

# ISA S Brief

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## Atomic Fuel for Australia-India Synergy

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### Abstract

*The governing Australian Labor Party's latest vote to lift the ban on uranium sales to nuclear-armed India for its civilian atomic energy programme has economic and strategic overtones. On the economic side, though, New Delhi may not be able to make precise estimates of its long-term uranium needs until and unless the Indian civil society comes to terms with civil nuclear energy as a safe bet. At the same time, Australia is keen to quiz India on the unrelated but strategically important nuclear safeguards issues. Overarching these cross-currents is the political fact of both New Delhi and Washington welcoming the Julia Gillard administration's new India initiative.*

By voting to clear the way for the potential sale of Australian uranium to India, the governing Australian Labor Party (ALP) has authorised the Julia Gillard administration to raise its strategic partnership with New Delhi to a new high. However, the narrow margin of the vote at the party's conference on 4 December 2011, hardly hides a message to Australia's Prime Minister Gillard. She must be careful in going forward with her new India initiative.

The ALP's policy shift raises the possibility of Australia supplying uranium to India for its civil nuclear energy needs – exclusively for this sector. India does not, of course, seek to fuel its atomic weapons programme by procuring nuclear materials and/or knowhow from

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external sources. At the same time, the abundance of Australian uranium is a matter of considerable interest to the now-rising India as it seeks to expand its electricity generation for economic growth and for a fair distribution of the national wealth.

### **Welcome Initiative**

India's External Affairs Minister S.M. Krishna, away in Frankfurt at the time of the ALP's vote, quickly underscored its importance by saying 'we welcome this (Australian) initiative'.<sup>2</sup> He noted further that 'bilateral cooperation in the energy sector is one of the important facets of our multifaceted ties with Australia'.

A newly significant aspect of India's nuclear scene will, however and also inevitably, come into focus in any immediate scenario of Australia-India cooperation for the peaceful uses of atomic energy. The national public debate in India over the need for civil nuclear energy is far from over in favour of this atomic route. Known across the world, indeed, is the recent spiral of public protest over the perceived inadequacy of 'safety' measures at the Kudankulam atomic power project site in southern India.

Until and unless the current wave of public concern over the desirability of mass production of electricity through the nuclear route subsides, New Delhi may not be able to make precise estimates of its long-term uranium needs. To this extent, it is too early for Australia to foresee how much of its uranium could be exported to India over time.

Compounding such near-term uncertainties on the Indian side is the possibility of Canberra finding it tricky to negotiate a mutually binding 'nuclear safeguards agreement' with New Delhi before it can receive any Australian uranium at all. Australia is surely familiar with the complexity of the Japan-India civil nuclear energy talks, which were complicated too by the disaster at the Fukushima plant in Japan that was ravaged by the March 2011 earthquake and tsunami. Surely, the Fukushima shadow over the Japanese national mood will not apply to Australia as and when it tries to firm up a bilateral uranium deal with India. Yet Canberra will be aware that Tokyo and New Delhi traded irreconcilable perceptions about the centrality of the multilateral Nuclear Non-Proliferation Treaty (NPT) to the purely bilateral sphere.

Those conversant with the issues at stake know that the ALP had, until its latest vote, espoused a categorical policy of not selling uranium to countries, inclusive of India, which had not signed the NPT. So, the party's new move makes it possible now for Australia to

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<sup>2</sup> India's Ministry of External Affairs (4 December 2011), [http://www.mea.gov.in/Speeches/Statements/EAM\\_welcomes\\_Australian\\_Labour\\_Party's\\_decision\\_to\\_clear\\_path\\_for\\_Uranium\\_sales\\_to\\_India](http://www.mea.gov.in/Speeches/Statements/EAM_welcomes_Australian_Labour_Party's_decision_to_clear_path_for_Uranium_sales_to_India). Accessed 4 December 2011.

supply uranium to India despite its relentless opposition to the ‘discriminatory NPT’. And, a point of utmost interest to India is that Canberra, an ardent advocate of the NPT’s enduring value, is not expected to take a Tokyo-like stand on every detail of the possible Australia-India talks for a bilateral civil nuclear deal.

### **China-India Comparison**

As if setting the tone for the Australia-India bilateral talks on ‘nuclear safeguards’, Gillard told the ALP delegates on 4 December 2011, that it would not be rational to continue denying Australia’s uranium to the Indians, while selling it to China. Obviously, she sought to equate India with China as two states with nuclear arsenals and with large economies of material significance to Australia’s economy. In the process, she overlooked the differences between China and India, not just in their systems of political governance. To her way of thinking, Australia can, in its present and future uranium deals, live with the facts that China, a late entrant to the NPT arrangement, is still an adherent, while India has stayed outside the NPT from its inception.

It is this aspect of adherence or non-adherence to the NPT that lends credence to the assertions by Australia’s Foreign Minister and former Prime Minister Kevin Rudd about the way forward for any uranium deal with India at this time. He has called for ‘fundamental commitments from the Indian government’ and for a ‘bilateral nuclear safeguards agreement’<sup>3</sup> between India and Australia. It requires no insight to discern that the ‘safeguards agreement’ will be designed to provide for non-diversion of the Australian uranium, as basic material and in its processed forms, to any of India’s military-related nuclear facilities. Any such Australia-India ‘safeguards agreement’ need not cover aspects relating to the physical ‘safety’ of India’s atomic power plants and other nuclear facilities.

Rudd has struck an emphatic tone that ‘as the (likely) principal negotiator’ with India, he ‘would take a hard line’. He would do this just as he ‘would take (a hard line) in any bilateral nuclear safeguards arrangements with any country’. His approach would be determined, ‘in particular’, by the fact that India ‘lies formally outside the provisions of the (Nuclear) Non-Proliferation Treaty’. In addition, he said he would look for ‘comprehensive Indian commitments concerning their arrangement with what’s called the Nuclear Suppliers Group (NSG), which was a set of policy changes put in place globally in relation to India several years ago’.<sup>4</sup>

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<sup>3</sup> Australia’s Department of Foreign Affairs and Trade. [http://www.foreignminister.gov.au/transcripts/2011/kr\\_tr\\_111127\\_sky\\_news.html](http://www.foreignminister.gov.au/transcripts/2011/kr_tr_111127_sky_news.html). Accessed 1 December 2011.

<sup>4</sup> *Ibid.*

It was in 2008 that the NSG made a rare gesture of granting India an exemption from the international cartel's commercial guideline of not doing business with the states outside the NPT purview. The guideline, which does not apply to India since that time, forbids the NSG members from supplying even civil nuclear materials and equipment and/or knowhow to countries with atomic weapons, except the five states, inclusive of China, whose nuclear arsenals are recognised as legitimate under the NPT.

Before the NSG's gesture to New Delhi, this writer, then the Singapore-based foreign correspondent of an Indian newspaper, asked Rudd, then Australia's Prime Minister, about his country's likely stand on India in that elite forum. He was emphatic that Australia would 'not stand in the way' of the United States (US)-piloted move in favour of India in the NSG at that time. Since then, Australia has moved a long way towards accommodating India's atomic energy aspirations, not to be confused with New Delhi's nuclear weapons programme on a parallel but different track.

In fact, a continuous assessment of India's nuclear non-proliferation credentials, seen by the larger international community as being 'impeccable', has prompted the Gillard administration to make a new gesture towards New Delhi now. So much so, Gillard has not been accused of 'irrational exuberance', as in the free-market economic domain, for eyeing the Indian demand for uranium by overlooking New Delhi's continued possession of nuclear weapons.

### **The American View**

As Australia is a steadfast ally of the US, there is speculation that Canberra's new gesture towards New Delhi was actually scripted by Washington. Unsurprisingly, therefore, US President Barack Obama has already shot down any such thesis. Asked about the issue, even before the ALP's vote, Obama, speaking in the presence of Gillard in Canberra on 16 November 2011, said: 'We (the US) have not had any influence (over Australia on this issue)... I think, without wading into the details, the discussions (in Australia)... around...the nuclear issues with India are ones that are compatible with international law'.<sup>5</sup> He was also of the view that any move to sell Australian uranium to India would be compatible with the 2008 decisions by the NSG in relation to New Delhi.

Transcending public diplomacy, though, is the new reality that the US, now a participant in the East Asia Summit, is looking at ways to come to terms with the rise of China. In doing so, and while preparing for all scenarios including stable ties with Beijing, Washington is

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<sup>5</sup> US White House, <http://www.whitehouse.gov/the-press-office/2011/11/16/remarks-president-obama-and-prime-minister-gillard-australia-joint-press>. Accessed 1 December 2011.

encouraging its allies to widen their circle of friends. With India being a recently-discovered ‘strategic partner’ for Australia, the Gillard administration has had no difficulty in thinking of this uranium-laced move towards New Delhi. At the same time, Canberra is keen to keep its political ties with a giant economic partner like China in good repair.

Noticeable behind all such balancing acts by Australia and the US is a certain reputation that India has come to enjoy. Echoing New Delhi’s reputation, Michael Yahuda has written, in the 2011 edition of his book, ‘The International Politics of the Asia-Pacific’, that ‘India is too independent a great power to be willing to balance against China’ on behalf of other powers’.

Despite such reputation, India is often seen under a Pakistan-oriented prism. Responding to questions about whether Australia would now be willing to sell uranium to Pakistan, another country outside the purview of the NPT, Canberra has said Islamabad cannot be bracketed with New Delhi for this purpose. Australia cites the obvious difference that Pakistan, unlike India, has not secured the required nod of the NSG and the International Atomic Energy Agency.

In yet another contrast between India and Pakistan, the Australian Defence Minister Stephen Smith has now refocused attention on the ‘strategic partnership’ between Canberra and New Delhi. After holding talks with the Indian Defence Minister A.K. Antony in New Delhi, Smith said, on 7 December 2011, that the two countries have agreed to enhance ‘practical cooperation’ on security-related issues, particularly with reference to the Indian Ocean region.

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