Australia’s uranium puzzle: Why China and Russia but not India?

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The Australia India Institute was established to contribute to greater understanding, cooperation and partnership between India and Australia. The Australia India Institute sees itself as a bridge between nations by creating strong academic, professional and cultural links.

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Foreword

A call for statesmanship

The Australia Institute is an academic platform for thinking and research on critical issues of matter to two of the world’s most vibrant multicultural democracies. We do not believe in advocacy; our ideas and our academic work will speak for themselves. But we do believe in the potential and the power of the Australia India relationship. In publishing Rory Medcalf’s essay, we recognise that there are historical moments in every relationship. Decisions taken at those moments can transform a friendship, take it to an unprecedented new level of understanding, and create the momentum for a new phase of deep strategic engagement. We believe that the Australia-India relationship has reached that moment of renewal and rediscovery. And that a decision by Canberra now to agree to sell uranium to India would provide the catalyst for a new bonding, which would be in the interests of the two countries as well as the larger region.

Can anyone think of two other multicultural democracies - tied by so many common values and obvious strategic interests – who speak so little to each other? Despite the efforts of our two very competent high commissioners, there is, in fact, still little real conversation between key players in Australia and their counterparts in India. India and Australia may know each other, but they still do not have a nuanced understanding of each other. In the absence of a sustained engagement at multiple levels, even a single issue can derail bilateral ties and misperceptions can deeply undermine the relationship.

Take the case of India. At the official level, there are no more than one or two officers in the severely short staffed Ministry of External Affairs who pay attention to Australia, and rarely for more than a couple of hours a week. It requires great persistence for Australian officials and diplomats to secure high-level attention from India. This lack of real communication even at the government-to-government level undermines the political relationship.

A recent private poll of the political and civil service elite in India suggests that while Australia may be a preferred tourist destination, and continues to rank quite highly for the quality of its tertiary education, there are few who would rank Canberra high in terms of political or strategic salience even among the countries of the Asia-Pacific region.

And, unfortunately, the Cold War divide and Canberra’s strident response to India’s nuclear tests still seem to drive the Indian elite’s “limited” understanding of Australia and its potential as an ally.
While the problems are different in Australia, they are equally debilitating for the relationship. On the one hand, there is undoubtedly a collective desire to see improved relations with India; on the other hand, Australia is excessively cautious of not offending China as it builds a relationship with India. Australia’s decision to disconnect from the quadrilateral dialogue with India, Japan and the US to assuage Beijing’s nervousness was arguably short-sighted.

Moreover, the Australian understanding of India, with all its complexities, is severely limited. Until about three decades ago, Australia could claim to be one of the principal centres in the world for the study of India, in various disciplines, and some of the most exciting work on India came from Australian universities. No longer so. The study of India today is in deep decline and little effort is being made to revive departments that once flourished.

The reality today is that Australia and India have more in common than perhaps at any time in the past, and there is also a greater need and urgency to work together. The economic relationship is booming and will continue to remain robust. Strategically, both countries need to work to develop stable and co-operative security architecture for the Asia-Pacific region. Not against Beijing, but with it, to ensure that the peaceful rise of great powers remains peaceful. What is missing is a strategic breakthrough.

There is no doubt that a decision by Canberra to sell uranium would symbolically convey to India Australian willingness to really invest in the relationship. This could be the building block of a new phase in bilateral ties. Will we see this act of statesmanship?

On 15 November 2011, Prime Minister Gillard announced that she would move to lift the ban on uranium exports to India, at the Labor Party Conference in December. If this happens, we could finally witness a new era in Australia India relations. Amen!

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Introduction

In recent years Australia has finalised agreements to export uranium to China and Russia but not to a third great power, India. The uranium question has become a thorn in the side of Australia-India relations. In November 2011, Australian Prime Minister Julia Gillard at last declared publicly that she supported a policy shift to allow Canberra to negotiate the sale of uranium to India for electricity generation. This potential change would bring Australia back to the position it had reached in 2007, when the then conservative government of John Howard briefly put Australia at the leading edge of the many nations seeking strategic engagement with a rising India. This situation was immediately overturned by the Labor government of Kevin Rudd when it came to office that same year.

Since then, despite hints that Canberra would rethink its position, the issue has hindered wider progress in the Australia-India relationship, at a time when most nuclear supplier nations have begun pursuing legitimate nuclear commerce with New Delhi in line with the historic 2008 US-India nuclear deal and subsequent waiver by the Nuclear Suppliers Group. The India debate has dominated Australian official and public discussion of uranium export policy since 2006 and continues to limit one of Australia’s most important bilateral relationships in the Asian century. The prospect that the Australian Labor Party will finally review its stance on this issue at its national conference from 2-4 December 2011 makes it timely to re-examine the drivers of Australia’s uranium export policy.

This paper seeks to untangle the confusing array of factors in Canberra’s decisions about selling – or not selling – uranium to India. These include non-proliferation concerns, domestic pressures, bilateral relations, economic benefits and geopolitical considerations. The situation with regard to India is examined alongside Australia’s newfound willingness to do nuclear business with two other major powers, China and Russia. Australian government decisions to maintain a ban on uranium exports to India have been informed at least as much by domestic political pressures as by objective appraisals of non-proliferation impacts. Any future overturning of that ban will have much more to do with adjusting to geopolitical change and advancing bilateral relations than with reaping the modest economic benefits.

No single factor, including non-proliferation, can explain Canberra’s uranium policies with regard to China, Russia and India. The modest increases to profits and job-creation from increased uranium exports do not appear to be a large influence: Australia’s total uranium exports add up to less than one billion Australian dollars a year, less than half the value of, for instance, the nation’s dairy exports. On the other hand, bilateral relations and the geopolitics of a changing Asia are particularly important. Taken together, these factors suggest that a policy shift towards exporting uranium to India is just a matter of time.
Australia as a uranium exporter

Australia is a major uranium exporter: consistently one of the top three in the world. Indeed, uranium accounts for around one third of Australia’s energy exports in power generated. In 2011, Australia’s active customers were Canada, China, various countries of the European Union, the United States, Japan, the Republic of Korea and Taiwan (transferred in an arrangement via the United States). In 2010 Canberra concluded an agreement to cover the export of uranium to a new customer, Russia. And speculation rose in 2011 that Australia would begin negotiations on an agreement for export to India, culminating in Prime Minister Gillard’s announcement in November 2011 that she would support a policy change at the Labor national conference.

The policy framework for Australia’s uranium export industry took shape after the conclusion of the Non-Proliferation Treaty (NPT) and Australian ratification in 1972. Indeed, Australia’s emergence as a player in the global non-proliferation order occurred in parallel with the growth of a large-scale uranium mining and export sector from the 1970s. After some initial differences, the main features of a long-term national policy consensus emerged, and these were first articulated in 1977 by then Prime Minister Malcolm Fraser. These were: that Australia should export uranium to meet its commitment under Article IV of the NPT to facilitate peaceful uses of nuclear energy; that supply should be limited to countries where Canberra was satisfied this would not contribute to the production of nuclear weapons or any other military purpose; those countries should be in good non-proliferation standing; and they should conclude a bilateral agreement with Australia in addition to the full-scope safeguards of the International Atomic Energy Agency (IAEA).

This package of conditions helped persuade the Labor Party to abandon its opposition to uranium mining and export on the eve of its return to government in the 1980s, opting instead for a compromise policy of allowing three pre-existing mines to operate, and finally ending that restriction too in 2007. Fraser’s points have remained central to Australian uranium export policy, with some refinements. Notably, ‘good standing’ on non-proliferation became defined specifically in terms of adherence to the NPT, a definition that the India debate now calls into question. Still, by 2011 the following generalisations could be made about Australian uranium export policy: export for civilian purposes only; recipient countries to be members of the NPT; recipient countries to have suitable safeguard agreements in place with the International Atomic Energy Agency (IAEA); NPT non-nuclear weapons states also to have an IAEA additional protocol in place; and all recipients to have concluded an additional treaty-level bilateral safeguards agreement with Australia involving undertakings to account for Australian uranium and any nuclear material derived from it.

Yet there has never been full political consensus in Australia to view uranium export as consistent with non-proliferation imperatives. Some significant minor parties have objected outright. Of these, the Greens are the only force with any contemporary political weight. The Greens continue to argue against all uranium mining and export, on a range of grounds including radiation pollution risks associated with nuclear energy, problems with nuclear waste disposal, and perceived proliferation dangers.

Between 1996 and 2007, the conservative government of John Howard took a pragmatic approach to expanding Australian uranium exports. This was in line with changing international market opportunities, a perceived revival of interest globally in nuclear energy, and a sense of Australian national interest in cultivating diplomatic and economic ties with important states. The last factor has had a bearing on Canberra’s in-principle decisions to export uranium to China (an agreement concluded in 2006),
India (announcement of willingness to negotiate in 2007) and Russia (announcement of willingness to negotiate in 2007). The subsequent Labor governments of Kevin Rudd and Julia Gillard honoured the China deal, with the first shipment being delivered in 2008, and eventually concluded the agreement with Russia in 2010. On India, however, Labor moved quickly to reverse the Howard revolution, although 2011 has brought signals of a rethink. Taken together, these developments raise questions as to why Australian governments have decided to export uranium to China and Russia while the possibility of a similar arrangement for India has remained controversial.

What drives policy? A complex mix

Contrary to the crude assertions of some critics, government decisions about uranium exports are not a simple trade-off between proliferation risk and export earnings. Australia’s decisions need to be understood against the following factors: non-proliferation; domestic political factors such as public opinion; bilateral relations; geopolitical and strategic dynamics; international norms other than non-proliferation; and market considerations.

Non-proliferation

Typically, there are several non-proliferation dimensions to the Australian government’s consideration of uranium exports. These comprise: the destination country’s legal standing in relation to the NPT regime and IAEA safeguards; its record of proliferation behaviour; possible indirect proliferation risks, involving how a decision to export might influence the thinking and actions of third countries (a ‘demonstration effect’); and direct risks that the destination country could divert Australian material to a weapons program.

The first non-proliferation consideration is the standing of the prospective destination country in terms of the international legal instruments of the non-proliferation regime: principally membership or otherwise of the NPT, but also whether it has concluded an appropriate safeguards agreement with the IAEA and whether it has in place an IAEA additional protocol. Here the answers with regard to China, Russia and India are obvious: China and Russia are recognised nuclear weapons states under the NPT and have safeguards arrangements which allow inspections of their civilian nuclear facilities while their weapon facilities remain off-limits to international eyes. Australian governments have found it easy enough to satisfy themselves with the credentials of China and Russia on this front. Moreover, by exporting to NPT members China and Russia, as well as to certain other NPT members states, Canberra can say it is reinforcing one of the central bargains underpinning the treaty and the non-proliferation regime: that those countries abiding by the treaty should be rewarded with access to nuclear technology and materials for peaceful purposes.

The case of India is more problematic. It has not acceded to the NPT and there is no serious expectation of it doing so. The treaty, argues New Delhi, amounts to a form of ‘nuclear apartheid’, which gives privileged status to the five states that tested nuclear weapons before 1967, and which denies any other country any legal right to possess nuclear weapons. India did not test until 1974, a so-called peaceful nuclear explosion, and again with five overt weapons tests in 1998. Despite the ritual demands from much of the international community for India to join the treaty as a non-nuclear weapons state, it would be impossible for India to do so without giving up its arsenal. This remains an unrealistic expectation given India’s dangerous neighbourhood which includes nuclear armed Pakistan and nuclear-armed China, countries which dominate Indian threat perceptions and with whom India has been at war.
At the same time, the controversial and historic US-India civil nuclear cooperation deal - launched in 2005 and concluded in 2008 - has gone some distance to creating an informal status for India which in some ways parallels that of a recognised nuclear weapon state. Under the deal, a separation plan placed the majority of India's reactors under IAEA safeguards, and committed to any future reactors also being put under such safeguards. An India-specific safeguards agreement was concluded with the IAEA. In 2008 the Nuclear Suppliers Group (NSG) – the main diplomatic arrangement of nuclear exporting countries – created an exception to its guidelines to allow exports to India; a major departure, given that sanctioning India after the 1974 test was a key reason for the establishment of the group. Australia actively supported this exception. And as part of the process to obtain the waiver, India made a statement in 2008 emphasising its practical non-proliferation credentials, its strengthened domestic and export control system, its in-principle support for nuclear disarmament, its restrained nuclear posture including a policy not to be the first to use nuclear weapons in a conflict, its moratorium on nuclear testing and its willingness to join negotiations for a verifiable Fissile Material Cut-off Treaty which would eventually cap New Delhi's own production of fissile material for weapons.

Within the Australian debate, India's non-NPT status and possession of nuclear weapons has often been seen as reason enough to deny it uranium exports. This was a bipartisan position for many years until 2007, and has remained Labor policy at least until now. The argument has had several elements. One is that no country should be rewarded for the 'bad behaviour' of both not signing the treaty and building the bomb. Another is that exporting uranium to India would set a damaging example in terms of the indirect proliferation risk, undermining the global NPT bargain and encouraging countries like Pakistan and North Korea to maintain their defiance of the NPT in the expectation that eventually they too might get such special treatment. A third is that foreign supplies of uranium for civil purposes would in effect 'free up' India's limited indigenous uranium for expanded weapons-building activities.

Yet these positions have been eroded by the ambiguities emerging from the US-India deal. These include the claimed non-proliferation benefits – however debatable – of India, potentially one of the three largest economies of the 21st century, being brought permanently 'inside the tent' of safeguarded, mainstream nuclear commerce and export controls. This view was argued by the Administrations of George W. Bush and of Barack Obama and affirmed by the Howard Government in 2007 and subsequently by the conservative Coalition opposition. By 2010, the United States was even arguing for India's inclusion in the Nuclear Suppliers Group (NSG), a sign of how quickly the global debate has shifted. Certainly arguments about India's seemingly exceptional status, and the potential non-proliferation benefits of the US-India deal, have been employed by proponents of Australian uranium exports to India, as has the point that India's arsenal expansion is slow and restrained, and would moreover continue in the absence of external civil cooperation.

The second part of the proliferation dimension in Australia's consideration of uranium exports relates more to the actual behaviour of the destination country in question, in particular its record of proliferation. Has the government or perhaps some private entity from that country assisted the spread of nuclear weapons technology or know-how to another country? Has it attempted to acquire, or indeed succeeded in acquiring, nuclear weapons for itself, perhaps in breach of or outside the NPT regime? These questions are
necessary, although not at all sufficient, to inform judgments about the third and fourth non-proliferation factors: the indirect proliferation risk or ‘demonstration effect’ of influencing the thinking of third countries; and the direct proliferation risk of possible diversion of Australian material.

Here the debate moves into grey territory. The credentials of China, Russia and India in terms of NPT membership do not match their record of behaviour. India has obviously ‘proliferated’ in the sense of acquiring nuclear arms for itself, and did so – albeit decades ago – in part by abusing technology provided to it by Canada for civilian purposes. Yet India can rightly claim a record of not proliferating to others; thus upholding Article I on the NPT, and this point has been emphasised by supporters of Australian uranium exports to India. Indeed, it has even been made, frequently, by the Rudd and Gillard Australian Labor governments: initially in explaining Australia’s support of the US-India deal and of the NSG waiver allowing exports to India; subsequently in explaining why Australia wants a stronger strategic relationship with India; and finally, it would seem, as way of helping to prepare the Australian public and the Labor Party for the possibility of a policy change over uranium exports to India.14 In this context, the positive side of the Indian non-proliferation story – the list of sound policies, aspirations and undertakings New Delhi delivered on the eve of the 2008 NSG decision – might help provide a substitute for the unrealistic demand of NPT membership in crafting a new and tailored set of non-proliferation criteria for Australian uranium exports.

Russia, and the Soviet Union before it, has no known post-1970 record of deliberately spreading nuclear weapons capabilities. But it has a less than perfect history in the non-proliferation game. In the pre-NPT era, and before the Sino-Soviet split, Soviet help was invaluable to China’s nuclear program. And even after joining the NPT, Moscow has repeatedly proven willing to export civilian nuclear technology and fuel in circumstances which others have deemed an unacceptable proliferation risk or in defiance of sanctions that others have imposed: notably to India (Russia was building and supplying reactors in India long before the US-India deal) and to Iran. This record has been cited by some in Australia, notably the Greens and anti-nuclear elements within Labor, as a reason to be wary of uranium exports to Russia. The alleged risk was that Australian uranium for civil purposes within Russia would thus ‘free up’ Moscow’s own uranium and fissile material for export to dubious customers or even for future Russian weapons building. This argument entirely overlooks the point that Russia possesses a surplus both of nuclear weapons and of fissile material. Its desire for Australian uranium has much to do with price and reliability of supply, not some nefarious ulterior motive.

China remains the subject of concern about the ongoing effects of its past proliferation behaviour. Before it acceded to the NPT in 1992, and even afterwards, China had a reputation for aiding the Pakistani nuclear and missile programs. While the extent and nature of this assistance has been debated, there are both Indian and US assessments that Chinese assistance was critical to the development of and production of fissile material for Pakistan atomic bombs.15 The discovery of a Chinese fission bomb blueprint in Libya, which appears to have come from Pakistan via the A Q Khan network, reinforced these perceptions.16 Chinese assistance to the Pakistani nuclear establishment has continued, albeit in the form of providing reactors for what both countries insist are civil purposes. Concerns about China and proliferation do not stop with Pakistan. There have been multiple instances of the United States sanctioning trading entities in China for their export of dual-use items to countries of proliferation concern, including Iran, although in its defence Beijing has argued that such exports are not the work of the Chinese
government. At the very least, these instances have exposed weaknesses in China’s export control system. Beijing’s commitment to non-proliferation is also called into question by its reluctance to apply substantial pressure on North Korea and Iran to end their nuclear-weapon ambitions.

The third consideration is the indirect proliferation risk: the view that decisions regarding Australian uranium exports to a particular country might encourage or discourage a third country in the pursuit of nuclear weapons. The most common argument here is that exporting uranium to India, a country that has not joined the NPT, undermines one of the core bargains of that treaty. This would supposedly make it more likely (however slightly) that some NPT non-nuclear weapons states might reconsider whether the treaty is in their interest, since they would be observing another country gaining the civil nuclear cooperation benefits of the treaty without paying the nuclear weapons-abjuring costs of membership. In addition, there might conceivably be effects on the perceptions of other states, namely those which possessed or were seeking nuclear weapons outside the NPT: Pakistan, Israel, North Korea and Iran. These countries might take the view that, like India, they need only wait out the international community’s outrage, before eventually receiving civil nuclear help while retaining the bombs. Again, the non-proliferation norm would be eroded. Conversely, there is the argument that an unhelpful demonstration effect also arises from civil nuclear exports to a nation like China which, although an NPT member, possesses a less than stellar non-proliferation reputation. Certainly Australian uranium exports to China have made it more difficult to convince India that Canberra’s uranium-export decisions are based on proliferation and norm-reinforcing considerations alone.

It is extremely difficult to measure any such indirect proliferation effects within the short time-horizon of policymakers. An emphasis on these arguments can overlook the many other factors involved in a nation’s decision to acquire nuclear weapons. Primary among those is a calculation of net benefit for national security: typically, no nation is going to seek the bomb unless it is dealing with deep, probably existential, security concerns, whether from another nuclear-armed state or from overwhelming conventional force. These involve perceived threats from one or more other nuclear-armed powers. National prestige, domestic politics and even the psychology of individual leaders are among other factors. Additionally, although Pakistan has for instance sought to use the US-India deal as a precedent for seeking its own such waiver, as well as a justification for its continued civil nuclear cooperation relationship with China, there is little sign of the international community seeking to make a fresh exception for Islamabad. Nor would global efforts to constrain the Iranian or North Korean nuclear programs seem to be wavering as a result of the US-India deal. Moreover, the relative success of the 2010 NPT review conference suggests that there has been a rallying of international support for the treaty despite the US-India agreement. In any case, given that any future Australian uranium sales to India will likely occur only after most other nuclear suppliers have already entered the Indian market, there seems little weight to the argument that any such Australian action on its own will make a fundamental difference to India’s, or anybody else’s, decisions regarding nuclear weapons.

Finally, the direct proliferation effects of Australian uranium exports relate closely to some of the other factors listed above. In particular, the application of fullscope safeguards – required under Australian bilateral nuclear cooperation agreements – has proven to be the main practical vehicle for assuaging Australian government concerns on this front.
Economics

The economic factor in this debate is surprisingly small. Uranium export is approximately a billion-dollar industry; even optimistic projections of its growth would bring it to perhaps $1.7 billion (AUD) by 2014. This can be contrasted with, for instance, iron ore exports, anticipated to reach a record total value of $63 billion (AUD) in 2011. While mining companies obviously have an interest in the opening up of new export markets, the Australian uranium industry has become deeply conscious of its image problem and has been cautious about being seen to lobby Canberra over export policy changes. Indeed, the industry, and its voluntary peak organisation the Australian Uranium Association, sees export policies underpinned by non-proliferation safeguards and political consensus as essential to the stability of its business. It has declared support for non-proliferation principles.

Despite frequent claims from the anti-nuclear movement that Australian uranium export decisions are heavily influenced by economic pressures and corporate greed, neither the numbers nor the (at least recent) record of industry behaviour suggest this is true. The only market consideration that might bear substantially on government decision making would seem to be the question of losing markets to other supplier countries over the long term, although again there is not compelling evidence that this reason has dominated Canberra’s thinking about uranium sales to China, Russia or India. So the chief factors explaining government approval of uranium exports must lie elsewhere.

Diplomacy: bilateral relations

Australia’s diplomatic imperatives go a long way to explaining the decisions to open new uranium export markets among rising or re-emerging major powers. The decisions by the Howard government to sell uranium to China, Russia and, in principle, to India were made in the context of that government’s very clear national interests based approach to foreign policy and its determination to strengthen key bilateral relationships.

After an initial rocky patch in relations with China in 1996, the Howard government developed a highly pragmatic relationship with Beijing, focused on mutual respect and the advancement of common interests, particularly in trade, and quarantining these positives from differences in values and strategic orientation. Howard’s decision to sell uranium to China towards the end of his time in office, announced during a visit by Chinese premier Wen Jiabao in 2006, was part of that wider partnership with Beijing. His government was conscious of Beijing’s need to increase nuclear energy generation as part of its energy security strategy and to help fuel its economic development, which in turn would aid social stability within China and reinforce China’s reliability as a destination for other, more lucrative, Australian exports. Certainly, energy security, aiding China’s emissions reduction efforts and the context of the wider partnership were themes in the Australian Government’s public announcement. At the same time, the Howard government presumably satisfied itself about any non-proliferation concerns, including through its bilateral nuclear cooperation and safeguards agreements; a point emphasised in its press statements at the time.

Likewise, John Howard’s government in 2007 made a point of trying to add substance to Australia’s thin links with Russia. This was a time when Russia’s relations with the United States were still reasonably good and when Russia was trying to play itself back into the diplomacy of Australia’s Asia-Pacific region. Indeed, the public launch of uranium export...
negotiations with Russia was timed to coincide with President Putin’s visit to Australia in late 2007 for the summit of the Asia-Pacific Economic Cooperation (APEC) forum. And the wording of the Howard government’s relevant announcements was cast very much in the familiar national interest language of building a strong bilateral relationship.

Finally, the national-interest bilateralism component played strongly in Howard’s decision to sell uranium to India, thus ending decades of Australian bipartisanship against uranium exports to non-NPT states. The Australia-India relationship had long been a disappointment to both countries. Seemingly natural partners, with shared Indian Ocean geography and democratic values, Canberra and New Delhi had long failed to treat each other as serious strategic collaborators. Although India was becoming a large importer of Australian resources, especially coal, the defence and political relationship continued to be mediocre, and John Howard may well have seen uranium as a magic bullet to bring Australia into New Delhi’s first rank of diplomatic partners. It was a time when most of the world was suddenly courting a rising India, and Australia needed something special to offer; uranium, it seemed, was the thing - as the Indian Prime Minister Manmohan Singh had bluntly told Howard in early 2006. Nonetheless, bilateralism alone cannot fully explain the diplomatic calculations that informed Howard’s decision. His wish to advance the Australia-India relationship is difficult to separate from two wider geopolitical imperatives: a recognition of India’s rise as a major power, and a desire to reinforce US efforts to bring India into the global nuclear mainstream as well as to build a strategic partnership with New Delhi.

Diplomacy: Geopolitics, power balances and the US alliance

Judgements about geopolitics and strategy appeared to have weighed substantially in Australian thinking about uranium exports to China, Russia and India. These relate mainly to the changing balance of power in Asia and the central role of the US alliance in Australian security policy.

With regard to China, Australia’s desire to build a deep economic relationship and reasonable levels of diplomatic trust can be explained in large part by China’s increasing weight in the international system. At the same time, Canberra’s alliance with the United States has long been a fundamental part of Australia’s defence strategy and has strengthened further in the past decade, partly in response to China’s growing power. Alliance considerations can be assumed to have been taken into account in the Howard government’s decision to sell uranium to China in 2006. Secretary of State Condoleezza Rice was briefed the month before the deal was announced. Certainly, the United States made no public criticism of Canberra’s decision. Canberra’s and Washington’s comfort levels may have been reinforced by the fact that China was widely believed by non-proliferation experts to have already stopped producing fissile material for weapons in the 1990s, and thus was presumed already to possess the stockpile it may need for future arsenal expansion. Despite all of this, a tantalising hypothetical question is whether Washington would have been quite so relaxed if Australia’s decision to export uranium to China had arisen only a few years later, at a time of growing US security concerns about China’s power.
Again, the United States is unlikely to have had a problem with Australia’s initial decision to export uranium to Russia. This came at a time, in 2007, when US-Russia relations were generally in good shape. What is more intriguing is the question of whether and how alliance pressures may have played into the Rudd government’s subsequent decision in 2008 to review the proposed nuclear cooperation agreement with Russia, then still under negotiation. This phase of caution came in the wake of Russia’s military conflict with Georgia, at a time where the United States and its allies suddenly found themselves desperately seeking non-military levers of influence and punishment against Moscow. Briefly, Australia’s anti-nuclear left found themselves on the same side as Republican America; critics of prospective uranium exports to Russia even cited Russia’s action against Georgia as evidence that Moscow could not be trusted to honour agreements on other issues, such as the non-diversion of peaceful nuclear materials. Ultimately, in 2010 Australia finalised the Russia deal, again, coincidentally or not, at a time when US-Russia security relations had been reset and Moscow had demonstrated progress on non-proliferation and disarmament by agreeing to a new nuclear reductions treaty with Washington. The alliance may not have been decisive in Australia’s decisions regarding uranium and Russia, but the pattern of those decisions was broadly consistent with the prevailing mood of US-Russia relations.

It is in relation to India that both the significance and the limits of the US alliance in regard to Australian uranium export decisions become clearest. Although Australia under John Howard may have come slightly late to embracing the rise of India, it nonetheless became a supporter of much of the US agenda of cultivating New Delhi as a security partner for the new century. This included defence relations and engaging India, along with Japan, in ‘minilateral’ forums and activities, such as the short-lived quadrilateral dialogue and a core group of first responders to the 2004 tsunami in Southeast Asia. The timing of Howard’s uranium decision was quite telling. In August 2007 he endorsed India as a recipient of Australian uranium in the midst of difficult political and bureaucratic battles which were threatening to stall the Indo-US deal in Washington, New Delhi and internationally. In other words, one consequence of Australia’s policy shift would have been to provide political ammunition to supporters of the US-India deal at a critical time.

That said, the reversal of Howard’s decision under the subsequent Labor governments of Rudd and Gillard suggest that the US alliance is not the determining factor in Australian decisions on uranium exports to major powers. After all, this reversion to Australia’s old-fashioned position on uranium and India came at a time when the United States, under Bush and then Obama, continued to place a high priority on creating a nuclear exception for India. The Rudd Government even sustained this position after the Nuclear Suppliers Group, including Australia, endorsed the US-India deal in September 2008. Australia’s position at that meeting highlighted a piquant tension in its internal policy debates. An Australian Labor government had actively supported an NSG waiver for India, showing a willingness to identify with US policy favouring civilian uranium sales to India in general terms, and thus clearing the way for other countries to export legally to India. At the same time, the same government was bound by the Labor Party’s election platform to prevent any such exports coming from Australia. With its NSG vote, Canberra had done all it could to support a rising India and the US alliance without breaching a domestic party political position.
Domestic politics and party games

The peculiar story of the Rudd Government’s contradictory stance at the NSG in September 2008 is a reminder of the role of domestic factors in Australian uranium export decisions: party politics, public opinion and political values. These factors do not tend to inspire decisions to open new markets for uranium exports but they can be powerful constraining forces in any such debates.

These domestic factors do not seem to have played heavily into the decision to export uranium to China in 2006. This may have been partly because of the then relatively benign image of China in the Australian public mind (a perception which no longer holds). The Howard government was strong in its parliamentary majority and in public esteem, the ruling Liberal and National parties did not have anti-nuclear lobbies within their ranks, and the Labor Party at that stage showed no intention of trying to outflank the conservatives on the right by depicting China as a security menace. The only notable criticism of the deal came from the Greens, with a threefold warning about nuclear threats in general (including the perceived risks of nuclear power), China’s nuclear arsenal, and China’s authoritarianism and repression, such as in Tibet. These views were politically marginal at the time and had no bearing on Howard’s decision.

In the case of Russia, domestic politics played a slightly larger role, both in Howard’s 2007 decision to export and Rudd’s 2008 decision to defer and review. The first decision came on the eve of an election campaign, when the Howard government was trying to use uranium and nuclear energy as issues to divide and confound the Labor opposition. The 2008 deferral decision also had a domestic context: differences within the Labor ranks about whether the Rudd Government was serious in implementing purist policies on disarmament and proliferation, and dismay among Australians at Russia’s use of force against a small country.

The case of India, however, has involved a decisive role for domestic politics in Australian policy formulation on uranium exports. Along with the bilateral, balance-of-power and alliance factors that impelled Howard’s 2007 support for sales to India, there was likely to have been a minor domestic element to his thinking: a proposed nuclear deal with India, as with Russia, fitted into the wider use of nuclear issues as a political ‘wedge’ against the Labor Party. Of course, in the end, Howard lost the election. But, paradoxically, one outcome of his rapid conversion to advocating uranium for India may have been to slow down any effort within the Labor Party to modernise policy along similar lines: it was too important for Labor under Rudd to win the 2007 election for them to risk an early internal battle on such a controversial issue. Thus any pro-India pragmatists kept their heads down at the early 2007 Labor Party national conference that formulated policy for the election.

India may even have been the sacrifice necessary for the pro-uranium mining wing of the party to secure the abolition of the 1983 ‘three mines policy’. Once in government, Rudd remained reluctant to make an early move towards selling uranium to India, even though some of his ministers were keen, and the government recognised the need for much closer relations with India. His reticence may have been linked to the fragility of his support base among the Labor rank-and-file. Thus the view of one part of the Labor Party has had a central influence on uranium policy towards India, and this has been at odds with the view of the opposition, as well as with bilateral, geopolitical and alliance imperatives. With Labor retaining power as a minority government, it remains to be seen in late 2011 whether that obstacle to policy change will remain much longer.
Conclusion: Not for non-proliferation alone

Policy on Australian uranium exports to major countries such as China, Russia or India is not purely about non-proliferation and nor is it primarily about economics. Instead, the major drivers of Australian uranium exports to China, Russia and — whenever they finally happen — India relate more closely to diplomacy and geopolitics. Canberra recognises real diplomatic value in uranium exports, provided they can be justified as not posing proliferation risks. This in turn may depend upon the conditions of export, not simply a blanket ‘yes’ or ‘no’ approach to exports. Certainly Canberra has come to see uranium as a way to strengthen those bilateral relationships which offer great value to Australia’s wider national interests. Support for the US alliance is another element in the mix of diplomatic and geopolitical factors behind uranium export decisions, although not necessarily an overriding one. As for domestic opinion, it matters primarily as a function of party politics, and serves more to obstruct potential export arrangements than to initiate them.

The Australian government’s decisions whether to export, and what conditions to attach, arise from the churn of all these factors. This suggests that there is a premium on political leadership in bringing about change in uranium export policy. The question for leaders is: how much political capital are they willing to expend on this issue? For as long as Labor remains in power in Canberra, the possibility of Australia using uranium as a way to build its relationship with India will rest on that question. Crucially, with her public statement in November 2011, Prime Minister Gillard has given her answer: she is willing to take the risk of making this a defining foreign policy issue of her time in office. For its part, the Indian policy establishment has come to acknowledge the difficulties involved with changing nuclear policy in its fellow democracy Australia. Nonetheless, there has been serious Indian frustration and bafflement on this issue. New Delhi does not immediately need Australian uranium but does see the issue as a barometer of trust, and reads Canberra’s — or Labor’s — prolonged refusal even to consider opening negotiations on a safeguard agreement as a statement that Australia does not trust India. In these circumstances, and given that contemporary Australian uranium export policy is demonstrably about more than non-proliferation, the quality of Australia’s relations with a rising India will be in the balance when Labor delegates gather in Sydney on the first weekend of what may prove to be Australia’s Indian summer.
Footnotes


2 In 2008-2009 Australia was the third-largest exporter of uranium with about 15.7% of the global market, behind Canada and Kazakhstan. Australia also, has the world’s largest reserves of ‘reasonably assured resources’ or accessible, low-cost reserves of uranium, estimated to be up to 46 percent of the global total. See World Nuclear Association, Uranium Production Figures 1999-2009. http://www.world-nuclear.org/info/uprod.html; Australian Uranium Association, http://www.aua.org.au/content/resources.aspx; Australian Government, Australian Safeguards and Non-proliferation Office: Annual Report 2009-2010, Commonwealth of Australia: Canberra, 2010. p. 27.


6 These agreements differ for designated nuclear weapons states or non-nuclear weapons states.

7 For an authoritative account of the history of India’s initial involvement in NPT negotiations but subsequent decision not to join the treaty, see George Perkovich, India’s Nuclear Bomb: The Impact on Global Proliferation (University of California Press: Berkeley and Los Angeles) 1999. 125-145.

8 These demands were repeated as recently as the 2009 UN Security Council nuclear summit, convened by President Obama, much to Indian annoyance. Cole Harvey, ‘Nuclear arms resolution passed at UN Summit’, Arms Control Today, October 2009. http://www.armscontrol.org/act/2009_10/UNsummit

9 Critics of the Indo-US nuclear deal argue that, unlike the NPT, it does not impose on India a legally-binding commitment to disarm – to which India and its supporters might reply that the NPT nuclear-weapons states are not exactly fulfilling theirs.


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