

Friends of the Earth Australia

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Inquiry into Australia's relationship with China

Friends of the Earth, Australia (FoEA) wishes to bring to the Committee's attention serious problems with the federal government's proposal to sell uranium to China. DFAT is currently negotiating a bilateral nuclear agreement with China with a view to commencing uranium sales. The problems are listed below.

FoEA would appreciate the opportunity to appear before a Committee hearing on this matter.

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1. China is ruled by a repressive military state. A whistle-blower drawing attention to security, safety, environmental, or proliferation/safeguards problems associated with the Chinese nuclear industry (or more specifically with Australian-obligated nuclear materials (AONM)) would be executed or sent to join thousands of other political prisoners in jail or a prison/'re-education' camp.

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2. The Chinese media is tightly controlled, which makes it all the more unlikely that problems with the nuclear industry or specifically with AONM will come to light.

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3. China's military and missile build-up puts it in clear violation of its disarmament obligations under the NPT.

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4. China refuses to ratify the Comprehensive Test Ban Treaty and has an appalling track record in relation to nuclear testing.

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5. China is reportedly trying to avoid IAEA inspections, preferring instead to have Australian inspections of the relevant nuclear facilities/materials to safeguard AONM. This would further

weaken the IAEA safeguards system. Further, it is doubtful whether Australia has the relevant expertise to carry out such a safeguards role.

Presumably the Australian Safeguards and Non-proliferation Office (ASNO) might assume the IAEA's inspection role, and ASNO would have a regulatory role in any event. However, ASNO openly admits that it considers the promotion of Australian uranium exports to be one of its duties. In short, there is a clear conflict of interest.

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6. China's limited uranium reserves raises the problem of 'displacement', i.e. it may eventuate that AONM will not be used for nuclear WMD in China but supplying uranium to China frees up those limited domestic supplies for nuclear WMD production.

Australia would be materially contributing to proliferation even though AONM was not used directly for weapons production.

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7. Excerpt from a paper by Professor Gary Milhollin, included as it points to the problems with China's nuclear exports (though China has since joined the NSG). The Committee should seek updated information (from credible sources, without conflicts of interest such as those which beset ASNO) on China's nuclear arsenal, strategy and exports.

Statement of Gary Milhollin

Professor, University of Wisconsin Law School and Director, Wisconsin Project on Nuclear Arms Control Before the Senate Committee on Governmental Affairs Permanent Subcommittee on Investigations

March 20, 1996

<http://www.wisconsinproject.org/>

China is a very serious proliferation threat. As far as we know, China is the only country that still targets American cities with nuclear warheads. It is also testing thermonuclear warheads to miniaturize them, so they will fit on new missiles capable of reaching the United States. And Chinese exports continue to fuel proliferation in both Iran and Pakistan. China is not a member of the Nuclear Suppliers Group, the Missile Technology Control Regime or the Australia Group -- the agreements that seek to control the sale of the means to make nuclear weapons, chemical weapons and the missiles to deliver them. Unless China stops testing nuclear weapons and stops selling nuclear and missile technology to other countries, the proliferation problem will be impossible to solve.

China's recent sale of ring magnets to Pakistan has been discussed extensively in the press. But it is only the latest in a long line of dangerous Chinese exports. I have attached to my testimony information from the Risk Report, a database published by my project that tracks the spread of weapons of mass destruction. The information lists China's nuclear and missile exports to the Islamic countries from 1980 to 1994, and also lists China's promises to stop these exports. The data show that China supplied nuclear technology to Algeria, Iran, Iraq and

Syria, and missile technology to Pakistan, Saudi Arabia and Syria. Since 1994, China has supplied missile components and poison gas ingredients to Iran, and sold Pakistan missile components and magnets for producing nuclear weapon material. The data also show that China's behavior has been essentially the same since 1980, despite its repeated promises to stop proliferating. The United States still has not found an effective strategy for getting China to keep its word. I am also attaching to my testimony a table showing the ranges and payloads of China's main ballistic missiles.

Milhollin is co-author of a detailed - though dated - paper on irresponsible nuclear exports by China:

Bombs From Beijing: A Report on China's Nuclear and Missile Exports

by Gary Milhollin and Gerard White

May 1991.

<<http://www.wisconsinproject.org>>

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8. The international NPT/IAEA safeguards system is fundamentally flawed, and the safeguarding of AONM is fundamentally flawed. Those issues are discussed in Chapter 3 and Appendix 4 of 'Nuclear Power: No Solution to Climate Change', <www.melbourne.foe.org.au/documents.htm>.

See also: Broinowski, Richard, 2003, "Fact or Fission? The Truth About Australia's Nuclear Ambitions", Melbourne: Scribe.

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9. It is not true that Australian uranium safeguards are the strongest of all uranium exporters. Provisions which distinguish Australian uranium exports from some (but not all) other exporters are useless since they have never once been put into practice.

Specifically, permission to reprocess has never once been refused even when it leads to plutonium stockpiling, as in Japan. Diplomatic cables in 1993 and 1994 from US Ambassadors in Tokyo describe Japan's accumulation of plutonium as "massive" and questioned the rationale for the stockpiling of so much plutonium since it appeared to be economically unjustified. A March 1993 diplomatic cable from US Ambassador Armacost in Tokyo to Secretary of State Warren Christopher, obtained under the U.S. Freedom of Information Act, posed these questions: "Can Japan expect that if it embarks on a massive plutonium recycling program that Korea and other nations would not press ahead with reprocessing programs? Would not the perception of Japan's being awash in plutonium and possessing leading edge rocket technology create anxiety in the region?"

(<archive.greenpeace.org/pressreleases/nucstrans/1999sep1.html>)

Yet successive Australian governments have permitted ongoing plutonium separation of Australian-obligated plutonium by and on behalf of Japan. Friends of the Earth is concerned that equally irresponsible policies would be adopted in relation to China.

Successive Australian governments have expressed opposition to plutonium stockpiling but the commercial imperatives of uranium exporters have taken precedence. The problem was succinctly put by Mike Rann in his 1982 book, *Uranium: Play It Safe*: "Again and again, it has been demonstrated here and overseas that when problems over safeguards prove difficult, commercial considerations will come first."

The requirement in bilateral agreements for prior approval for enrichment beyond 20% uranium-235 is pointless since no such request has ever been received, and of course a state wishing to produce highly-enriched uranium to build nuclear WMD is hardly likely to ask Australian permission!

Sometimes the very existence of bilateral agreements is held to be significant, but of course a state willing to violate its NPT obligations would not take the slightest notice of its 'obligations' under a bilateral agreement.

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10. Further to point number 5 above regarding ASNO, ASNO is notorious for making false and misleading comments. A small number are listed here.

ASNO sometimes states and frequently implies that the safeguarding of Australian-obligated nuclear materials (AONM) is foolproof. For example, ASNO director John Carlson (2002) says: "All Australian-obligated nuclear material, including plutonium, is fully accounted for." Self-evidently there is always some risk of diversion of AONM for use in nuclear weapons or dirty bombs. For example, ASNO concedes that incidents of Material Unaccounted For (MUF) have occurred involving AONM and the possibility of diversion cannot be entirely discounted.

ASNO (letter, available on request) insists that South Korea did not use AONM in its long-standing secret nuclear weapons research program. How can ASNO be sure? According to the letter, the answer is: because the South Koreans say so! The South Korean program is known to have used both indigenous and imported nuclear materials and it is still under investigation by the IAEA. Uranium exports to South Korea ought to be suspended at least until the conclusion of the investigation.

Carlson (2000) states that "... in some of the countries having nuclear weapons, nuclear power remains insignificant or non-existent." Carlson's attempt to absolve civil nuclear programs from the proliferation problem ignores the well-documented use of civil nuclear facilities and materials in weapons programs as well as the important political 'cover' civil programs provide for military programs. Of the nine states known to have produced nuclear weapons, only Israel has no power reactors – and even in Israel the pretence of a civil nuclear program provided a rationale for key technology transfers. Pakistan and India have power reactors, and South Africa's weapons program was facilitated by a parallel nuclear power program. North Korea – possibly the tenth nuclear weapons state – has had a nuclear power program and operates an 'Experimental Power Reactor' which is an important component of its weapons program. Carlson's view also sits uncomfortably with the concentration of nuclear power in weapons states – almost 60% of global nuclear power output (in GWe) is in the five declared weapons

states and those power programs involve large numbers of nuclear scientists, technicians, engineers etc with frequent transfer to and from nuclear WMD programs.

Likewise, Carlson (2000) says: "If we look to the history of nuclear weapons development, we can see that those countries with nuclear weapons developed them before they developed nuclear power programs." However, ostensibly civil nuclear programs clearly preceded and facilitated the successful development of nuclear weapons in India, Pakistan, and in the former nuclear weapons state South Africa.

Carlson said in November 2002 that: "The North Koreans have to come to a realisation that building up nuclear weapons is not in their interest." (Quoted in Koutsoukis, 2002.) Clearly the North Korean regime had not come to that realisation.

Statements by Carlson/ASNO about the weapons useability of below-weapon-grade plutonium grossly distort the available scientific evidence and can only be seen as an attempt to promote uranium exports and to absolve governments and uranium mining companies of their culpability in increasing the global stockpile of weapons-useable plutonium. ASNO implies that the USA is lying in relation to its statements about the 1962 weapon test - but has ASNO had the courtesy to inform the US government of its view? And is ASNO implicitly accusing the US government of deceit with or without the knowledge of DFAT and the minister for foreign affairs? (For a detailed discussion on the use of reactor grade or fuel grade plutonium in nuclear weapons, and references to the scientific literature, see <www.geocities.com/jimgreen3/rgpu.html>.)

Carlson (2002) states that Australian-obligated plutonium is not weapon-grade but he fails to note that so-called below-weapon-grade plutonium can be - and has been - used in nuclear weapons. Further, weapon grade plutonium is produced using Australian uranium - in the normal course of events this WGPu is produced in power reactors and in the normal course of events it is converted to fuel grade then reactor grade plutonium in the reactor.

Carlson (2002) says "weapons-grade plutonium is not produced in the normal operation of power reactors" though he knows it is and he knows that below-weapon-grade plutonium has been used in weapons (see above).

Further, research reactors can be used to produce plutonium in support of a weapons program. Israel and India are the most notorious examples of 'research' reactors being used for this purpose (most or all of the fissile material for their nuclear arsenals comes from research reactors). (Detailed paper at: <www.geocities.com/jimgreen3/rrweapons.html>.)

Carlson (2002) defends the International Atomic Energy Agency's safeguards system and says it provides the "foundation" for preventing misuse of Australian-obligated nuclear materials. The safeguards system was exposed as a farce by the Iraqi regime in the 1980s and early '90s - see the voluminous material on this scandal published in the Bulletin of the Atomic Scientists over the past decade (<www.thebulletin.org>). Since the Iraq debacle, efforts have been made to improve the system, but it still inadequate (and the IAEA is still hopelessly compromised by its other mandate - promoting the spread of nuclear technologies).

Carlson (1998) makes the absurd claim that: "One of the features of Australian policy ... is very careful selection of our treaty partners. We have concluded bilateral arrangements only with countries whose credentials are impeccable in this area." Carlson's claim is demonstrably false:

1. The US is breaching its NPT disarmament commitments in many ways: refusing to ratify the Comprehensive Test Ban Treaty; making a mockery of the proposed Fissile Material Cut-Off Treaty by blocking any inspection or verification measures; engaging in research on new generations of nuclear weapons; indicating that it might begin nuclear weapons testing again; resuming the production of tritium for use in nuclear weapons, and using a 'civil' power reactor to produce the tritium; acknowledging in its Nuclear Posture Review that it intends to maintain its nuclear arsenal "forever"; embarking on nuclear co-operation with India (a non-NPT state); threatening first-use nuclear strikes; and developing a nuclear hit-list of seven states, all of them NPT member states except North Korea, and five of them non-nuclear weapons states.

The disgraceful role of the US, and its manifold breaches of its NPT obligations, have been ignored by the Australian government. Successive Australian governments have claimed that the US is in compliance with its NPT obligations because of the reduction in the number of nuclear weapons. But even that solitary achievement is largely a function of creative accounting "worthy of Enron" according to the US Natural Resources Defense Council.

2. France and the UK are also customers of Australian uranium and, like the US, neither country has the slightest intention of fulfilling its NPT disarmament obligations.

3. Japan, a major customer of Australian uranium, has developed a nuclear 'threshold' or 'breakout' capability - it could produce nuclear weapons within months of a decision to do so, relying heavily on facilities, materials and expertise from its civil nuclear program.

An obvious source of fissile material for a weapons program in Japan would be its stockpile of plutonium - including Australian-obligated plutonium. In April 2002, the then leader of Japan's Liberal Party, Ichiro Ozawa, said Japan should consider building nuclear weapons to counter China and suggested a source of fissile material: "It would be so easy for us to produce nuclear warheads; we have plutonium at nuclear power plants in Japan, enough to make several thousand such warheads."

Japan's plutonium program increases regional tensions and proliferation risks. Diplomatic cables in 1993 and 1994 from US Ambassadors in Tokyo describe Japan's accumulation of plutonium as "massive" and questioned the rationale for the stockpiling of so much plutonium since it appeared to be economically unjustified.

Australian consent to the separation of Australian-obligated plutonium and its stockpiling in Japan should be withdrawn on proliferation grounds. That consent should also be withdrawn on the basis of the unacceptable safety record of Japan's plutonium/reprocessing program over the past decade.

4. South Korea is another major customer of Australian uranium with less than impeccable credentials. In 2004, South Korea disclosed information about a range of activities which violated its NPT commitments – uranium enrichment from 1979-81, the separation of small quantities of plutonium in 1982, uranium enrichment experiments in 2000, and the production of depleted uranium munitions from 1983-1987.

Australia has supplied South Korea with uranium since 1986. It is not known – and may never be known – whether Australian-obligated nuclear materials were used in any of the illicit research. South Korea has acknowledged using both indigenous and imported nuclear materials in the tests, but denies that any AONM was used.

5. China. Discussed above.

6. India. Following the recent US decision to engage in nuclear co-operation with India, two Australian government ministers (Macfarlane and Campbell) are now arguing for uranium sales to India. But India is outside the NPT/IAEA regime altogether. Allowing nuclear co-operation and uranium sales to India would clearly weaken the NPT. Potential nuclear weapons states - in north-east Asia or the Middle East, for example - would be all the more likely to 'go nuclear' if civil nuclear co-operation and trade with non-NPT states were to become the norm. Civil nuclear trade is important to a number of states such as Japan, with significant uranium demand but limited indigenous supplies. Having floated the idea of uranium sales to India, Macfarlane later dismissed speculation about uranium sales to India as anti-nuclear scuttlebutt!

References

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