

EXCLUSIVE

The Politics Of Developing International Uranium Reserves

The leading nuclear power countries in Western Europe and Japan, responding to what they regard as the Carter Administration's suicidal policy of strangling world uranium resources, have taken a number of measures to attempt to insure adequate supplies of enriched uranium reactor fuel between now and the year 2000 when their nuclear fast breeder and plutonium reprocessing capabilities will insure them a greatly expanded nuclear fuel base.

At a meeting in London several weeks ago, the world uranium producers group, the Uranium Institute, expressed extreme disquiet over the implications of the Carter energy proposals as they estimate existing world uranium supplies will be exhausted in the next 20 to 25 years if full fuel-cycle capacities are not developed now. Participants at the conference said that without Australian uranium, Carter's anti-proliferation policy stood no chance of being accepted outside the U.S.

The Carter policy is regarded as a no-win option by the world nuclear industry and power consumers, because it cuts off the line of future expansion of existing uranium fuel under the guise of stopping "proliferation" of nuclear weapons, and because it effectively chokes off supplies of existing fission reactor fuel by imposing such

stringent uranium safeguards that nations purchasing U.S.-enriched uranium (still the world's leading enriching capability) are required to surrender national sovereignty over their own research and development programs to a U.S.-controlled agency.

Since Carter's inauguration, the U.S. has imposed a de facto embargo on processing of contracts for international delivery of enriched uranium to Western Europe, Japan and India.

The Carter-Schlesinger policy has so far backfired, spurring a wealth of bilateral and multilateral nuclear fuel arrangements. The large uranium reserves in Canada, Australia, Namibia and South Africa are the focus of intense negotiations by European and Japanese interests attempting to insure a secure uranium supply as those countries press full speed ahead with the parallel development of enrichment and fast breeder technology.

France, one of Europe's largest nuclear power nations, has just secured a ten-year uranium supply from South Africa in return for a \$100 million interest-free loan to help finance development of a major South African gold and uranium development program. The agreement between the national French Atomic Energy Commission (CEA) and the Randfontein Estates covers delivery of 900 tons of uranium oxide a year, the entire output of the mine. South Africa is the only major uranium supplier nation at this time prepared to sign contracts with no strings that apply to the proliferation of nuclear explosives. On the same day, the French CEA announced signing of an important fast-breeder nuclear cooperation with West Germany, and reports are that West Germany has been invited to join in French uranium development in Africa.

At the same time, Euratom, the Common Market nuclear agency still subject to U.S. withholding of enriched uranium deliveries, has been negotiating with Australia and Canada to reach agreement for secure uranium resources. West German Economics Minister Dr. Hans Friderichs has recently been in Australia meeting with Prime Minister Malcolm Fraser. Friderichs attacked the current Fraser government nuclear safeguards policy governing sale of Australian uranium, while offering the Australians support for the idea of a general trading agreement with the EEC which would open European markets to Australia's agricultural products, in return for guaranteed supplies of Australian uranium.

Exploitation of the vast Australian uranium reserves, estimated at 350,000 tons economically recoverable, is a major political issue. There is immense European and

Soviet Paper Interviews

French Official On Breeder

André Giraud, General Administrator of the Commissariat of Nuclear Energy in France, told the Soviet trade union daily *Trud* July 29 that collaboration between France and the Soviet Union on fast breeder reactor technology is "extremely sensible." The two countries, he said, "are ahead of everyone else in the world" in breeder technology. Their programs are parallel: in June France and the USSR exchanged copies of their draft projects for the first prototypes of a new generation of breeders — the Phenix and the BN-350.

Both in France and in the Soviet Union, Giraud said, breeder development was chosen as a "proven reliable, safe and economical source of energy."

Giraud also cited Franco-Soviet research collaboration in high-energy particle work, controlled thermonuclear fusion, and superconductivity.

Japanese pressure on the Fraser government to give a government go-ahead to begin mining of the currently undeveloped reserves in the Northwest Territory, which is largely occupied by sparse aborigine settlements. After a recent trip to Europe and the U.S. last month Fraser announced the postponement of the government policy decision until Aug. 16, the hesitation being attributed by informed government circles to an extreme unwillingness on Fraser's part to rile up the "environmentalist" lobby and various factions of the Australian Labour Party who are opposed to mining the uranium. Preliminary estimates are that Fraser will opt for a compromise plan which will permit development of only one mine at a time. Last month the Melbourne Dockworkers local, in defiance of their federal union policy, imposed an indefinite ban on the handling of ships carrying uranium. The U.S.-financed Friends of the Earth group has been active in preventing development of Australian uranium resources, and was the source for a high-level intelligence leak last year of information now being used against the international uranium mining interests of Rio Tinto Zinc which has involved them in complex litigation with Westinghouse Electric Co.

If the Fraser government gives an even reasonably favorable decision, up to 3,000 tons of new Australian uranium could be marketed annually by the early 1980s, rising to an estimated 12,000 tons by 1985. By comparison, Canadian production, currently at about 5,000 tons per year is expected to rise if current development plans are realized, to 12,500 tons by 1984. South Africa, on the other hand, is currently in a vigorous expansion program to regain its former peak production level of some 6,000 tons per year within two to three years.

To date, the British government, which has already been forced to dig deep into its reserve stockpile due to the Canadian uranium embargo last December, has refused generous offers to buy South African uranium. Britain has also been severely affected by the delays in commissioning the Rossing mine of Rio Tinto Zinc in Namibia. British plans had estimated the mine, the largest in the world, would come into production with planned output of 5,000 tons per year, last year. The plant opening has been rescheduled to the middle of 1978 because of a reported miscalculation in the ore processing plant due to design errors. Britain is believed to be among its first customers with an order placed in the late 1960s for 7,500 tons. Britain currently consumes 5,000 tons of uranium a year. Britain presently purchases some 2,500 tons of uranium a year from Rio Algom of Canada, but due to the Canadian embargo, the deliveries are being stockpiled in Canada awaiting government approval for resumption of fuel deliveries.

The Strange Case of Rio Tinto Zinc

All of this provides the context in which to view the ongoing remarkable international legal battle which nominally pits the world's largest nuclear reactor manufacturer, Westinghouse, against the world's largest uranium mining giant, Rio Tinto Zinc, and 28 other large uranium mining interests. Westinghouse charges a

cartelized conspiracy to rig the world market price on uranium. The Westinghouse suit, which is a countersuit against collective legal suits brought by 27 electric utilities against Westinghouse for breach of uranium delivery contracts, is the central part of an ongoing international diplomatic, economic and political and legal battle.

The Carter Administration's Justice Department is currently moving to insure that Rio Tinto Zinc is forced to testify in the utilities versus Westinghouse case. In an extraordinary measure, a U.S. judge is acting to take evidence from Rio Tinto Zinc executives at the U.S. Embassy in London, citing the Hague Convention of 1968 as basis for compelling disclosure by foreign-based corporations. The attempt by the U.S. government to compel disclosure has provoked the intervention of the British government, acting under considerable pressure from the French, South African, Australian and Canadian governments.

Last week the British government invoked royal privilege to relieve the Rio Tinto Zinc executives of having to give testimony in the case. The British Solicitor General, arguing for his government's intervention, stated that "certain friendly countries would feel embarrassed if this evidence were given." This refers to the above-named four countries, all of which were involved in the establishment of the Uranium Institute and in all of which Rio Tinto Zinc has substantial uranium interests.

In a related decision, a U.S. judge in Utah last week ordered the Canadian-based Rio Algom Ltd., which has a subsidiary in Utah, Rio Algom, Corp., to give evidence on the 1972-4 activities of the alleged international uranium cartel or face a fine of \$10,000 for each day it withholds such testimony. The order was suspended for ten days to allow the company time to appeal. The Canadian government is expected to intervene diplomatically with the U.S. as they have already ordered uranium companies and executives not to remove uranium industry records from the country without government permission.

The international legal attack on Rio Tinto Zinc has the effect of choking strategic international uranium production, especially when combined with the negative impact of the activities of Rockefeller-family financed "environmentalist" groups such as Friends of the Earth, who under the rubric of saving the ecology, are doing their best to limit world production of essential uranium fuel. The evidence to date would indicate that Westinghouse is being used by the Rockefeller interests as a bludgeon against the London-based uranium group centered around Rio Tinto Zinc, itself part of the London-based Rothschild financial interests believed to be behind the recent Bank of England decision to decouple the pound sterling from the U.S. dollar. If the Chase Manhattan-backed Carter Administration is unable to control the international uranium resources commanded by this grouping, it leaves a major hole in its present political policy of enforcing financial bailout of the dollar under the cover of imposing international energy austerity.

— William Engdahl