October 9, 2019

The Honorable Robert C. O'Brien
Assistant to the President for National Security Affairs
Co-Chair, U.S. Nuclear Fuel Working Group
The White House
Washington, D.C. 20500

The Honorable Lawrence A. Kudlow
Assistant to the President for Economic Policy and
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Co-Chair, U.S. Nuclear Fuel Working Group
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Dear Chairmen O'Brien and Kudlow,

In August letters to your Working Group, the Nuclear Energy Institute (NEI) and the Uranium Producers of America specifically proposed lifting federal land withdrawal restrictions to uranium deposits as one of several recommendations to rejuvenate domestic uranium production. Such an act would overturn a 2012 ban on mining around the Grand Canyon. Propping up domestic uranium mining on the basis of national security sends the wrong signal when the US is seeking to persuade or pressure countries like North Korea, Iran and Saudi Arabia not to maintain any nuclear fuel cycle activities when they claim they need such facilities for their national security.

The argument of uranium producers is simple: that cheap foreign uranium has undercut U.S. production, and that the resulting dependence is dangerous. In reality, U.S. utilities have relied on foreign uranium for over three decades without incident.

To obtain reliable, assured and economic uranium supplies, the United States purchases 42% of its annual requirements from Canada and Australia, but also contracts with vendors in many of the other sixteen countries that mine uranium. Diversifying resources is the smart and secure approach, not domestic production quotas or foreign import tariffs. Utilities, brokers, traders and other supply chain actors already hold almost three times their annual consumption in inventory. The proposals in NEI's August letter (purchasing uranium and uranium products for defense needs, expanding the American fuel bank fivefold, subsidizing U.S. uranium production and power purchase agreements) amount to a raw grab for federal funds.

The United States did once supply almost half of the world's uranium needs but costs rose as resources dwindled, decreasing profits. U.S. average weighted uranium prices were 20% higher than those of foreign uranium in 2018. If the federal government wants a long-term solution to uranium security, it should expand development of uranium extraction from seawater, where it exists in quantities 500 times greater than in known land-based reserves.

As for defense uses of uranium, the United States (except in the earliest years of the Manhattan Project) has never relied on foreign uranium. Nuclear weapons and naval reactors use material from the highly enriched uranium (HEU) stockpile (585 tons) drawn down from dismantled nuclear weapons. The U.S. holds 40 percent of the world's depleted uranium (used by DoD for armor-piercing projectiles) and low-enriched uranium fuel to produce tritium for weapons is being culled from existing inventories through 2038. The current U.S. stockpile of HEU for naval reactors is projected to suffice into the 2060s.

Using national security as an excuse to intervene in uranium markets raises unintended national security risks. Arguing that U.S. national security suffers if we rely on foreign sources contradicts a long-standing tenet of U.S. nuclear nonproliferation policy -- that all states can securely rely on the international nuclear fuel supply market. Contradictory standards make it harder to secure the cooperation needed to uphold norms, sanctions, and policies. Allies may chafe against trade discrimination while countries of concern (e.g., Saudi Arabia and Iran) will use the opportunity to lend credibility to their own domestic nuclear supply chains. Of course, those other countries' interests may not be in jobs, but in developing nuclear weapons. Meanwhile, more expensive uranium could make the US domestic nuclear energy industry even less competitive than it already is.

These risks argue strongly against using national security as the basis for trade protectionism. The current approach provides reliable, assured and economic uranium and nuclear fuel supply, as demonstrated over the last thirty years.

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