

## Agreement with the Russian Federation on cooperation in the use of nuclear energy for peaceful purposes

### Introduction

- 2.1 The *Agreement between the Government of Australia and the Government of the Russian Federation on Cooperation in the Use of Nuclear Energy for Peaceful Purposes* replaces an existing 1990 agreement with the Government of the Union of Soviet Socialist Republics and will bring the nuclear cooperation relationship between Australia and Russia into line with Australia's other bilateral nuclear agreements with nuclear-weapons states.<sup>1</sup>
- 2.2 The key difference between the two agreements is that this agreement will allow the use of Australian uranium in Russian nuclear power plants, whereas the existing agreement only permits Russia to enrich Australian uranium for eligible third states and not its own use. The new agreement also establishes a broad framework for cooperation between Australia and Russia in the peaceful use of nuclear technology.<sup>2</sup>
- 2.3 Under long-standing Australian Government policy, Australian uranium and nuclear material derived from it (Australian Obligated

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1 NIA, para 5.

2 National Interest Analysis (NIA), para 5.

Nuclear Material or AONM) can only be exported to countries with which Australia has concluded a nuclear safeguards agreement. The purpose of Australia's nuclear material safeguards agreements is to provide assurance that AONM is used exclusively for peaceful purposes. These agreements complement the International Atomic Energy Agency's (IAEA) safeguards system, which is aimed at assuring the non-proliferation of nuclear weapons. Australia currently has 22 nuclear safeguard agreements covering 39 countries, including Taiwan.<sup>3</sup>

- 2.4 Each safeguards agreement also includes confidential Administrative Arrangements, which is a less-than-treaty status agreement, setting out the operational arrangements for the principles committed to by the parties to the treaty level safeguards agreement. The Administrative Arrangements include accounting procedures and reporting required for tracking AONM.<sup>4</sup>
- 2.5 Consultation on this agreement was undertaken within the Commonwealth Government, and with State and Territory Governments, and Australia's major uranium producers. The agreement was also publicly announced in April 2007 with the Government receiving 30 inquiries as at April 2008.<sup>5</sup>

## Key Obligations

- 2.6 The key obligation arising from this agreement is that both parties are to ensure that no nuclear material transferred under the agreement is ever used for, or diverted to, any military purpose.<sup>6</sup> This includes the use of AONM for nuclear weapons, naval propulsion, depleted uranium munitions and production of tritium for weapons use.<sup>7</sup> Mr John Carlson, Director General of the Australian Safeguards and Non-Proliferation Office (ASNO) summarised the other key aspects of the agreement:

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3 Regulation Impact Statement (RIS), p. 1.

4 Australian Safeguards and Non-Proliferation Office, Supplementary Submission 22.1, pp. 8-10.

5 NIA, Consultation attachment; RIS, para 4. The Australian Government agencies involved in consultation were the Attorney-General's Department and the Departments of Prime Minister and Cabinet; Resources, Energy and Tourism; Industry, Innovation, Science and Research; and Defence.

6 NIA, para 14.

7 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 25.

- AONM is to be subject to Russia's safeguards agreement with the International Atomic Energy Agency (IAEA);
  - AONM cannot be transferred to any third party, highly enriched or reprocessed without Australia's prior consent;
  - Fallback safeguards are to apply if for any reason IAEA safeguards cease to apply;
  - Internationally accepted standards of physical protection or security are to apply;
  - Administrative Arrangements are to be concluded between ASNO and its Russian counterpart, Rosatom, in the form of a Memorandum of Understanding setting out detailed procedures for accounting for and reporting on AONM; and
  - In the event of a breach of the agreement, Australia can suspend all nuclear transfer and require the return of material already supplied.<sup>8</sup>
- 2.7 Further, with a limited exception<sup>9</sup>, AONM may only be processed, used or stored within facilities mutually determined by ASNO and Rosatom. These facilities must also be subject to Russia's safeguards agreement with the IAEA.<sup>10</sup>
- 2.8 The Committee notes that the Memorandum of Understanding setting out procedures for accounting for and reporting on AONM and determination by ASNO and Rosatom of the list of facilities eligible for AONM are still to be concluded.<sup>11</sup>
- 2.9 The agreement will remain in force for an initial period of 30 years, although there is provision for either party to terminate the agreement through written notification to the other party. The conditions of the agreement, however, will apply to AONM in Russia

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8 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, pp. 25-26. See also NIA, paras 10 and 15 to 24.

9 The Committee was told that depleted uranium tails left from the enrichment of Australian uranium in Europe will not be processed at the international fuel cycle centre at Angarsk, which will be under IAEA safeguards, because of the presence of uranium-236 - a 'complication in terms of energy production'. The tails will go to other enrichment plants not subject to IAEA safeguards in order to avoid introducing traces of uranium-236 into the pipe work of the Angarsk centre. Mr John Carlson, *Transcript of Evidence*, 16 June 2008, pp. 35-36.

10 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 26.

11 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 26.

for as long as that material is in Russia irrespective of the life of the agreement.<sup>12</sup>

## Russia's energy demands

- 2.10 Russia is the world's third largest energy consumer and currently has 31 operating nuclear power plants providing about 16 percent of its energy demand. It is projected that overall energy demand will double by 2020. Russia intends to build up to 40 new nuclear power plants to meet this demand, which will more than double current capacity and raise the proportion of electricity supplied by nuclear power to around 23 percent.<sup>13</sup>
- 2.11 By 2030 Russia intends to have almost half its electricity supplied from nuclear energy and hydropower.<sup>14</sup> Although it currently uses domestic uranium supplies for its nuclear power industry, the Committee was informed that Russia is seeking agreements with a number of countries to secure long term external sources of uranium, upon which it will become increasingly dependent into the future.<sup>15</sup>

## Australia's uranium supply

- 2.12 Australia holds 27 percent of the world's medium cost uranium reserves and is the world's second largest uranium producer after Canada. In 2007, Australia exported approximately 8,600 tonnes of uranium valued at \$660 million. The United States of America, France, Japan and the Republic of Korea are Australia's main uranium customers.<sup>16</sup>
- 2.13 The Committee was informed that with around a third of the world's low cost uranium resources, Australia is well placed to provide Russia with a significant proportion of its expanding uranium needs. Further:

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12 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 34.

13 NIA, para 13.

14 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 25.

15 RIS, p. 2; Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 25.

16 RIS, p. 3.

[n]ot only do Australia's major uranium producers want to establish themselves in potentially one of the world's largest uranium markets; they also believe the agreement will help open up other mining and development opportunities in Russia.<sup>17</sup>

2.14 ASNO estimated that if Australia could capture about a third of the Russian uranium market by 2020, this would equate to about 2,500 tonnes of uranium (about a quarter of Australia's current total exports). Based upon current prices, this would be valued at around \$350 million per year.<sup>18</sup>

2.15 This demand could not be met, however, on the basis of the current level of production:

Our current levels of production are fully committed, so we are looking ahead to a period where Australian production will be increasing substantially. Apart from the opening of new mines, the expansion of the Olympic Dam project alone will increase Australia's production by a factor of at least two.<sup>19</sup>

2.16 The Australian Uranium Association (AUA) also highlighted the potential economic benefits to Australia from the agreement. Modelling commissioned by the AUA predicted that by 2030 Australia's GDP could be \$14 to \$17 billion higher if the uranium industry was expanded to its potential.<sup>20</sup>

## Reasons for Australia to take treaty action

2.17 In addition to strengthening Australia's bilateral ties with the Russian Federation, the Australian Government considered that the specific benefits arising from this agreement to Australia are that it would:

- enable the transfer of nuclear material subject to nuclear safeguards and controls that are consistent with Australia's long standing policies and international obligations to prevent the proliferation of nuclear weapons;

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17 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 25.

18 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 32.

19 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 32.

20 Australian Uranium Association, Submission No. 3, p. 1.

- assist Russia to reduce greenhouse gas emissions and atmospheric pollution through the use of nuclear power; and
- consolidate Australia's position as a reliable supplier of energy resources.<sup>21</sup>

2.18 The Government also considered that this agreement, one of several Russia is concluding on nuclear cooperation, would contribute to engagement between Russia and the international community on non-proliferation, nuclear security and nuclear safety.<sup>22</sup>

2.19 Mr John Carlson of ASNO outlined some of the factors considered by the Government in concluding the agreement:

A key factor was Russia's action announced in 2006 to clearly separate its military and civil nuclear programs and to place civil facilities under its safeguards agreement with the IAEA. A further factor was that Russia had ceased production of fissile material for nuclear weapons many years ago and announced this in 1994. Russia has no reason to try to divert imported uranium for military use. As I have already noted, Russia is a major uranium exporter through its extensive program of down-blending ex-military high-enriched uranium, equivalent to thousands of warheads, for use in nuclear power plants.

Another key factor was the major upgrading of nuclear safety, security and safeguards achieved through international collaboration with Russia since the early 1990s. Since that period there have been at least 17 significant multilateral and bilateral international assistance programs aimed at improving safety and security in Russia's nuclear sector, totalling well over US\$10 billion. The focus of these programs has ranged from commitments of tens of millions of dollars for assisting specific nuclear reactors to the multibillion-dollar Nunn-Lugar Cooperative Threat Reduction Program that has over 17 years secured tonnes of weapons-usable nuclear material.

As a consequence of all these programs there has been substantial improvement in the safety and security of nuclear materials and facilities in Russia. Russia is committed to bringing its power sector into line with international

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21 NIA, para 6.

22 NIA, para 7.

standards on nuclear regulation, transparency and accountability.<sup>23</sup>

- 2.20 ASNO also indicated that Russia is an active participant in international fora on nuclear safety and security. Russia has been engaged in the safety review process of the World Association of Nuclear Operators since its inaugural meeting in 1989. It is also active in peer review processes under the Convention on Nuclear Safety, the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.<sup>24</sup>
- 2.21 In its submission to the Committee, Paladin Energy argued it was important that Australia, as a major uranium producer, and Russia, as a major nuclear technology provider, conclude an agreement that would enable both countries to cooperate and benefit from expanded peaceful applications of nuclear technology.<sup>25</sup> The AUA also supported expansion of Australia's uranium industry and considered the proposed agreement one mechanism by which Australia 'can safely and securely realise the potential available in the comparative advantage we have in uranium'.<sup>26</sup>
- 2.22 ASNO emphasised to the Committee that this agreement is intended to develop a relationship with the Russian Federation into the long term based upon Russia's intentions to substantially expand its nuclear power program. In ASNO's view, Russia will become a major uranium importer and is likely to retain its remaining fissile material for use in its own power program.<sup>27</sup>

## **Non-Proliferation Treaty and IAEA safeguards**

- 2.23 The agreement with the Russian Federation has been negotiated within the context of both Australia and Russia's obligations as parties to the *Treaty on the Non-Proliferation of Nuclear Weapons* (NPT).
- 2.24 The purpose of the NPT is to prevent the spread of nuclear weapons while ensuring fair access to peaceful nuclear technology under

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23 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 27.

24 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 27.

25 Paladin Energy Ltd, Submission No. 9, p. 2,

26 Australian Uranium Association, Submission No. 3, p. 1 and 3.

27 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 14.

international safeguards (audits and inspections). Parties to the NPT have committed to:

- preventing the proliferation of nuclear weapons;
- pursuing nuclear disarmament; and
- promoting the peaceful uses of nuclear energy.

- 2.25 There are two categories of parties to the treaty: nuclear weapons states (NWS) and non-nuclear weapons states (NNWS). Russia, along with China, France, the United Kingdom and the United States, is a nuclear weapons state. Its obligations under the NPT differ from those of NNWS.<sup>28</sup>
- 2.26 The IAEA is the agency with responsibility for developing nuclear safety standards and verifying through its inspection system that member States comply with their commitments under the NPT and other non-proliferation agreements. NNWS must accept safeguards, in the form of accounting and auditing procedures<sup>29</sup> and on-site monitoring, for all nuclear activities and materials to verify they are not being used for nuclear weapons.
- 2.27 This safeguards regime operates differently for NWS. These states have entered into a Voluntary Offer Agreement with the IAEA, covering some or all of their peaceful nuclear activities.<sup>30</sup> Under a Voluntary Offer Agreement, facilities or nuclear materials in facilities notified to the IAEA are offered for the application of safeguards.<sup>31</sup>
- 2.28 States can ratify an Additional Protocol, which gives the IAEA increased access to all aspects of a State's nuclear program. The Additional Protocol allows for the use of improved verification technologies and requires more extensive inspections at declared nuclear sites. A State is also required to provide the IAEA with broader information covering all aspects of its nuclear fuel-cycle related activities, including research and development and uranium

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28 [www.iaea.org](http://www.iaea.org) (accessed 3 September 2008).

29 The IAEA uses nuclear material accountancy as its basis measure for safeguarding declared material. The system monitors the quantities of nuclear material present in a nuclear facility and the changes in these quantities that take place over time. In addition, the IAEA analyses all relevant information obtained through verification and from other sources to ensure consistency with State declarations. IAEA, *IAEA Safeguards: Stemming the Spread of Nuclear Weapons*, [www.iaea.org](http://www.iaea.org) (accessed 3 September 2008).

30 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 7.

31 IAEA, *IAEA Safeguards Glossary*, [www-pub.iaea.org/MTCDD/publications/PDF/nvs-3-cd/PDF/NVS3\\_prn.pdf](http://www-pub.iaea.org/MTCDD/publications/PDF/nvs-3-cd/PDF/NVS3_prn.pdf), (accessed 8 September 2008).

mining.<sup>32</sup> Russia has ratified an Additional Protocol, which entered into force in October 2007.<sup>33</sup>

2.29 Russia's obligations under the NPT and the application of safeguards to it as a NWS are discussed further below.

## Opposition to the Agreement

2.30 The Committee received a number of submissions and took evidence at public hearings in Melbourne and Canberra opposing ratification of this agreement. Organisations were opposed to the agreement because of claims that:

- Russia is violating its disarmament obligations under the NPT and is embarking on a process of re-armament;<sup>34</sup>
- IAEA safeguards are severely limited in their application to nuclear weapons states<sup>35</sup> and cannot prevent Australian uranium from being used for nuclear weapons<sup>36</sup>;
- Nuclear facilities, materials and weapons in Russia have not been fully secured despite major international collaborative efforts over a number of years<sup>37</sup> and physical protection (security) standards remain inadequate<sup>38</sup>;

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32 IAEA, *IAEA Safeguards: Stemming the Spread of Nuclear Weapons*, [www.iaea.org](http://www.iaea.org) (accessed 3 September 2008).

33 Australian Safeguards and Non-Proliferation Office, Submission No. 22, p. 3.

34 Medical Association for the Prevention of War (Australia) (MAPW), Submission No. 6, p. 3; International Campaign to Abolish Nuclear Weapons (ICAN), Submission No. 7, p. 2; Friends of the Earth, Australia (FOE), Submission No. 17, pp. 5-10; The Wilderness Society, Submission No. 15, p. 2; Australian Conservation Foundation (ACF), Submission No. 8, p. 6.

35 ICAN, Submission No. 7, p. 4; ACF, Submission No. 8, p. 3; FOE, Submission No. 17, pp. 19-20.

36 MAPW, Submission No. 6, p. 4.

37 ICAN, Submission No. 7, p. 4; ACF, Submission No. 8, p. 3; Women's International League for Peace and Freedom (WILPF), Submission No. 14, p. 2; FOE, Submission No. 17, p. 11.

38 FOE, Submission No. 17, p. 11.

- There is considerable risk of accident, theft, smuggling, terrorist attack or other misadventure,<sup>39</sup> with Russia remaining the source of most stolen and smuggled nuclear materials<sup>40</sup>;
  - The 'state secrets' provision of the agreement could allow Russia to withhold information relating to AONM or Russia's nuclear weapons program without violating the agreement;<sup>41</sup>
  - It is not possible to guarantee that AONM will not be used for military purposes due to substitution and the principle of equivalence;<sup>42</sup>
  - Russia's civil nuclear industry is still inextricably linked with the military;<sup>43</sup> and
  - The level of resources available to the IAEA to implement the safeguards regime is inadequate.<sup>44</sup>
- 2.31 Concern was also expressed that the Administrative Arrangements that support the agreement will be kept confidential and therefore unavailable for independent review and assessment.<sup>45</sup> Similarly, the secrecy surrounding 'Material Unaccounted For' (MUF) was considered unjustified.<sup>46</sup>
- 2.32 The key environmental and social issues raised by submitters were:
- Russia's track record with nuclear safety and environmental responsibility is poor;<sup>47</sup>
  - Human rights in Russia have been degraded<sup>48</sup> and there is little or no protection for whistleblowers<sup>49</sup>;

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39 ICAN, Submission No. 7, p. 3; FOE, Submission No. 17, p. 11.

40 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 3; Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 4; Dr Jim Green, *Transcript of Evidence*, 28 July 2008, p. 26.

41 MAPW, Submission No. 6, p. 5; Professor Richard Broinowski, Submission No. 2, p. 2.

42 Mr David Noonan, *Transcript of Evidence*, 28 July 2008, p. 13.

43 ACF, Submission No. 8, p. 3.

44 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 10; Mr David Noonan, *Transcript of Evidence*, 28 July 2008, p. 14; Friends of the Earth, Australia, Supplementary Submission No. 17.2, p. 10.

45 Mr David Noonan, *Transcript of Evidence*, 28 July 2008, p. 17; ACF, Submission No. 8, p. 12; FOE, Submission No. 17, p. 24.

46 Dr Jim Green, *Transcript of Evidence*, 28 July 2008, p. 23.

47 ACF, Submission No. 8, p. 3; WILPF, Submission No. 14, p. 2.

48 MAPW, Submission No. 6, p. 5; ACF, Submission No. 8, p. 3; WILPF, Submission No. 14, p. 2.

49 MAPW, Submission No. 6, p. 5; FOE, Submission No. 17, p. 26;

- The rule of law and democracy are not being observed;<sup>50</sup>
- The nuclear waste disposal options are inadequate;<sup>51</sup> and
- Nuclear power is slow, costly, non-renewable and far from greenhouse-neutral.<sup>52</sup>

## Disarmament and nuclear weapons proliferation

2.33 In its evidence to the Committee, ASNO stated that it considered Russia was meeting its disarmament obligations:

Russia is committed to going down to a total of between 1,700 and 2,200 by 2012 ...<sup>53</sup>

2.34 However, a number of participants argued that this agreement should not be ratified because Russia is undermining the NPT by failing to meet its disarmament obligations and investing in new nuclear weapons.<sup>54</sup> Dr Sue Wareham of the Medical Association for the Prevention of War (Australia) argued that the continuing claims of Russia:

... that they are complying with article 6 by reducing their number of weapons, even though [they] have affirmed their refusal to get rid of these weapons, is a dishonest and hypocritical abuse of this fundamentally important treaty.<sup>55</sup>

2.35 Similar concerns were expressed by Associate Professor Tilman Ruff of the International Campaign to Abolish Nuclear Weapons:

... we are seeing not just a lack of progress in that direction but direction in the reverse: new nuclear weapons development, new roles for nuclear weapons, reduction in the threshold of nuclear weapons use and explicit threats to use

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50 ACF, Submission No. 8, p. 3; WILPF, Submission No. 14, p. 3; FOE, Submission No. 17, p. 26.

51 MAPW, Submission No. 6, p. 6; ICAN, Submission No. 7, p. 3; ACF, Submission No. 8, p. 3; The Wilderness Society, Submission No. 15, p. 4.

52 ICAN, Submission No. 7, p. 3; WILPF, Submission No. 14, pp. 5-6; The Wilderness Society, Submission No. 15, p. 2 and 5.

53 Mr John Carlson, *Transcript of Evidence*, 16 June 2008, p. 30.

54 ICAN, Submission No. 7, p. 2; The Wilderness Society, Submission No. 15, p. 2; MAPW, Submission No. 6, p. 3; FOE, Submission No. 17, pp. 5-9; ICAN, Submission No. 7, p. 2; Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 4; Dr Jim Green, *Transcript of Evidence*, 28 July 2008, p. 20.

55 Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 3.

nuclear weapons against non-nuclear threats including pre-emptively.<sup>56</sup>

2.36 The Committee notes that the 2000 NPT Review Conference adopted 13 practical steps towards nuclear disarmament and specifically the implementation of article VI of the NPT and paragraphs 3 and 4 of the 1995 Decisions on 'Principles and Objectives for Nuclear Non-proliferation and Disarmament'.<sup>57</sup> The 13 steps included specific action to be taken in relation to nuclear testing, the reduction of existing weapons-related stocks, verification and transparency, and the role of nuclear weapons in national security policy.<sup>58</sup> The Australian Conservation Foundation described these steps to the Committee as a 'reinforcement of the NPT principle of good faith'.<sup>59</sup>

2.37 In his evidence, Associate Professor Tilman Ruff argued that:

[n]one of the 13 practical steps that all of the signatories to the NPT signed onto in 2000, that is eight years ago, have been implemented.<sup>60</sup>

2.38 The Prime Minister's announcement of 9 June 2008 of an International Commission on Nuclear Non-Proliferation and Disarmament was welcomed by participants in the inquiry.<sup>61</sup> It was considered that the Commission:

... offers the possibility of real progress towards nuclear weapons abolition.<sup>62</sup>

2.39 Participants believed, however, that this Commission would be undermined by Australia entering into the proposed agreement.<sup>63</sup> Associate Professor Tilman Ruff told the Committee:

I think countries like Australia really need to now apply the pressure to indicate that there is a serious expectation that the

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56 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 5.

57 2000 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, *Final Document*, Volume 1, New York, 2000, pp. 14-15.

58 United Nations Background Release DC/2826, [www.iaea.org/NewsCenter/News/PDF/prep\\_com\\_conf.pdf](http://www.iaea.org/NewsCenter/News/PDF/prep_com_conf.pdf) (accessed 14 September 2008; 2000 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, *Final Document*, Volume 1, New York, 2000, pp. 14-15.

59 ACF, Submission No. 8, p. 2.

60 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 5.

61 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 2.

62 Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 2;

63 Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 2; ACF, Submission No. 8, p. 15; Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 4.

nuclear weapon states will come good on the obligations to  
disarm ...<sup>64</sup>

- 2.40 The Committee notes the view that '[n]uclear weapons proliferation is the single most immediate threat hanging over the world today'<sup>65</sup> and considers it essential that Russia demonstrates real progress in meeting its disarmament obligations. As noted by the Director General of the IAEA in 2007, while the nuclear weapons states continue to fail to disarm, the risk of horizontal proliferation (the acquisition of nuclear weapons by non-weapons state) becomes all the more real.<sup>66</sup>

## IAEA safeguards and inspections

- 2.41 It was suggested to the Committee that it is not possible to have confidence in this agreement because of the absence of IAEA inspections in Russia.<sup>67</sup> Further, the level of safeguards that apply in Russia, as a nuclear weapons state, do not provide assurance that uranium could not end up in nuclear weapons.

- 2.42 MAPW highlighted the vastly different IAEA inspection regimes for nuclear weapons states under the NPT as outlined in a statement from the IAEA:

We do not inspect weapons states the same way we do other NPT states. Their military sites are off limits and only some of their civilian sites are placed on what is called a voluntary offer list.<sup>68</sup>

- 2.43 In response to the issue of IAEA inspections, ASNO informed the Committee:

... it is the case that the IAEA has not conducted safeguards inspections [in Russia] since 2001. During this period, IAEA safeguards activities in Russia have been limited to the evaluation of accounting reports on the export and import of

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64 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 4.

65 Hon Paul Keating cited by Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 2.

66 Dr Mohamed El Baradei, cited in FOE, Submission No. 17, p. 10.

67 Dr Jim Green, *Transcript of Evidence*, 28 July 2008, pp. 20-21; FOE, Supplementary Submission No. 17.1, pp. 3-4.

68 IAEA communication cited by Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, pp. 2-3.

nuclear material, since the IAEA has not selected any facility for inspection from Russia's list of eligible facilities.<sup>69</sup>

2.44 ASNO went on to state:

Russia therefore has limited experience with IAEA inspections of its nuclear facilities as, until recently, it had not sought to source uranium from countries (such as Australia) that required supplied nuclear material be used in facilities subject to IAEA safeguards. However, Russia is completing a major reform of its nuclear industry to clearly separate its civil and military sectors, and to place civil facilities under its IAEA safeguards agreement. Given the requirement that Australian Obligated Nuclear Material (AONM) can only be used in facilities subject to IAEA safeguards, once supply begins it is expected that the number of facilities eligible for IAEA inspections in Russia will increase.<sup>70</sup>

2.45 ASNO also informed the Committee that Russia intends to meet the highest international standards. In the case of the Angarsk international enrichment centre, where it is expected AONM will be enriched, this facility is on Russia's eligible facility list and 'Russia is insisting that the agency inspect it and is prepared to pay the agency to do that'.<sup>71</sup>

2.46 Further:

I would not want you to have the impression that, if there are no inspections, there is a kind of vacuum. Russia places facilities on what is called an eligible facility list. That means those facilities can be selected for inspection if the agency chooses to do so. In order to be on the list, the facility operators have to keep IAEA-standard nuclear material accounting. They have to have the systems in place where they can account for nuclear material and maintain the records in such a way that an inspector could go there at any time and find everything is in order. The fact that inspection may not be carried out does not mean that Russian authorities do not have to maintain those records; on the contrary, they

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69 Australian Safeguards and Non-Proliferation Office, Supplementary Submission No. 22.1, p. 3.

70 Australian Safeguards and Non-Proliferation Office, Supplementary Submission No. 22.1, pp 3-4.

71 Australian Safeguards and Non-Proliferation Office, Supplementary Submission No. 22.1, p. 4; Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 3 and 9.

do, and the IAEA, along with other governments, has been assisting Russian efforts to introduce the necessary systems.<sup>72</sup>

2.47 Finally:

... we are entering a new era where Russia is committed to establishing a commercial power sector of international standards and they are looking for respectability. They want their system to match what is done in other countries.<sup>73</sup>

2.48 In response to the issue of diversion to nuclear weapons, ASNO highlighted that Russia has a massive surplus of fissile material that is so large that it is down-blending fissile material to supply nuclear power reactors elsewhere in the world. It cited the example of the Megatons to Megawatts program through which Russia is meeting the needs of up to 50 per cent of the United States power reactors through the down-blending of high-enriched uranium into low-enriched uranium to use as reactor fuel.<sup>74</sup> Mr Carlson told the Committee:

... there is absolutely no reason why Russia would contemplate diverted Australian uranium. It simply does not need to.<sup>75</sup>

2.49 While the Committee notes ASNO's assurances, the Committee also notes that in the past, IAEA safeguards failed to discover the efforts of Iraq and Libya to develop nuclear weapons. The IAEA also did not discover the failure of Iran to comply with its safeguards obligations.

2.50 The Committee considers it is important to recognise that the material and capacity to produce nuclear power intrinsically involves the capacity to produce fissile material usable for nuclear weapons.<sup>76</sup>

2.51 The Committee considers therefore that the highest possible standards of safeguards need to be applied to AONM. It is essential that actual physical inspection by the IAEA occurs at any Russian sites that may handle AONM. Further, the supply of uranium to Russia should be contingent upon such inspections being carried out.

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72 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 9.

73 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 10.

74 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 4.

75 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 4.

76 ICAN, Supplementary Submission No. 7.1, p. 2.

## Russia's compliance with treaty obligations

- 2.52 The Committee notes that in 2007 President Putin signalled Russian readiness to suspend its adherence to the 1990 Conventional Forces Treaty in Europe Treaty (CFE), which limits the deployment of military forces and hardware across Europe. In November, the Duma voted unanimously to suspend Russian compliance with the treaty.
- 2.53 In February 2007, General Yuri Baluyevsky, Chief of Staff of the Russian Armed Forces stated that Russia might abandon the 1988 Intermediate Nuclear Forces (INF) Treaty, which eliminated missiles with a range of 500 to 5,500 kms.
- 2.54 Russia has also recently issued the threat of a nuclear weapons strike against Poland, a non-nuclear weapons state.
- 2.55 Dr Wareham argued that:
- The very recent war in Georgia is a further reminder of just how easily tensions can erupt into warfare and the ease with which the world could slip back into Cold War style escalation.<sup>77</sup>
- 2.56 The Committee questioned representatives of the Department of Foreign Affairs and Trade about Russia's actions and whether the Government considered that this indicated a lack of commitment on Russia's part to its treaty obligations. Mr Richard Maude, of the Department of Foreign Affairs and Trade told the Committee:
- ... you are quite correct that Russia did walk away from the CFE treaty in 2007. This was part of what you might call a more assertive approach to foreign policy. It was designed to make a particular point and done in a particular context in Europe.<sup>78</sup>
- 2.57 However, in relation to this agreement, Mr Maude went on to say:
- I would endorse Mr Carlson's point that this is a different sort of agreement. Russia has strong national interests in the agreement and were it to walk away then trade under the agreement would cease.
- 2.58 While it notes the importance that the Government considers Russia will place upon the proposed agreement, the Committee considers ratification of this treaty should not proceed until the Australian

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77 Dr Sue Wareham, *Transcript of Evidence*, 1 September 2008, p. 4.

78 Mr Richard Maude, *Transcript of Evidence*, 1 September 2008, p. 3.

Government is satisfied that there is no risk that Russia will subsequently abandon this treaty or other nuclear treaties.

## Nuclear security

- 2.59 A number of submitters cited comments made by the Director General of the IAEA that only about half of the fissile material located at many sites across the former Soviet Union has been adequately secured, despite many billions of dollars of external support from the United States and the European Union, as well as Russia's own efforts.<sup>79</sup> Many considered that the security risks were unacceptable and pointed to the number of documented incidences of nuclear smuggling attributed to Russia and the former Soviet Union states.<sup>80</sup>
- 2.60 ASNO's response was that the Director General's comment referred to the progress of fully completed security upgrades in 2005 and that:
- Former US Senator Nunn made it clear at the time that this **did not** mean there was **no security** on some Russian material.<sup>81</sup>
- 2.61 ASNO also outlined the action that has been taken over the past two decades to secure Russia's nuclear material, including:
- At least 17 significant multilateral and bilateral assistance programs aimed at improving safety and security, totalling well over US\$10 billion; and
  - The multi billion dollar Nunn-Lugar Cooperative Threat Reduction Program that has, over 17 years, secured tons of weapons-usable nuclear material.<sup>82</sup>
- 2.62 ASNO noted that in April 2008, the US National Security Administration reported that it had completed security upgrades at more than 85 percent of Russian nuclear weapons sites of concern,

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79 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 2; MAPW, Submission No. 3, p. 4; ICAN, Submission No. 7, p. 4.

80 Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 10. ICAN, Submission No. 7, p. 4; Dr Jim Green, *Transcript of Evidence*, 28 July 2008, p. 26; FOE, Submission No. 17, pp. 11-19; FOE, Supplementary Submission No. 17.2, pp. 2-6.

81 Australian Safeguards and Non-Proliferation Office, Supplementary Submission No. 22.1, p. 2.

82 Australian Safeguards and Non-Proliferation Office, Supplementary Submission No. 22.1, p. 2.

and confirmed that similar nuclear security upgrades on the balance of Russian sites are on schedule for completion at the end of 2008.<sup>83</sup>

- 2.63 The Committee questions, however, how one can be sure that the nuclear smuggling problem is under control if there have been no actual IAEA inspections in Russia since 2001. Further, in the absence of inspections, the Committee also asks how the Government can guarantee that the treaty level commitment to use AONM only in facilities that will be covered by Russia's safeguards agreement with the IAEA will be honoured.

## State secrets

- 2.64 Article IX of the Agreement states that information classified as 'state secret' by Russia will not be exchanged. It was argued by participants in the inquiry that this effectively means that anything relating to Russia's nuclear weapons program can be withheld from the Australian Government without violating the Agreement.<sup>84</sup> The MAPW questioned whether this clause renders the treaty meaningless as a guarantee of Australia's uranium not being used for nuclear weapons.<sup>85</sup>

## 'Material Unaccounted For'

- 2.65 ASNO informed the Committee that 'Material Unaccounted For' (MUF) is used in safeguards to indicate differences between operator records and the verified physical inventory and that differences are common due to measurement processes. These differences do not indicate material is missing, as MUF frequently shows a gain in material.<sup>86</sup> ASNO further indicated that any MUF reported to ASNO is investigated if it is outside normal limits for the processes involved.<sup>87</sup>
- 2.66 The secrecy of MUF was considered by ASNO to be justified because nuclear material inventories and transfers involve commercial nuclear fuel cycle facilities and are thus considered commercially sensitive.<sup>88</sup>

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83 Australian Safeguards and Non-Proliferation Office, Supplementary Submission No. 22.1, p. 2.

84 MAPW, Submission No. 6, p. 5.

85 Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 5.

86 ASNO, Supplementary Submission No. 22.1, p. 4.

87 ASNO, Supplementary Submission No. 22.1, p. 4.

88 ASNO, Supplementary Submission No. 22.1, p. 4.

The Committee considers, however, that assurances of safety must override commercial interests and believes that the commercial-in-confidence clause should be reviewed.

## Reprocessing

2.67 Reprocessing was a significant concern for many participants in the inquiry and it was considered that this agreement should expressly prohibit reprocessing.<sup>89</sup> Dr Sue Wareham of the Medical Association for the Prevention of War (Australia) told the Committee:

Reprocessing leads to stockpiles of plutonium, which are a highly dangerous proliferation risk. Of all nuclear facilities, reprocessing plants are the most sensitive as far as diversion of weapons-usable material goes.<sup>90</sup>

2.68 ASNO highlighted in response to this issue that:

[t]he Australia-Russia agreement requires Australian consent before any Australian nuclear material is reprocessed. Russia has not sought consent and we have not given it, so at this point the possibility of Australian uranium being reprocessed in Russia does not arise.<sup>91</sup>

## Uranium enrichment

2.69 In addition to reprocessing, ICAN identified uranium enrichment as one of the most proliferation sensitive parts of the nuclear fuel chain.<sup>92</sup> Both ICAN and MAPW argued that uranium enrichment should be under international control.<sup>93</sup>

2.70 In response, ASNO told the Committee that the Angarsk facility, which would be used for Australian uranium, 'is in fact the most international in the world' as countries taking enriched uranium from that facility can become partners.<sup>94</sup>

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89 Mr David Noonan, *Transcript of Evidence*, 28 July 2008, p. 17; The Wilderness Society, Submission No. 15, p. 4; FOE, Submission No. 17, p. 23; Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 4.

90 Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 4.

91 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 12.

92 ICAN, Supplementary Submission No. 7.1, p. 3.

93 ICAN, Supplementary Submission No. 7.1, p. 3; MAPW, Submission No. 6, p. 1.

94 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 12.

## Substitution and equivalence

- 2.71 The Australian Conservation Foundation argued that the principles of substitution and equivalence means that there is no proper accounting of what is actually Australian material and therefore it is not possible to have confidence as to where Australian uranium 'actually ends up'.<sup>95</sup>
- 2.72 ASNO explained that substitution and equivalence is based on the premise that:
- Uranium is a "fungible" material, that is, any uranium of specific form and composition is identical, and interchangeable, with any other uranium of the same form and composition. This is known as the "equivalence" principle and is universal safeguards practice. Once uranium enters a process where it is mixed with uranium from other origins, the principles of equivalence and proportionality apply. A proportion of the output of the process, corresponding to the input attributed to Australia, will be designated as Australian obligated nuclear material.<sup>96</sup>
- 2.73 ASNO told the Committee that all countries involved with nuclear activities have adopted the view that it is impossible to track individual atoms of uranium and 'pointless trying to'.<sup>97</sup>
- 2.74 The Committee notes that the principle of equivalence does not allow for lower quality material to be designated as the material subject to the agreement. For example, enriched uranium derived from AONM could not be replaced by natural or depleted uranium.<sup>98</sup>

## Strengthening the IAEA safeguards regime

- 2.75 The overall adequacy of the IAEA regime, and particularly the level of resources available to the IAEA, was of concern to a number of participants in the inquiry, who broadly agreed that greater

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95 Mr David Noonan, *Transcript of Evidence*, 28 July 2008, p. 13 and 16.

96 Australian Safeguards and Non-Proliferation Office, Supplementary Submission No. 22.1, p. 7.

97 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 13.

98 Australian Safeguards and Non-Proliferation Office, Supplementary Submission No. 22.1, p. 9.

resourcing is required to overcome the limitations of the safeguards regime.<sup>99</sup> Associate Professor Tilman Ruff told the Committee:

I certainly would argue that the most effective thing that Australia can do to strengthen safeguards internationally is to provide strong support and resourcing – fiscal, technical and human – to the International Atomic Energy Agency.<sup>100</sup>

2.76 In response, Mr Carlson told the Committee:

I would agree that the IAEA's budget is constrained; this is a matter that is looked at by the IAEA board. The funding for safeguards has been increased significantly in recent years. No doubt there are areas where further funding is required and this is being looked by the board now.<sup>101</sup>

2.77 Mr Carlson also said that Australia has been very active in increasing efficiency within the IAEA, principally through assisting in redesigning the safeguards system to make the agency more efficient.<sup>102</sup>

2.78 The Committee is of the view that Australian efforts to strengthen the resourcing of the IAEA should be supported.

2.79 On a related matter, the Committee notes its predecessor's recommendation in relation to the mandatory safeguarding of conversion facilities (Report 81) and reiterates this recommendation.

## Human rights and rule of law

2.80 A number of submitters considered that Russia has not complied with its international human rights obligations.<sup>103</sup> The ACF argued:

Key checks and balances that may be present on the nuclear industry in democratic states – independent regulators, independent and rigorous media, free environment and community groups, free labour organisations and proper

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99 Mr David Noonan, *Transcript of Evidence*, 28 July 2008, p. 14; FOE, Submission No. 17, pp. 19-20; FOE, Supplementary Submission No. 17.2, p. 10.

100 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 10.

101 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 8.

102 Mr John Carlson, *Transcript of Evidence*, 1 September 2008, p. 8.

103 WILPF, Submission No. 14, p.2; FOE, Supplementary Submission No. 17.1, p.7.

protection for whistleblowers – do not effectively exist in Russia.<sup>104</sup>

- 2.81 MAPW pointed to Human Rights Watch World Report 2007, which described a number of human rights issues in Russia.<sup>105</sup> MAPW also highlighted a number of instances where whistleblowers had been persecuted and argued that, given the important role whistleblowers play in the detection of illicit nuclear activities, they should be assured protection.<sup>106</sup>

## Environmental and waste management

- 2.82 In terms of environmental and waste management, Associate Professor Tilman Ruff commented:

... it is very clear that in Russia, standards of health and environmental protection that have applied both in relation to nuclear weapons production and on the civilian side in terms of power production ... has been certainly the worst that we know about in terms of any of the nuclear weapons states ... for Russia it is both the level of wilful neglect as well as the scale of the enterprise that is simply unparalleled.<sup>107</sup>

- 2.83 The MAPW described Russia's record in relation to environmental and waste management as 'little short of appalling'.<sup>108</sup> It also pointed to a lack of transparency from the Russian Government's perspective, arguing that most of the information that is available has come from non-government sources, such as Greenpeace Russia.<sup>109</sup>
- 2.84 Greenpeace Russia, in its submission to this inquiry, raised a number of concerns about Russia's management of nuclear waste.<sup>110</sup> Both the Wilderness Society and the ACF also argued that Russia has not resolved its nuclear waste management.<sup>111</sup> Submitters considered that

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104 ACF, Submission No. 8, p. 13.

105 MAPW Supplementary Submission No. 6.2, pp. 1-2.

106 MAPW Supplementary Submission No. 6.2, pp. 3-4; MAPW, Submission No. 6, p. 5.

107 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 3. See also ICAN, Supplementary Submission 7.1, pp. 6-12.

108 Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 4.

109 Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 6.

110 Greenpeace Russia, Submission No. 13.

111 ACF, Submission No. 8, p. 3; The Wilderness Society, Submission No. 15, p. 4.

selling Australian uranium to Russia would add to its enormous nuclear waste, safety and environmental problems.<sup>112</sup>

- 2.85 The Committee notes not only the progress that has been made in countries such as Finland, Sweden and the United States, who have demonstrated the greatest progress towards adequate long term management of nuclear waste, but also the immense amount of work that remains to be done.<sup>113</sup>

## **Nuclear power as a greenhouse friendly option**

- 2.86 The Committee notes that this treaty is considered, in part, to be in Australia's national interest as it would allow Russia to reduce greenhouse gas emissions and atmospheric pollution. The AUA argued that nuclear power is a clean source of electricity that emits no greenhouse gases and that nuclear power is very competitive with renewables on a life cycle basis.<sup>114</sup> Research commissioned by the AUA into expanded uranium production found that:

... under the conservative scenario, Australia would export enough uranium for nuclear power generation plants to avoid between 11 billion and 15 billion tonnes of carbon dioxide to 2030, compared to coal fired power stations using existing technology. At a minimum, the exports of uranium to 2030 alone could avoid 10 times the emissions abatement required to meet Australia's Kyoto target.<sup>115</sup>

- 2.87 Further, the AUA highlighted that if Russia used 2,500 tonnes of uranium exports to generate electricity in 2020 rather than coal fired power stations, it would avoid approximately 100 million tonnes of greenhouse gas emissions in that year compared with coal technology.<sup>116</sup>
- 2.88 However, other participants in the inquiry argued against the role of nuclear power in addressing climate change on the basis that:

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112 MAPW, Submission No. 6, p. 6; ICAN, Supplementary Submission No. 7.1.

113 Australian Uranium Association, 'Nuclear waste management: a stewardship issue' in *Australian Uranium*, 2008, Issue 4. Exhibit No. 14.

114 Mr Michael Angwin, *Transcript of Evidence*, 28 July 2008, p. 30.

115 Mr Michael Angwin, *Transcript of Evidence*, 28 July 2008, p. 30.

116 Mr Michael Angwin, *Transcript of Evidence*, 28 July 2008, p. 31.

- nuclear power is not a sustainable energy source and has only survived financially where it has been heavily subsidised;<sup>117</sup>
- the associated proliferation, safety and environmental protection risks and waste management issues are of such a level of seriousness that the nuclear industry does not present a sustainable option for Australia to address climate change issues;<sup>118</sup>
- nuclear power's role in reducing greenhouse gas emissions is limited – even if nuclear power was doubled by 2050, it would still only reduce greenhouse gas emissions by 5 per cent;<sup>119</sup> and
- nuclear energy will be unable to effect action within the next decade, the crucial time frame in which to reduce climate change.<sup>120</sup>

2.89 A number of submitters advocated a greater emphasis upon use of alternative energy options.<sup>121</sup> For example, the Medical Association for Prevention of War (Australia) stated 'uranium exports and nuclear power should be phased out while real solutions to climate change are implemented'.<sup>122</sup> The Women's International League for Peace and Freedom and the Wilderness Society argued that energy efficiency and renewable energy are the real solution to climate change.<sup>123</sup>

2.90 The Committee notes that despite explicit claims of environmental benefit in both the NIA and the RIS, consultation on this agreement (see paragraph 2.5) did not include the Department of the Environment, Water, Heritage and the Arts or the Department of Climate Change.

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117 Associate Professor Tilman Ruff, *Transcript of Evidence*, 28 July 2008, p. 7; WILPF, Submission No. 14, p. 5.

118 Mr David Noonan, *Transcript of Evidence*, 28 July 2008, p. 16; WILPF, Submission No. 14, p. 5.

119 The Wilderness Society, Submission No. 15, p. 5.

120 WILPF, Submission No. 14, p. 5.

121 WILPF, Submission No. 14, p. 4; The Wilderness Society, Submission No. 15, p. 5; Mr David Noonan, *Transcript of Evidence*, 28 July 2008, p. 16.

122 MAPW, Submission No. 6, p. 1.

123 The Wilderness Society, Submission No. 15, p. 5; WILPF, Submission No. 14, p. 5.

## Committee comment and recommendations

- 2.91 The Committee received evidence from Australian Government representatives that this agreement is in Australia's national interest for a number of reasons and the Committee can have confidence that:
- Russia is committed to its disarmament and non-proliferation obligations;
  - Russia will comply with its treaty obligations under this and other nuclear treaties;
  - IAEA safeguards will be adequate; and
  - Standards of security and safety are greatly improved compared with the situation in the former Soviet Union.
- 2.92 A number of concerned organisations, however, raised doubts about all these points to the Committee. Many considered that the proliferation and terrorism risks make uranium export too dangerous. Other concerns with the agreement included environmental, waste management and human rights issues. The Committee shares many of these concerns.
- 2.93 The Committee is concerned about the ramifications of recent world events in which Russia has been involved. In this respect, the Committee notes that the Government has indicated it will consider the broader political situation concerning Russia in any decision about ratification of this treaty.<sup>124</sup> The Committee also notes that the United States has formally withdrawn an agreement for civilian nuclear cooperation with Russia since these events took place. The Committee considers broader political factors are inevitably part of the decision making process for ratification of this treaty.
- 2.94 Garry Kasparov, one of Russia's prominent opposition political figures has stated:
- Should Australian uranium end up in the wrong hands – and it's not too far-fetched to suggest that Russia under Putin is already in the wrong hands – Australia will not be able to act innocent or to claim ignorance.<sup>125</sup>

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124 House of Representatives 2008, *Votes and Proceedings Hansard*, 1 September 2008, p. 31.

125 Garry Kasparov, cited in Medical Association for the Prevention of War (Australia), Submission No. 6, p. 5.

- 2.95 Like a number of participants in this inquiry, the Committee is concerned about the speed of disarmament, potential future nuclear threats and suggestions the NPT is under great pressure. The Committee welcomes the announcement of the International Commission on Nuclear Non-Proliferation and Disarmament, which will have the objective of reinvigorating international efforts on nuclear non-proliferation and disarmament. The Committee considers, however, that the focus of international efforts must be not only upon non-proliferation but also disarmament and that the Australian Government should continue to use its influence to press for greater progress towards disarmament in the nuclear weapons states, and particularly Russia.
- 2.96 The 2010 NPT Review Conference presents an opportunity for states to demonstrate progress in their commitment to disarmament and the non-proliferation regime. Participants in this inquiry indicated the importance of the 2010 NPT Review Conference, particularly given the lack of progress at the previous review conference in 2005. Given, as noted by ASNO's Director General, that this agreement is looking to the long term and that Australia's current production levels of uranium are fully committed, the Committee considers that there is no imperative to push for early ratification.
- 2.97 The adequacy of safeguards is an issue of particular importance to the Committee. The Committee notes that Russia is moving towards a more effective safeguards regime. It also received assurances from ASNO that Australian uranium is safeguarded through various mechanisms from military use. The Committee considers ratification of the treaty should be delayed until reform of Russia's nuclear industry is more complete. In particular, the separation of Russia's military and civil sites should be completed and verified. IAEA inspections should be implemented at any sites that will handle AONM.
- 2.98 During the inquiry, the Committee asked the question: given the number of nuclear weapons already held by Russia, and the capacity it has to destroy the world several times over, what difference does it make if we sell some uranium for nuclear energy?
- 2.99 The response was:
- It depends on whether we want to be regarded as a reputable nation that supports global nuclear disarmament, as Mr Rudd has stated we want to be, with the new commission. I guess one could argue too that there is so much heroin in the world,

so why don't we get into the heroin market? In fact, heroin would probably bring us a lot more income than uranium actually does. It is a matter of whether we want to stand up and be a good international citizen and set standards.<sup>126</sup>

- 2.100 Australia has responsibilities as an international citizen to global nuclear disarmament and non-proliferation. The Committee also notes the comments of previous world leaders who have emphasised the link between the capacity to produce nuclear power and nuclear weapons. It is therefore essential that the highest possible standards and safeguards be applied in the supply of Australian uranium for nuclear purposes.
- 2.101 The Committee therefore does not support ratification of this treaty until the conditions outlined in the recommendation below are fulfilled.

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126 Dr Sue Wareham, *Transcript of Evidence*, 25 August 2008, p. 9.

## Recommendation 1

The Committee recommends that the Australian Government not proceed with ratification of the *Agreement between the Government of Australia and the Government of the Russian Federation on Cooperation in the Use of Nuclear Energy for Peaceful Purposes* until:

- (a) Russia's reform process to clearly separate its civilian nuclear and military nuclear facilities is completed and independently verified;
- (b) IAEA inspections are implemented for Russian facilities that will handle Australian Obligated Nuclear Materials;
- (c) The Government is satisfied that the Russian Federation is complying with its obligations under the *Treaty on the Non-Proliferation of Nuclear Weapons* (NPT) noting that this treaty is scheduled for review in 2010;
- (d) The Government is satisfied that Russia will not subsequently abandon this treaty or other nuclear treaties;
- (e) Further consideration is given to the potential ramifications for this agreement of recent political events affecting Russia;
- (f) Further consideration is given to Article IX of the Agreements, 'State Secrets', and the Government is confident that this article will not undermine the intent of this agreement;
- (g) Further consideration is given to the justification for secrecy of 'Material Unaccounted For'; and
- (h) The Australian Government discusses with the United States, United Kingdom, European Union, Canada and Japan, whether the problems of the past in relation to Russian nuclear material being stolen, have now been addressed satisfactorily.

## **Recommendation 2**

**The Committee reiterates its earlier recommendation, made in Report 81:**

**The Committee recommends that the Australian Government lobbies the IAEA and the five declared nuclear weapons states under the NPT to make the safeguarding of all conversion facilities mandatory.**

## **Recommendation 3**

**The Committee recommends that Australian efforts to strengthen the resourcing of the IAEA be continued.**

