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During Committee stage of the Nuclear Safeguards Bill, you asked about what would happen to ownership rights in relation to EU27 material held in the UK when we leave Euratom. You were concerned with the possibility of physical segregation of material, and I committed to writing to you on this important topic.

The ownership of special fissile material was identified as one of the issues in need of resolution during the Euratom separation negotiations. This is because Article 86 of the Euratom Treaty gives the Community the 'right of ownership' over this material when it is in the territory of the Community (though the title-holder's rights of use and consumption are unaffected). The UK's departure from Euratom renders the legal status of this right uncertain, and we have been making progress on clarifying this in discussion with the Commission.

As the December Joint Report set out, the principles of ownership for most categories of this material have been agreed. However, we have not yet reached agreement about material held in the UK by EU27 entities, which would include EU customers' uranium compounds URENCO in Cheshire.

The application of EU "supra-national" ownership in respect of material held in the UK that belongs to an EU27 entity is still under negotiation, and we are confident that we can come to a pragmatic solution. The Government published a document entitled "Technical Note: Other Separation Issues - Phase 2" on 6th March. In the section on Euratom, the note explains that "The UK expects to be able to reach agreement on the few remaining issues. This will cover among other things the rights of the Euratom Community whereby the Community could retain some limited rights over material owned by EU entities and held in the UK on the date of withdrawal".

Our priority is making the UK's withdrawal from Euratom as smooth as possible for operators and maximising continuity for the sector. Reflecting this, we have been working closely with all operators who take an interest in this issue, to make sure their business concerns are taken into account. This has included, and continues to include, regular contact with URENCO, who have made clear the benefits of their ability to hold material that recognises its fungibility.

This collaborative work is to ensure that the final agreement on the question of EU rights in respect of EU27 material present in the UK on the date of withdrawal does not adversely affect operators' operations.

I will place a copy of this letter in the Libraries of the House.

Yours ever
Steve

Rt Hon Lord Henley