsible nuclear state and that civil nuclear trade can continue.
- Further guidance to industry has been published on no deal arrangements in relation to the Transfrontier Shipment of Radioactive Waste and Spent Fuel (EU Exit) Regulations 2019, and the Shipments of Radioactive Substances (EU Exit) Regulations 2019.

International Agreements

The UK has concluded all new international agreements required to ensure continuity for civil nuclear trade following the UK's departure from Euratom and the European Union. This includes bilateral Nuclear Cooperation Agreements (NCAs) that have been signed with the [US](#), [Australia](#) and [Canada](#) and safeguards agreements ([Voluntary Offer Agreement](#) & [Additional Protocol](#)) with the International Atomic Energy Agency (IAEA). These agreements were ratified by the UK Parliament in December 2018 and have now been approved by third countries, the last of which was the UK-Canada NCA, approved on 27 February by the Canadian Parliament.

In addition to the new bilateral NCAs described above, on 22 February the UK also signed an Exchange of Notes with the Government of Japan which relates to the existing bilateral Nuclear Cooperation Agreement (NCA) from 1998 between Japan and the UK. This Exchange of Notes formally notifies the Government of Japan of the change in safeguards arrangements in the UK and confirms how the existing terms of the 1998 agreement between the UK and Japan will operate in the context of the UK's exit from Euratom.

Nuclear cooperation discussions with a number of other countries continue to take place, covering countries where nuclear agreements are not a requirement but are nonetheless currently in place. The Government's aim is to ensure that cooperation with these third countries continues to be as positive and constructive as it is currently, and hence that these existing agreements reflect the UK's position outside of Euratom.

Domestic Safeguards Regime

Legislative framework

On 7 February both The Nuclear Safeguards (Fissionable Material and Relevant International Agreements) (EU Exit) Regulations 2019¹ and The Nuclear Safeguards (EU Exit) Regulations 2019 were made².

These Regulations are ready to commence, either at the end of an implementation period, or in the case of the UK leaving Euratom without a deal. They will enable a new domestic safeguards regime (UK SSAC) to operate in the United Kingdom after Euratom arrangements no longer apply. The UK SSAC will replace the current arrangements provided by the UK's membership of Euratom, and by the European Commission's role in the trilateral agreements between the International Atomic Energy Agency, the UK and Euratom.

Implementation

In March 2019, the Office for Nuclear Regulation (ONR) successfully completed three months of parallel running of the UK SSAC and the Safeguards Information Management and Reporting System (SIMRS) IT system, processing nuclear material accountancy declarations to the IAEA to time and quality. Testing is now complete.

As a result, the UK SSAC is able, when required, to commence the processing of nuclear material accountancy declarations and reporting to meet UK international obligations. In the meantime, ONR continues to support IAEA and Euratom inspections.

¹ <http://www.legislation.gov.uk/uksi/2019/195/contents/made>

² <http://www.legislation.gov.uk/uksi/2019/196/contents/made>

No-Deal Contingency Planning

During the reporting period the Government has continued to work closely with industry to address the issues that may affect the civil nuclear sector in any exit scenario.

Earlier sections of this report summarise the progress that has been made. This includes putting in place all legislative measures required in order to allow the nuclear industry to continue to operate with certainty and has concluded all international agreements required for civil nuclear trade to continue in any scenario.

The Government has published further technical guidance for industry. Guidance on the new Transfrontier Shipment of Radioactive Waste and Spent Fuel (EU Exit) Regulations 2019³ and the new Shipments of Radioactive Substances (EU Exit) Regulations 2019⁴ has been published on [GOV.UK](https://www.gov.uk). This guidance explains what operators will need to do in order to apply for authorisation to ship radioactive waste and spent fuel and to declare shipments of sealed radioactive sources from the EU to the UK.

The Government continues to work closely with industry and other interested stakeholders to ensure that any disruption is minimised.

³ <http://www.legislation.gov.uk/ukxi/2019/156/contents/made>

⁴ <http://www.legislation.gov.uk/ukdsi/2019/9780111178898/contents>

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.

In addition to regular meetings and contact with the Nuclear Industry Association (NIA) by BEIS and DExEU officials, the Government has run a series of civil nuclear industry events at which speakers from BEIS and other Government Departments have provided updates on progress towards the UK's exit from Euratom and the EU. Topics covered have included issues specific to the civil nuclear sector as well as wider areas of interest including immigration, data and border arrangements. The fifth Euratom Industry Forum took place on 19 February 2019.

Government officials have also met the broader community of nuclear stakeholders by attending and speaking at external events organised by trade associations, delivery partners and other public bodies. This included, Government officials attending the second UK SSAC Industry Day, which took place on the 31 January 2019.

In parallel, Government has engaged with the Devolved Administrations through regular meetings which include the Radioactive Substances Policy Group (RSPG). Officials have worked closely with the Devolved Administrations and Environment Agencies on the development of no-deal secondary legislation, as well as both short-term and long-term replacement options for Articles 35 and 37 of the Euratom Treaty.

BEIS is working to ensure that stakeholders are kept up to date on planning for all issues of relevance to the civil nuclear sector in the event of no deal. New GOV.UK guidance for stakeholders has been published on export licence arrangements, licencing requirements for importing relevant nuclear material and the transfrontier shipment of radioactive waste.

Wider Issues

Euratom Research and Training

The UK continues to engage constructively in EU Council Working Groups to help to design the future Euratom Research and Training (R&T) Programme and ensure association remains an attractive option for the UK. Our participation in these Working Groups ends when we are no longer a Member State, but the legal framework for the programme as it stands is encouraging and we will continue to engage positively with Member States and the Commission on the shape of the future programme.

As soon as practical the UK will seek to progress conversations with the Commission on our preferred option of associating to the new Euratom R&T Programme under the next multiannual financial framework (MFF) – including continued membership of the Fusion for Energy Joint Undertaking for the International Thermonuclear Experimental Reactor (ITER) project. We will be seeking fair and reasonable terms for this association, including an appropriate financial contribution, level of access, and suitable influence over the programme activities. This is envisaged to form part of a wider framework for the UK's future relationship with the EU on science and innovation.

On 25 January 2019 Minister Chris Skidmore visited the Culham Centre for Fusion Energy to give his maiden speech as Science Minister where he emphasised the importance of nuclear research as one of the UK's science and innovation priorities. The Chancellor's 2019 Spring Statement guaranteed funding for the Joint European Torus (JET) Facility in Culham, Oxfordshire for 2019/2020 in all EU Exit scenarios, building on the UK's 2017 guarantee of the UK's fair share of JET funding to the end of 2020 should its funding contract be extended. In a culmination of these efforts, on 27 March 2019 the European Commission and the UK signed a new contract extension for JET. Crucially, the contract extension will last until the end of 2020 regardless of wider EU exit negotiations, safeguarding this world-leading facility and over 500 high-skilled science and engineering jobs.

In the event of a no deal scenario, the UK Government will explore all alternative options to maintain UK participation in ITER. This project is of global importance and British expertise is helping support its success. Minister Skidmore held an introductory phone call with the Director General of ITER, Bernard Bigot, on 12 February.

The ITER Council has confirmed that the employment contracts of current UK nationals directly employed by the ITER organisation, and signed contracts and agreements with UK operators will be considered valid until their contractually agreed end date in the event of a no deal.

In the event of a no-deal, the Government's underwrite guarantee ensures competitive funding secured as part of the Euratom R&T Programme before 29 March 2019 will continue to be delivered to UK participants. The extension to the guarantee announced in July 2018 ensures that any R&T funding successfully

applied for as a third country after exit but before the end of 2020 will also be covered. BEIS officials are currently working with UK Research and Innovation (UKRI) and UKAEA to ensure that the underwrite is ready to be delivered from exit day.

The organisations affected have been informed and engaged, and an online portal has been launched to capture the details of ongoing projects, should the need for the underwrite arise. Stakeholders have been reminded of the need to submit details of projects to the underwrite portal to ensure access to funding is not interrupted.

Nuclear materials with medical uses

The Department for Health and Social Care's (DHSC) priority is for patients to continue to have access to medicines and medical supplies, including medical radioisotopes, throughout the Brexit process and there are robust contingency plans in place.

DHSC hosted a medical radioisotope roundtable event on 21 February in collaboration with other government departments, including the Department for Business, Energy & Industrial Strategy (BEIS), to engage clinical stakeholders and discuss EU exit plans.

An action from the most recent roundtable was that, with the support of the DHSC, the Royal College of Radiologists would work with specialist clinicians to review medical radioisotope suppliers' contingency plans. As a result, on 5 March guidance was published to support the management of potential implications for the NHS. We know that many services will remain unaffected and that for other services the NHS is already working closely with suppliers to minimise the impact of changes to medical radioisotope delivery times.

Future immigration system

On 19 December 2019, the Government published the White Paper, [“The UK's future skill-based immigration system”](#) which sets out the foundation for a new single immigration system, focussing on high skills, welcoming talent and hardworking individuals that will support the UK's dynamic economy, enabling business and employers to continue to compete on the world stage.

The Government considers it essential that UK business sectors, including the nuclear industry, and communities have time to digest the detail in the Immigration White Paper and contribute their views.

Following publication, the Home Office has initiated an extensive programme of targeted engagement across the UK, and with the EU and international partners, to capture views and ensure that a future system works for the whole of the UK. Engagement will include roundtable discussions with private, public and voluntary sector employers and industry representatives

Trade

On 13 March, Government published [no deal tariff rates](#) on an interim basis to be reviewed after one year. All nuclear-related tariffs were set at zero, as the industry had indicated as its preference in consultation.