



Canberra set on China uranium deal

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The Federal Government is poised to allow mining companies to begin exporting uranium to China, a move that would at least double Australia's annual revenue from the resource to \$1 billion.

Resources Minister Ian Macfarlane is determined to dramatically expand Australia's exploitation of the resource and is seeking to sell more to existing markets, as well as getting China into the mix.

He told The Age Australia risked losing billions of dollars of export revenue if it did not lift the ban of uranium sales to China, a signatory to the Nuclear Non-Proliferation Treaty. Australia is seeking a safeguard agreement with China before exports start, giving Australia the ability to monitor the end use of its uranium.

"China would be the new customer that we are looking most seriously at," Mr Macfarlane said.

The Government's imminent decision, which coincides with its historic control of both houses of Federal Parliament, comes amid an escalating domestic debate about whether Australia ought to consider nuclear power.

It also comes amid economists' dire concerns that Australia's trade and capital shortfalls are pushing the nation to crippling levels of debt. Foreign debt has reached a record \$22 billion - equivalent to more than half the value of all goods and services produced by the nation each year.

The first export sales could take place as early as next year.

"China is talking about a six-fold increase in its nuclear power over the next 20 years and an increase by 2010 which would absorb all our current exports at the moment.

"The demand is there, the opportunity is there, the price has trebled. We are absolutely looking at increasing our exports," Mr Macfarlane said.

The biggest corporate beneficiary will be BHP Billiton. It now controls the world's biggest known uranium deposit, Olympic Dam, which it just acquired through its \$9.2 billion takeover of WMC Resources.

There are 20 companies in Australia searching for new uranium reserves in anticipation of a massive increase in global prices and demand.

Wholesale uranium prices have trebled during the past two years to a record \$40 a pound, or about \$87,000 a tonne.

The Federal Government is also developing a three-year strategy to expand Australia's uranium mining industry, which meets as much as 40 per cent of world demand.

Last year, that earned \$411 million. The Government wants to increase sales to traditional uranium markets like the US, Britain and Europe, all of which are quickly increasing their consumption.

It will meet representatives from the mining industry, environmental and indigenous groups and state resources ministers in Canberra early next month to begin developing a policy framework to overcome problems preventing expansion.

These include a lack of shipping companies prepared to carry the controversial substance, land-use concerns by the indigenous owners and widespread community reservations about the nuclear issue.

Once negotiations are completed, it will be up to mining companies to strike deals and apply for export permits.

Mr Macfarlane also backed calls for a debate on whether Australia should build nuclear power plants to cut greenhouse gas emissions, although he said it could take 20-25 years before commercial plants are built.

Business is also calling for a national debate. Business Council chief executive Hugh Morgan told the National Press Club this week: "We have almost been intimidated out of having a debate about nuclear power. We are coming from the idea, now almost led by a U-turn . . . by some of our Greens, that maybe it's a better thing than the rest of the world being overwhelmed by climate change."

Mr Morgan is the former chief executive of WMC Resources.

His comments follow a flood of calls for consideration of the feasibility of nuclear power stations in Australia and an increase in uranium exports. Backers including Prime Minister John Howard, NSW Premier Bob Carr, Treasurer Peter Costello and Science Minister Brendan Nelson.

Federal Opposition Leader Kim Beazley said Labor was still opposed to nuclear power generation.

"As far as nuclear energy is concerned, frankly, the world has not resolved the issues of disposal of waste," he said.

"We have not been able to resolve the the issues of disposal of waste of our quite minimal amounts within Australia and we have not resolved the issue of the spread of weapons of mass destruction. And I for one, would be very much opposed to seeing us any more heavily engaged in nuclear activities until those issues have been resolved and they're not going to be resolved any time soon."

With NASSIM KHADEM