

Discussions have been held for some time on the revision of the Vienna Convention and on the establishment of a global supplementary funding system. Many issues associated with the revision of the Vienna Convention have now been resolved through these discussions, but several important questions of principle are still to be addressed. As for the elaboration of a supplementary funding convention, new progress has recently been achieved. The IAEA Board of Governors has urged the IAEA Standing Committee on Nuclear Liability reviewing the Vienna Convention to intensify its efforts in order that a diplomatic conference may be convened.

The further enhancement of the global civilian liability system, including supplementary funding, is considered by many to be a worthwhile goal. The progress being made in the IAEA Standing Committee in order to develop a global regime to which any country could become a part is welcome. Such a global regime would aid the provision of victim compensation in the event of a nuclear accident causing transboundary damage as well as encourage international trade and cooperation in nuclear safety equipment and services. Such a goal will be facilitated if countries with nuclear installations have adopted appropriate domestic legislation based upon accepted international principles.

3) The importance of energy sector strategies in supporting nuclear safety

Effective strategies for energy sector restructuring are essential to nuclear safety. Energy sector restructuring should contain, as integral elements, provisions for pricing and tariff reform, and for prompt payment for electricity supplies. This will generate adequate cash flow for the utilities to undertake investment in safety upgrades and maintenance, as well as to encourage energy conservation. Full cost tariff policies would also mobilise domestic capital and encourage foreign direct investment. Such restructuring efforts should be seen as a comprehensive process with different initiatives proceeding in parallel, and facilitating early closure of those nuclear power plants that cannot be re-licensed. Decisions on closure should be taken in accordance with the provisions of the Convention on Nuclear Safety.

Bilateral as well as multilateral studies have reaffirmed the strong connection between power sector reform and nuclear safety. Examples include two recently completed studies, the U.S./Russian Joint Electric Power Alternatives Study and the IEA Russian Energy Sector Study, which have examined the Russian power sector and formulated a series of reform and investment recommendations. Their contribution to the development of these concepts is welcome. Among the main conclusions of the U.S./Russian Study mentioned above is the recognition that investments in nuclear power plant safety upgrading are competitive with investments in alternative energy sources and energy efficiency and that it is economic to continue the operation of existing nuclear power plants, provided that they can be re-licensed in accordance with internationally accepted safety standards.