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Venezuela and Russia Sign Nuclear Energy Deal

By Andrés Gaudín

After six months of electricity rationing that took a significant political toll on President Hugo Chávez, Venezuela and Russia signed an ambitious agreement by which Russia pledged to build a nuclear power plant in Venezuela and transfer certain nuclear technology to be used exclusively for peaceful purposes. The commitment, which also included bilateral cooperation in other areas—finance (creating a Russian-Venezuelan bank), trade, housing construction, military equipment, oil and technology provision—makes the two countries what Russian President Dmitri Medvedev called "strategic partners."

On Oct. 15, when the ink was barely dry on the 15 protocols signed in Moscow that deepened the friendship between the two countries, Chávez and Medvedev let it be known that they expected negative reactions from other countries—"there could be those who without reason are nervous about this," said Chávez in a veiled reference to the US—but they made it clear that there was no cause for concern because the agreement is transparent and the plant that Venezuela will have will be used for scientific, not bellicose, purposes.

They were not mistaken. That same afternoon US State Department spokesperson Philip Crowley was quoted by the Associated Press as saying, "Undoubtedly this is something we will watch very, very closely."

Details of the agreement were not released. The governments did not disclose the amount of the investment that Venezuela will have to make or how it will be repaid, the time anticipated for constructing the plant, its generating capacity and when it will begin producing, or even whether there will be one or two reactors.

Chávez only said that Venezuela needs to reduce its dependence on fossil fuels (oil and gas). Medvedev said that he "would like to emphasize that our intentions are absolutely transparent, and we only want our strategic partner [Venezuela] to have a full range of energy possibilities because even though the country is rich in oil and gas it needs to develop new energy sources."

Crowley made his comments based on those few details and with many preconceptions, despite knowing full well that building nuclear plants and transferring minimal technology had become one of Russia's most lucrative commercial ventures and that it is not willing to "burn" a good business alternative by violating the UN's International Atomic Energy Agency (IAEA) regulations. The transparency with which Russia has managed its agreement with Iran—a difficult client and one that the entire international community has its eye on—is good proof of that.

Crowley acknowledged that the new "strategic partners" have "every right, as does any country, to pursue civilian nuclear energy," but, with a less-than-diplomatic attitude, he also warned that "with that right come responsibilities, and we would expect Venezuela, Russia or any other country...pursuing this kind of technology to meet all international obligations." And he added that "the relationship per se between Venezuela and Russia does not worry us."

This time it was not Chávez but rather Foreign Minister Nicolás Maduro who responded to the State Department spokesperson's comments. And he was as undiplomatic as Crowley. These two second-level officials, a spokesperson and a minister, unnecessarily threw fuel on the fire of the bad Venezuelan-US relations. According to Agence France-Presse, before going to the heart of the matter, Maduro called Crowley's statements "insolent," and then added, "Like any country in the south, or the world, Venezuela has the right to develop nuclear energy as an alternative source, for peaceful uses. This gentleman [Crowley] should bite his tongue before making certain judgments, because in the history of humanity the Yankees are the only ones who have used nuclear energy to destroy others with their atomic bombs. Hiroshima and Nagasaki, all of Japan, and the entire world make other comments from me unnecessary."

A few days later, on Nov. 11, a Spanish news agency EFE story included comments by German Foreign Minister Guido Westerwelle, which seemingly supported the Venezuelan's words. That day, in a statement before the federal parliament, the minister repeated an earlier request, one he will make again at the next NATO summit in Lisbon, Portugal, that the US remove all the nuclear arms that it has stored in Germany since the Cold War, especially at the Buechel air base in the German state of Rhineland-Palatinate (between 10 and 20 nuclear warheads). "Although they will not be activated, those nuclear arms are a latent threat for Germany and for Europe," said Westerwelle.

In its desire to attack Venezuela—"more than an enemy...an obsession for the North Americans," wrote Argentine political analyst Atilio Borón—it is likely that the State Department lost its bearings when Crowley said that "the relationship per se between Venezuela and Russia does not worry us." Beyond, way beyond, the fact that Venezuela might, sometime in the future, perhaps when Chávez is no longer in the Palacio Miraflores, have one or two nuclear reactors, Secretary of State Hillary Clinton's spokesperson overlooked two fundamental points of the agreement that should concern the US.

First, it is clear from what little is known about the details of the agreement, that Russia and Venezuela made a commitment for the exploration and exploitation of Venezuela's uranium and thorium deposits, two minerals that, along with plutonium, can be used to produce nuclear energy. In Venezuela, thorium is found in the Cerro Impacto, a reserve in the jungle region of southeastern Bolívar state, which was declared a "national heritage" in the 1970s just after the thorium deposit was discovered.

"It is a very rich deposit," said Venezuelan nuclear expert Eduardo Greaves. Currently no commercial nuclear reactors use thorium, but "there are plans to build [such plants], and Russia is ahead on this front, much further ahead than the US," said Greaves in an interview with the state Agencia Venezolana de Noticias (formerly the Agencia Bolivariana de Noticias).

Second, the agreements' value for Russia is not merely commercial but includes issues of high strategic significance, something that, in its desire to confront, was also overlooked by the State Department.

One of the 15 documents signed by Chávez and Medvedev establishes that the Russian state oil company Rosneft will pay US\$1.6 billion for the 50% stake that the state Petróleos de Venezuela (PDVSA) has in the German company Ruhr Oil GmbH (the other 50% of the company that is engaged in refining, distributing, and selling oil derivatives is in the hands of Britain's BP).

Eduard Khudainatov, president of the Russian oil company, said, "With this agreement. Rosneft will have 18% of the refining capacity in the heart of industrialized Europe." This was another significant detail that Crowley failed to mention.

As political analyst Juan Carlos Doyenart told the Uruguayan daily Últimas Noticias, "I know that Mrs. Clinton, being the hawk that she is, would be capable of saying even the unimaginable, but I think that she would never say the foolish things that her spokesperson says."

IAEA once recommended nuclear energy for Venezuela

The precursor to the agreement signed in Moscow by Chávez and Medvedev was the letter of intent approved in Caracas by the Venezuelan president and Russian Prime Minister Vladimir Putin on Dec. 26, 2008. That agreement, published in the Gaceta Oficial on May 4, 2009, established that both countries would agree to jointly produce the components and materials for use in the nuclear reactors and radioisotopes for industrial, medical, and agricultural application.

In any event, on that occasion, Chávez did nothing more than deal with an unresolved matter dating from 1978, when the IAEA recommended that the Venezuelan government consider using nuclear energy, since IAEA studies indicated that hydroelectric generation would peak in 1993 and then come to a standstill, putting the brakes on the country's development.

The IAEA prediction was confirmed 32 years later, on Jan. 12, 2010, when the government had to implement severe electricity rationing, which was not lifted until June and remained in effect until July 30 for the public sector. Beyond the 40% increase in consumption in the last four years, it is clear that all the presidents since the IAEA's prediction—Carlos Andrés Pérez (1974-1979, 1989-1993), Luis Herrera Campins (1979-1984), Jaime Lusinchi (1984-1989), Octavio Lepage and Ramón José Velázquez (1993-1994), and Rafael Caldera (1994-1999)—were negligent and condemned the country to a situation of energy depletion that will not begin to correct itself until the day the Russian-built nuclear plant begins producing.