

## GROUPS: FOREIGN COMPANIES, WORKERS ARE BIG EARLY WINNERS UNDER FEDERAL LOAN GUARANTEES FOR NUCLEAR REACTORS

***Taxpayer-Backed Nuclear Loan Guarantees Make July 4<sup>th</sup> “Energy Non-Independence Day”; 2 of 3 Leading Loan Guarantees Candidates Have Major Foreign Ownership, Large Reactor Component Construction Jobs Are Overseas.***

**WASHINGTON, D.C. – July 1, 2010** – The notion that taxpayer-backed loan guarantees for more nuclear power means energy independence in the United States is a hoax that could cost unwary U.S. taxpayers tens of billions of dollars while richly benefiting profitable foreign corporations and non-U.S. workers, [according to a new report from the nonprofit Nuclear Information & Resource Service \(NIRS\)](#).

Titled ***Nuclear Power: Implications of Loan Guarantees for Reactors With Foreign Control and Foreign Jobs***, the NIRS report notes that:

- Two of the next three reactors in line for taxpayer-backed loan guarantee bailouts – Calvert Cliffs Unit 3 in Maryland and South Texas Project Units 3 and 4 in Texas – have substantial foreign ownership involving French and Japanese companies. (A third reactor project not on the short list – Nile Mile Point, Unit 3 in New York State -- also has substantial foreign ownership.)
- One of the two already awarded taxpayer-backed nuclear loan guarantees – for a uranium enrichment facility in Idaho – is a project of the French company AREVA.
- All 18 currently pending reactor projects in the U.S. feature reactors that are designed by French and Japanese companies. Nearly all of the immediate employment benefits of the loan guarantees will flow to non-U.S. workers, since virtually all major reactor components are made outside of the United States by foreign companies. This issue was a major concern when similar concerns were expressed earlier this year about the foreign-constructed components for “American” wind projects.

Additionally, of \$18.5 billion currently authorized for nuclear loan guarantees, the Department of Energy (DOE) has given out \$8.3 billion, leaving \$10.2 billion, which DOE says is only enough for one project. The Obama administration has stuck \$9 billion in additional loan guarantee authority in the House version of the war supplemental, which the House may vote on by the end of this week. This means the bill to fund U.S. war efforts may be used to subsidize foreign-controlled nuclear reactor projects and related overseas employment.

Michael Mariotte, executive director, Nuclear Information and Resource Service, said: **“Nuclear power is U.S.-made power only in the same way that a shirt made in China is ‘American’ because you buy it at a Wal-Mart in this country. The bailout of the nuclear industry with taxpayer-backed financing of loan guarantees is in no way a triumph for U.S. energy independence. Instead, it is a huge publicly backed corporate welfare arrangement for foreign-owned companies and non-U.S. workers. The non-U.S. companies that stand to be the biggest beneficiaries of taxpayer-backed loan guarantees are both massive in size and profitable. If American taxpayers were upset about bailing out U.S. banks and car companies, they should be furious about being put at risk in order to fatten the bottom line of overseas nuclear companies.”**

NIRS was joined today in releasing the new report by a seniors/intergenerational group (the Alliance for Generational Equity or AGE) and a taxpayer’s advocacy group (the Association of Concerned Taxpayers or ACT) to oppose taxpayer-backed loan guarantees ranging from \$54 billion (Kerry-Lieberman draft climate bill) to unlimited levels (Senate American Clean Energy Leadership Act of 2009, S. 1462). While AGE and ACT do not oppose privately financed nuclear power, they do strongly object to taxpayer-backed loan guarantees.

David Herman, vice president, Alliance for Generational Equity (AGE), said: **“This is not about whether you support or you oppose nuclear power. For elected officials, it is about whether they are being sincere in saying no more federal bailouts. Whether it’s for banks, car companies, investment firms or nuclear reactors, a bailout is a bailout is a bailout. We need a little less socialism from**

Washington and a lot more faith in the wisdom of the marketplace. We don't care if the nuclear power industry wants to build more nuclear reactors. This is a profitable industry with extensive foreign ownership that already makes a guaranteed profit in most states under utility regulation. If these companies controlled by French and Japanese interests want to finance new reactors and find investors who want to support that, they have our blessing. But we are not prepared as U.S. taxpayers to allow seniors and other Americans to be ripped off by yet another multi-billion-dollar bailout for another industry."

Gordon Jones, president, Association of Concerned Taxpayers, said: "Taxpayer guarantees of private economic actions represent the same kind of implicit subsidy that caused the mortgage meltdown of 2008. Such subsidies encourage behavior that is riskier than unsubsidized individuals and entities would undertake without the guarantees. That is the very definition of moral hazard. ACT favors a free market in energy, without government intervention for or against any particular form of power. Taxpayer guarantees of loans for nuclear power are just as much a form of government intervention as are subsidies for wind farms, 'hybrid' cars, or, for that matter, oil shale extraction. Decisions about energy production should be made by market forces, not by politicians in Washington or by bureaucrats at the Department of Energy."

### **A CLOSER LOOK AT THE NEXT LOAN GUARANTEE CANDIDATES**

In February 2010, President Obama announced that the first federal loan guarantees for new nuclear reactors would be offered to the Vogtle Units 3 and 4 that the Southern Company is planning to build in Georgia. The company announced on June 18, 2010, that it had reached agreement with the Department of Energy on the secret terms of the guarantees. The Vogtle units are slated to use reactors supplied by Westinghouse Electric, a subsidiary of Japan's Toshiba Corp.

In May 2010, the Energy Department announced a \$2 billion loan guarantee for a uranium enrichment facility in Idaho proposed by the French company AREVA.

DOE has not formally announced which other reactor projects might be granted loan guarantees, but the signs are that they would be the following:

- UniStar Nuclear's Calvert Cliffs project;
- Nuclear Innovation North America's South Texas project; and
- SCANA Corporation's Virgil C. Summer project.

The operators of both Calvert Cliffs and South Texas include substantially foreign-controlled ownership, while the operator of the V.C. Summer project is a U.S. company. Calvert Cliffs is slated to use a reactor supplied by France's AREVA, South Texas will be supplied by Japan's Toshiba, and V.C. Summer will be supplied by the Westinghouse Electric unit of Toshiba.

For the full text of the NIRS report, go to <http://www.nirs.org> on the Web.

### **ABOUT NIRS**

The year 2008 marked the 30th anniversary of the nonprofit Nuclear Information and Resource Service (<http://www.nirs.org>). NIRS was founded to be the national information and networking center for citizens and environmental activists concerned about nuclear power, radioactive waste, radiation and sustainable energy issues. NIRS does not support construction of new nuclear reactors as a means of addressing the climate crisis. Available renewable energy and energy efficiency technologies are faster, cheaper, safer and cleaner strategies for reducing greenhouse emissions than nuclear power.

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**EDITOR'S NOTE:** A streaming audio recording of the news event will be available on the Web as of 3 p.m. EDT/2 p.m. CDT on July 1, 2010 at <http://www.nirs.org>.