

I welcome the opportunity to speak to you today on the relationship between nuclear export policies and non-proliferation. I would like to convey my appreciation to the Forum for its kind invitation to address the conference on Australian attitudes to this important subject. Australia shares international concern that the world should be able to realise the benefits of the development of nuclear power without adding to the dangers of the proliferation of nuclear weapons or explosive capability. Our concern is enhanced by the fact that Australia has the potential to be a major supplier of uranium.

No doubt a large number of you are aware of the extent of Australia's uranium reserves, however, I feel it would be useful to state the relevant details. Our assured resources recoverable at a cost of less than \$US30 per pound are estimated by the Australian Atomic Energy Commission to be 376,000 short tons of U_3O_8 or about 20 per cent of the Western World's low cost reasonably assured reserves.

The location of the major deposits are as follows.

MAJOR DEPOSITS	RESERVES (SHORT TONS U_3O_8)
Mary Kathleen (Qld)	7,700
Ranger (N.T.)	110,600

Jabiluka (N.T.)	189,600
Koongarra (N.T.)	31,980
Nabarlek (N.T.)	10,500
Yeelirrie (W.A.)	50,700
Beverley (S.A.)	17,500

(the above data are from Company reports)

It is expected that exploration will result in additional reserves of uranium being discovered.

It should be pointed out that Australia has in the past produced and exported uranium from mines such as Rum Jungle and Mary Kathleen. At present exports are being made from Mary Kathleen and from the Government stockpile to enable contracts, approved before 2 December 1972, to be honoured.

Under existing arrangements the export of uranium from Australia is prohibited unless approval is given by the Minister for Trade and Resources under the Customs (Prohibited Exports) Regulations, of the Customs Act. The Minister must determine that terms and conditions of the contracts are satisfactory and that safeguards requirements have been fulfilled.

In August last year, the Australian Government announced that it would be proceeding with the development and export of Australia's large uranium resources in a carefully regulated and controlled manner. The decision to proceed with development was taken after a comprehensive and public inquiry, the findings and recommendations of which were the subject of extensive public debate both in the Parliament and in the community at large.

Recently legislation was introduced to implement a number of aspects of the Government's policy on uranium development. The Government is moving expeditiously to finalise all the necessary administrative and legislative arrangements so that an early start can be made on the development of the deposits and production of yellowcake.

The Government's decision to proceed with uranium development was based on two fundamental considerations : (i) the need to make essential sources of energy available to an energy deficient world; (ii) the need to reduce the risks of the proliferation of nuclear weapons. In regard to the latter, the Government took the view that Australia could play a more effective role in strengthening nuclear safeguards by developing our uranium resources. Adequate supplies of nuclear fuel for the existing generation of reactors are essential in order to give the world time to study closely other fuel cycle arrangements.

A key element of the development policy announced by the Government on 25 August 1977, in relation to export regulation, is the establishment of arrangements to achieve the objective of orderly development and export of Australia's uranium resources. The precise details concerning exports of uranium are yet to be announced by the Government but it is intended that legislation be introduced in the current Sittings of Parliament.

The Government is cognizant of the impact that the entry of the Australian producers could have on the world uranium market. Australia will be seeking fair and reasonable prices for the uranium resources it makes available to the rest of the world. It would be inimical to the future development of nuclear power should the market instability, which has characterised the uranium market so much in the past, again emerge in the future. I am sure you will all agree that the maintenance of order in the uranium market is in the interests of both producers and consumers. Aside from safeguards requirements, the terms and conditions which Australia will attach to future contracts respecting Australian uranium will seek as far as possible to achieve this objective.

Australia's safeguards policy was announced by the Prime Minister on 24 May 1977. The specific elements of this policy are:

- (1) The policy and safeguards arrangements will be kept closely under review to take account of future evolution of international thinking on safeguards. A basic feature of this approach recognises that strengthening and improving international safeguards arrangements is an ongoing one
- (2) Australia will retain the right to be selective of the countries to whom uranium export will be permitted. The minimum conditions for countries to be eligible to receive Australian uranium are as follows:- in the case of non-nuclear weapon states, sales will be made only to countries which are parties to the NPT. Safeguards obligations under the NPT ensure that the entire civil nuclear industry in such countries is subject to effective safeguards. In the case of nuclear weapons states, sales will be made only to those countries which give Australia an assurance that nuclear material it supplies for peaceful purposes will not be diverted to military or explosive purposes; and agree that uranium supplied by Australia will be covered by IAEA safeguards.
- (3) Future sales arrangements for exports of Australian

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uranium will be in a form which attracts full IAEA safeguards by the time it leaves Australian ownership. In practical terms, this means that Australian ownership will be retained to the uranium hexafluoride stage of the fuel cycle.

- (4) Bilateral agreements between the Australian Government and customer countries must be entered into before the conclusion of any future contracts for Australian uranium. Australia would retain the right to cease supply of uranium to any country which breached safeguards undertakings.
- (5) Bilateral agreements will make provision for fallback safeguards, in the event that safeguards under the NPT should cease to apply.
- (6) Bilateral agreements will make provision that any transfer of material to a third party will be contingent on prior consent of the Australian Government.
- (7) Australia will require that Australian uranium supplied to other countries for peaceful purposes

will not be enriched beyond 20 percent uranium 235 without prior Australian consent.

- (8) Australia has reserved its position on reprocessing pending the outcome of international studies in this area. Bilateral agreements will require that any reprocessing of nuclear material supplied by Australia will only take place with the prior consent of the Australian Government.
- (9) Bilateral agreements will require assurances from uranium importing countries that adequate physical security will be maintained on their nuclear industries.
- (10) Sales contracts for Australian uranium will include a clause noting that the transaction is subject to safeguards agreed between the importing country and the Australian Government.
- (11) Australia will actively support constructive multilateral efforts to strengthen safeguards. It is an integral part of Australia's safeguards policy to seek the widest possible consensus between nuclear supplier countries and nuclear importing countries on safeguards to prevent the proliferation of nuclear weapons.

Australia's safeguards policy is very similar to that adopted by the United States and Canada. Although the policy is stringent, the Government is satisfied that it represents a practical, reasonable and effective package of safeguards undertakings to require from countries wishing to purchase Australian uranium.

Australia has prepared a draft bilateral safeguards agreement based on the above policy and potential customer countries have been invited to negotiate such agreements with us. We have already reached an advanced stage of negotiation with a number of countries at officials level on the bilateral agreements. I think this is indicative of the acceptability of our safeguards policy to most potential importing countries.

Australia is also involved in other international efforts seeking to enhance barriers to proliferation. We are participating actively in the International Fuel Cycle Evaluation. Australia is Co-Chairman of Working Group 3 of INFCE which is examining fuel supply assurances in the context of non-proliferation. We are particularly anxious to see emerge from INFCE some form of international or multilateral approach to safeguards questions, which would

complement individual bilateral safeguards agreements between producer and consumer countries. Such an international consensus would enhance the effectiveness of non-proliferation measures and give the backing of wide international support to producer countries where action may be necessary if safeguards requirements are breached.

Australia recently participated for the first time in a working group under the auspices of the Nuclear Suppliers Group on the subject of multi-labelling. Australia has accepted the common guidelines laid down by the Nuclear Suppliers' Group for the safeguards to be applied to nuclear exports.

To sum up, I would like to repeat that it is the Australian Government's view that safeguards requirements should not be regarded as something which can be balanced against commercial considerations. The safeguards requirements laid down by Australia are a fundamental pre-requisite of any uranium export contract, which we would expect responsible customer countries for Australian uranium to accept readily.

Finally, I would also like to note that often non-proliferation measures are perceived as an added burden to the trade in nuclear material, involving added costs, reductions in sovereignty, uncertainties about long-term supply and demand. It would be shortsighted however, if states placed undue emphasis on limiting the impact of these perceived burdens rather than looking to the wider mutual protection and confidence which an effective international non-proliferation regime might engender. It must be recognised that there can be no security of supply without satisfactory assurances on non-proliferation measures. In this respect it is worth noting that most developed countries are both suppliers and consumers of equipment and materials used by the nuclear industry. Finally, all would agree that the responsibility for nuclear non-proliferation measures after all is shared by all countries.

