



Nuclear Energy in America: Preventing its Early Demise

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America's nuclear energy industry is in decline. Low natural gas prices, financing hurdles, new safety and security requirements, failure to resolve the waste issue and other factors are hastening the day when existing reactors become uneconomic, making it virtually impossible to build new ones.

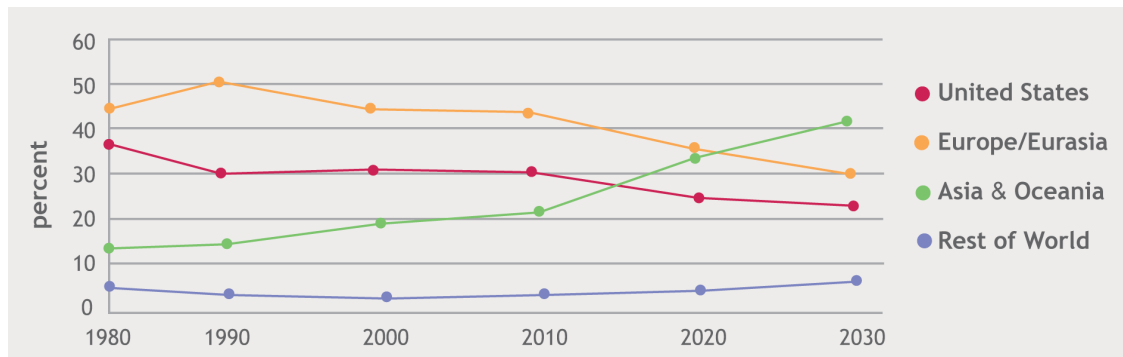
Two generations after the United States took this wholly new and highly sophisticated technology from laboratory experiment to successful commercialization, our nation is in danger of losing an industry of unique strategic importance, unique potential for misuse, and unique promise for addressing the environmental and energy security demands of the future.

The pace of this decline, moreover, could be more rapid than most policymakers and stakeholders anticipate. With 104 operating reactors and the world's largest base of installed nuclear capacity, it has been widely

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assumed that the United States—even without building many new plants—would continue to have a large presence in this industry for some decades to come, especially if existing units receive further license extensions. Instead, current market conditions are such that growing numbers of these units are operating on small or even negative profit margins and could be retired early.

SHARE OF NET GLOBAL NUCLEAR GENERATION 1980-2030



Source: Energy Information Agency (EIA) database

Meanwhile, China, India, Russia, and other countries are looking to significantly expand their nuclear energy commitments. By 2016, China could have 50 nuclear power plants in operation, compared with only 14 in 2011. India could add 8 new plants and Russia 10 in the same time frame. These trends are expected to accelerate out to 2030, by which time China, India, and Russia could account for nearly 40 percent of global nuclear generating capacity.

Meanwhile, several smaller nations, mostly in Asia and the Middle East, are planning to get into the nuclear energy business for the first time. In all, as many as 15 new nations could have this technology within the next two decades. Meanwhile, America's share of global nuclear generation is expected to shrink, from about 25 percent today to about 14 percent in 2030, and—if current trends continue—to less than 10 percent by mid-century.

With the center of gravity for global nuclear investment shifting to a new set of players, the United States and the international community face a difficult set of challenges: stemming the spread of nuclear weapons-usable materials

and know-how; preventing further catastrophic nuclear accidents; providing for safe, long-term nuclear waste management; and protecting U.S. energy security and economic competitiveness.

In this context, federal action to reverse the American nuclear industry's impending decline is a national security imperative. The United States cannot afford to become irrelevant in a new nuclear age.

Our nation's commercial nuclear industry, its military nuclear capabilities, and its strong regulatory institutions can be seen as three legs of a stool. All three legs are needed to support America's future prosperity and security and to shape an international environment that is conducive to our long-term interests. Three specific aspects of U.S. leadership are particularly important.

First, managing the national and global security risks associated with the spread of nuclear technology to countries that don't necessarily share the same perspective on issues of nonproliferation and nuclear security or may lack the resources to implement effective

safeguards in this area. An approach that relies on influence and involvement through a viable domestic industry is likely to be more effective and less expensive than trying to contain these risks militarily.

Second, setting global norms and standards for safety, security, operations, and emergency response. As the world learned with past nuclear accidents and more recently with Fukushima, a major accident anywhere can have lasting repercussions everywhere. As with nonproliferation and security, America's ability to exert leadership and influence in this area is directly linked to the strength of our domestic industry and our active involvement in the global nuclear enterprise. A strong domestic civilian industry and regulatory structure have immediate national security significance in that they help support the nuclear capabilities of the U.S. Navy, national laboratories, weapons complex, and research institutions.

Third, in the past, the U.S. government could exert influence by striking export agreements with countries whose regulatory and legal frameworks reflected and were consistent with our own nonproliferation standards and commitments. At the same time, our nation set the global standard for effective, independent safety regulation (in the form of the Nuclear Regulatory Commission), led international efforts to reduce proliferation risks (through the 1970 NPT Treaty and other initiatives), and provided a model for industry self-regulation.

The results were not perfect, but America's institutional support for global nonproliferation goals and the regulatory behaviors it modeled clearly helped shape the way nuclear technology was adopted and used elsewhere around the world. This influence seems certain to wane if the United States is no longer a major supplier or user of nuclear technology. With existing nonproliferation and safety and security regimes looking increasingly inadequate in this rapidly changing global nuclear landscape, American leadership and leverage is more important and more central to our national security interests than ever.

To maintain its leadership role in the development, design, and operation of a growing global nuclear energy infrastructure, the next administration, whether Democrat or Republican, must recognize the invaluable role played by the commercial U.S. nuclear industry and take action to prevent its early demise. ■