

## Australia's Uranium Trade: The Pusher in the Pacific

Australia has the world's largest known uranium deposits – about 28 percent – and is the world's third largest exporter of uranium with nearly 7,000 tonnes a year.

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*Since the First World War, conflict and mining activities have gone hand in hand in Australia. Without a reliable, steady supply of sufficient volumes of coal, iron ore and associated metals required for the rapid production of weapons and machinery, the war effort would be short-lived.*

Essington Lewis, appointed managing director of BHP in 1926, while visiting Japan in 1935 described the nation as a 'big gun-powder magazine and the people as fanatics and any day the two might connect and there will be an explosion'. Although Lewis responded by urging large stockpiles of raw materials for steel production and the manufacture of munitions (guns, ships, tanks, planes, mines, ammunition, tools, optical aids etc.), he and Attorney General Robert Menzies rationalized that iron ore exports to Japan should continue so as to fund the manufacturing industry to prepare for a likely engagement with that country. A ban was finally placed on ore exports to Japan in May 1938. But in November of that year, Menzies demanded that a remaining 277,000 tonnes of pig iron of a Japanese order be loaded on the *Dalfram* at Port Kembla. Dockside workers, already outraged by the news of the Japanese invasion of China in 1937, refused to work. Only after the workers' remarkable interstate solidarity in the face of the application of the draconian Transport Workers Act, did Menzies cave in and ban the *Dalfram* shipment.<sup>[1]</sup>

In May 1940, Prime Minister Menzies appointed Lewis Director of Munitions. As an 'industrial dictator' Lewis had carte blanche to acquire materials, appoint favoured private industrial leaders to executive boards, and contract private firms he deemed necessary.

The importance of this example was not the loading of pig iron onto the *Dalfram*, but the reactionary treatment of domestic workers by the Lyons/Menzies government for economic gain from the supply of an expansionist foreign militarist state. This is not to make a direct parallel between contemporary conditions and Japan's invasion of China in the 1930s so much as to indicate how, in the circuitous logic of capital accumulation, one nation can supply another with the materials which then return in destructive ways – as with the bombing of Darwin by Japanese planes on 19 February 1942.

Since 2011

After the disastrous nuclear meltdowns at the Fukushima Daiichi nuclear power plant ongoing since 11 March 2011, the world was re-awakened to the dangers of nuclear power. The price of uranium in the global markets halved as advanced economies, led by Germany, downscaled, shutdown and turned away from their nuclear energy plans. In response, the

nuclear industry turned to the ambitions of economies tipped for rapid economic expansion. As global electricity supply from nuclear power generation fell to the lowest level since 1980 and the number of operating units were reduced to 388 (fifty less than the peak in 2002),<sup>[2]</sup> the Australian uranium mining industry and their transnational corporate investors scrambled to reprioritise so as to recoup the huge investments they had committed. From early 2013, however, uranium mining confidence returned to the industry in Australia, with new mining leases were approved (in West Australia, Queensland and NSW). What justified such confidence while all the other uranium miners sought escape from the industry?

On 7–11 July 2014 Prime Minister Abe of Japan made a five-day visit to Australia, which included a special trip with Prime Minister Abbott to the Pilbara mines. The day Abe arrived, the CEO of the Mitsubishi Corporation (heavily involved in nuclear technologies) announced that Australia was a ‘veritable lifeline’ for Japan’s resource-dependent economy, and promised billions in investment in Australia’s resources sector, agribusiness and retail.<sup>[3]</sup> The Fukushima Daiichi disaster did not deter the Japanese government from actively courting more than 20 countries for the purchase of Japan’s nuclear technologies. Indeed, with agreements already reached with Jordan, Vietnam, South Korea and Russia under the previous Kan and Noda DPJ governments, the export of nuclear technology is also central to the Abe government’s economic plan. Two more agreements have been reached with Turkey and the United Arab Emirates,<sup>[4]</sup> and six more are under consideration with India, South Africa, Mexico, Brazil, Saudi Arabia and Bangladesh.

The unveiling of a surge in military spending in December 2013, and the push to reinterpret its constitution to permit collective security operations is intended to boost its military capacity due to an aggravated antagonism with China. Abe’s frenzied inter-state activity has led to fresh security and trade agreements with the US, UK, EU representatives, Australia, India and the ASEAN nations with special attention to the Philippines, Vietnam and Burma. For Australia’s part, this included a free trade agreement and the purchase of Japanese Sōryu-class submarines, which are designed to counter China’s anti-access/area-denial (A2/AD) capacities and to support US Navy carrier strike groups.<sup>[5]</sup>

A similar pattern took shape on 5 September 2014, when Abbott and Prime Minister Narendra Modi of the Hindu nationalist Bharatiya Janata Party of India committed to the Australia-India Nuclear Cooperation Agreement in New Delhi. This Agreement was the culmination of preparations initiated by the Howard government in 2007 and supported by the Gillard government in 2012. These included the lifting of bans on uranium mining in West Australia and Queensland in 2008 and in NSW in 2012.

Australia has the world’s largest known uranium deposits – about 28 percent – and is the world’s third largest exporter of uranium with nearly 7,000 tonnes a year. The Australian government (and many other countries) placed a ban on exporting uranium to India after its ‘Smiling Buddha’ Pokhran I nuclear tests produced from a clandestine nuclear weapons program. India justified its indigenous development of civil and military nuclear capacity and refusal to ratify the Nuclear Non-Proliferation Treaty (NPT) as contingent upon the significant reduction of nuclear weapons held by existing nuclear weapons states. India was also excluded from the Nuclear Suppliers Group (NSG), comprising 48 nations, and suffered economic sanctions after its Pokhran II nuclear tests in 1998.

This stalemate shifted when the Singh administration, which had actively canvassed for national and international backing, finally procured the US–India energy agreement of July 2005 and the US–India Civil ‘1-2-3’ Nuclear Agreement of October 2008. The 1-2-3

Agreement stipulated that India would open its civilian nuclear facilities to inspection by the International Atomic Energy Agency (IAEA) and delineate its civil and military facilities. In return the US would provide nuclear technologies (six reactors) and others would provide nuclear fuels. This led the NSG (including Canada and Australia) to lift the ban on uranium export even though India remained a non-NPT signatory and a nuclear weapons state.

In 2008, India's Reliance Industries began paying Uranium Exploration Australia Ltd (UXA) for licenses to participate in exploration in Australia.[\[6\]](#) China already had requested to conduct uranium exploration activities in Australia in 2005,[\[7\]](#) and India seeks to become an alternative market to China. It plans to double national energy consumption (presently 949 kwh) and triple electricity generation (presently 135 kwh) over the next 20 years. This will include a projected increase from nearly 4 percent of electricity from nuclear power to 25 percent, or a 13-fold increase to 62,000 megawatts by 2032, so as to achieve half of China's current power consumption level, which is roughly 4000 kwh.[\[8\]](#) Australian uranium mining companies, as well as other nuclear-related corporate combines such as GE/Toshiba, Westinghouse/Hitachi, AREVA/Mitsubishi, have welcomed this as a key opportunity to revive the nuclear industry and become less reliant on the Chinese market.

The new demand from India will draw uranium from Ben Lomond near Mt Isa shipped from Townsville Port, and coal mined from the gargantuan Galilee Basin shipped from Abbott Point, passing through the dredged Great Barrier Reef, or freighted by road to Darwin or Adelaide (which hold uranium licenses).[\[9\]](#) The Australia-India uranium agreement supports this concerted and accelerated push.

## Effects

In cementing a nuclear deal with India, the Abbott government has committed to selling uranium to a nation-state that barely conceals its intentions to expand its nuclear weapons arsenal and rejects the NPT and Comprehensive Test Ban Treaty (CTBT). As a pro-business politician and hardliner on Pakistan and Muslim populations in India, PM Modi favours a security policy based on nuclear deterrence. The BJP holds a commanding majority in the lower house of Parliament, and can pass legislation with little opposition. The deal with Australia is only one of several such agreements Modi seeks to conclude as part of an ambitious five-year plan.

First, the Australia-India uranium trade agreement is unsafe. If Japan's nuclear industry and government have proven unable to properly contain the potential for serious nuclear accidents at its domestic nuclear power plants, then India's nuclear industry, which is much less reliable and possibly even more corrupt, would pose even higher risks of mismanagement.[\[10\]](#)

Internally, India is also unstable, as the government fights an embedded insurgency and continues to sustain tensions along its northern borders, with Pakistan and China. It maintains a violently repressive approach to imposing nuclear installations and uranium operations (such as Gorakhpur, Koodankulam, Jaitapur, Jadugoda) upon vulnerable communities, and significant numbers of civil protesters, five of whom have been killed since 2010.[\[11\]](#) While guaranteed only intermittent electricity supply, these communities are experiencing higher rates of disease, congenital malformations and early deaths. In Jadugoda, Jharkhand (19,500 people), those living near the central uranium mine operated by Uranium Corp. of India Ltd. (UCIL), have suffered disproportionate health problems.

While the Jharkhand High Court found in 2007, based on an epidemiological study of 4,022 households by Indian Doctors for Peace and Development, that proximity to the mining operations increased rates of illness, Chairman Diwakar Acharya denied any correlation, and blamed ordinary socio-economic factors (malnutrition).[\[12\]](#) Another study in 2008 by the Centre for Science and Environment found that the dust and water contaminated with heavy metals from the mine and the tailing ponds accumulates in crops and water, fish and animals which are then ingested. This is consistent with many other findings around mines in other countries which tend to be located in areas where the communities are politically disempowered.

Second, while Tony Abbott reiterated that 'suitable safeguards' were in place to ensure that Australian uranium would be used for 'peaceful purposes' and for 'civilian use only', such ambiguous terms create false impressions. Nuclear technologies are inherently dual-use (both for civil energy production and military use), and it is disingenuous to claim that a water-tight separation can be ensured. In fact, ten of India's twenty nuclear facilities do not fall under International Atomic Energy Agency (IAEA) supervisory authority, and India only selectively recognises IAEA safeguards for specific foreign supplied reactors and facilities. With no mechanism to inspect this nuclear technology to ensure that the fuel is not diverted into nuclear weapons production, safety cannot be guaranteed.

Even if the diverted fuel was discovered, neither Australia nor the IAEA could force compliance. An influx of imported foreign uranium will simply make it easier for India to reserve some of its indigenous uranium for enrichment and/or reprocessing weapons-grade plutonium,[\[13\]](#) or some of Australia's uranium to be 'misallocated' toward military facilities.

In effect, Tony Abbott's policy follows the United States and to treat India as the exception undermines the IAEA standards within the disarmament regime, and breaches Australia's obligations to the Rarotonga Treaty for the South Pacific Nuclear Free Zone.

Third, and perhaps most significant, is that the 'balance' between India-Pakistan and in the South Asian region will be upset so as to aggravate rivalries and intensify tensions between the two nations, as well as others such as China and Bangladesh. A new uranium enrichment facility at the Indian Rare Metals Plant recently identified near Mysore may serve to expand India's ballistic missile nuclear submarine fleet, and to support the development of thermonuclear weapons. It is unthinkable that the 'international community' would allow Iran or North Korea to conduct such operations without sanction.[\[14\]](#)

So why does Australia continue to actively seek to accelerate the exploration, extraction and export of uranium into volatile conditions such as those in India?

## Motives

Following a visit in January 2014 by PM Abe to India received by then PM Singh, PM Modi visited Kyoto and Tokyo from 31 August for five days to conclude the Japan-India Nuclear Cooperation Agreement. Although Modi left without signing the Agreement, the Japan-India relationship was upgraded to a 'special strategic and global partnership'.[\[15\]](#)

This means that in return for Japanese investment (\$35 billion over five years), Modi promised to set up a 'Japan-plus special management team' under the Prime Minister's Office to fast-track approvals of investment proposals from Japan. Although it is as yet unknown whether India will procure Japan's turbines for 1000 Mw capacity reactors, it may

turn to Canada or South Korea for the 19 reactors it plans to build with a total of 17,400 MW capacity over the next five years.[\[16\]](#)

Nonetheless, an increased power and industrial base will feed into an upgraded and stronger military-strategic 'partnership' with Tokyo. India will purchase Japanese armaments to build its blue-water navy and enhance its forces for likely integration with existing US and Japan technologies. Despite economic incentives and an invitation from China to India to join the Shanghai Cooperation Organization, India's 'Look East' policy puts it on track to a trilateral military security cooperation between the US, India and Japan. This is already demonstrated in Japan's participation in the annual US-Indian Malabar naval exercise since 2010, as a gesture toward securing Japan's access to supply lines in the Indian Ocean. These rehearsals slot neatly into an overarching US anti-China 'pivot to Asia'.

It is unlikely that the Japan-India Nuclear Cooperation Agreement probably went unsigned because of any putative scruple Japan may have about selling nuclear technologies to a nuclear weapons state. The sticking point over India's Civil Liability for Nuclear Damage Act (CLND 2010), which places liability upon vendors and component manufacturers,[\[17\]](#) was surmounted by US and Indian negotiators in the 1-2-3 agreement of 2007-8. Japan could adopt this model and appear to stay within IAEA guidelines. Rather, it is likely that a full nuclear agreement was not signed for two reasons: so as not to fall into the trap of challenging China, at least overtly; and, so as to not be forced to be held completely liable as the nuclear vendor in the case of an accident with its technology.

In this light, can this alliance building be all that different from the 'assertive expansionism' China is accused of in the South and East China Seas?

## Conclusion

The pattern discussed suggests the perennial links between mining and militarisation. As seen in Essington Lewis' involvement in the Menzies war cabinet, when nation-states seek to radically increase their energy generation capacity for mass production of munitions, they are usually preparing to contest their position in the world order. Uranium and nuclear weapons have been intrinsic factors in the post-war US-led alliance system beginning from the Reverse Course policy of 1948 in which Japan and West Germany were inculcated as strategic allies and the Soviet Union was threatened with 'massive retaliation' on its homeland. During the Korean War (1950-53) when the US repeatedly threatened China and North Korea with nuclear weapons and which continued ever since, during the atmospheric nuclear testing between 1946 and 1963 (underground tests continued), and in the proliferation of nuclear weapons as nations sought 'parity', the reliable supply of metals, minerals and fossil fuels have been essential.

The Australia-India uranium trade agreement will supply enough yellow cake for India to diversify its nuclear program. If and when the Japan-India Nuclear Cooperation Agreement is concluded, it will supply nuclear technology India requires to enhance its nuclear arsenal. Both of these Agreements, negotiated almost simultaneously, tacitly legitimise India's nuclear status and assist in its ambitions for greater geopolitical influence. This will make Australia and Japan, both NPT members, complicit in India's nuclear weapons program. A nuclear arms race in East and South East Asia, and an increased risk of accidents in India similar to the Fukushima Daiichi nuclear disaster, may result.

While leaders such as Abe, Abbott and Modi downplay the negative reality confronting

people and ecologies in areas affected by radioactive exposure from the Fukushima Daiichi nuclear power plant, we should remember that this contamination came, in part, from Australian uranium.<sup>[18]</sup>

The refusal of executive leaders to acknowledge the dangers of the uranium trade reflects the centrality of nuclear power to the US-led security regime, and a network under the US Pacific Command in particular, that seeks to dominate non-compliant nations such as China or Russia. This was highlighted when Tony Abbott, prior to departing to India to conclude the uranium deal, placed a ban on uranium export to Russia over the conflict in Ukraine. Uranium trade, it seems, is now a political instrument beyond institutional regulatory control. Political leaders understand the value of a constant, reliable and prompt supply of fresh uranium to fuel reactors that can produce Uranium 235 or Plutonium 239 for nuclear-tipped tactical or strategic missiles.

When the actual benefits from uranium trade are weighed against the potential and actual damage being wrought by malfunctioning nuclear reactors, the use of nuclear weapons (broadly defined), and the steady production of nuclear waste, however, the policies of these political leaders and their corporate collaborators cannot be justified. This becomes ever more obvious when we compare the costs and risks of nuclear power and the recent rapid advances in solar, wind and tidal energy generation.

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#### Notes

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