

Nuclear weapons and Australia's Future Fund

Why the Future Fund should divest from nuclear weapons companies

AT A GLANCE

- Australia's Commonwealth Future Fund has disclosed that it has holdings in **15 companies** involved in the production and maintenance of nuclear weapons.
- The total value of its holdings in these nuclear weapons companies at 12 April 2011 was **A\$135.4 million**. The value of all of the Future Fund's assets is approximately \$74.6 billion.
- These 15 nuclear weapons companies are involved in the design, production and maintenance of nuclear weapons for the **United States, Britain, France and India**.
- These investments may violate Australian law and are inconsistent with the Future Fund's stated policy not to support companies involved in activities that are **illegal in Australia**.
- The Future Fund has divested from companies involved in the production of other weapons that violate fundamental principles of **international humanitarian law**.

Investing in nuclear weapons companies hampers efforts to eliminate nuclear weapons and could facilitate their use.

Why the Future Fund should exclude nuclear weapons companies

Australia's Commonwealth Future Fund – established in 2006 to cover the pension costs of retiring parliamentarians, judges and public servants – has investments totalling A\$135.4 million in 15 companies involved in the production and maintenance of nuclear weapons for the United States, Britain, France and India, according to information obtained by ICAN through freedom of information laws. Such investments hamper efforts to achieve nuclear disarmament and could facilitate the use of nuclear weapons.

Any use of nuclear weapons would be a grave violation of international humanitarian law, which prohibits the use of weapons that are incapable of distinguishing between civilians and combatants or have a disproportionate effect. Just as the Future Fund has chosen to divest from companies involved in the production of cluster munitions and anti-personnel land mines, it should also wind up its investments in nuclear weapons companies.

Nuclear weapons are unique in their destructive capacity and the human suffering they cause. A single nuclear bomb dropped on a large city could kill millions of people. In the event of a nuclear attack, medical infrastructure would be destroyed and no effective humanitarian response would be

possible. The lingering effects of radiation on human beings would cause suffering and death many years after the initial explosion. Those in the vicinity who survive the blast would suffer from extreme dehydration and diarrhoea, as well as life-threatening infections and severe bleeding. They would also have significantly increased risk of developing cancers and passing genetic damage to future generations.

Inconsistent with the Future Fund's stated investment policies

The Future Fund has a policy only to invest in companies whose 'economic activity is legal in Australia and does not contravene international conventions to which Australia is a signatory' (September 2010). However, under section 8 of the *South Pacific Nuclear Free Zone Treaty Act 1986* (Commonwealth), it is an offence in Australia to manufacture nuclear weapons, meaning that the Future Fund's investments in nuclear weapons companies are inconsistent with its own policy.

Furthermore, under section 13 of the Act, it is an offence to 'facilitate the manufacture, production, acquisition or testing' of nuclear weapons by any person or company, whether in Australia or not. Investing in nuclear weapons producers arguably constitutes facilitation for the purposes of the Act and therefore the Future Fund may be in violation of this section and liable to pay a fine.

Prepared by Tim Wright,
Campaign Director,
ICAN Australia

Contact: tim@icanw.org
or +61 (0)3 9347 4795

The Norwegian and New Zealand pension funds have excluded nuclear weapons companies from their portfolios.

Nuclear weapons and Australia's Future Fund

Out of step with the Australian Government's commitments

In addition to being a party to the South Pacific Nuclear-Free Zone Treaty, Australia is a party to the Nuclear Non-Proliferation Treaty, which similarly prohibits Australia from manufacturing nuclear weapons (Article II). Such activity is contrary to Australia's treaty obligations whether it is carried out by government or by a corporate entity.

The Australian Government has expressed in various international fora its strong commitment to achieving a world free of nuclear weapons. In 2008 it established the International Commission on Nuclear Non-Proliferation and Disarmament, which it has described as 'a substantial and enduring contribution to achieving the goal of a world without nuclear weapons'.

Financing companies involved in the manufacture of US, British, French and Indian nuclear weapons is inconsistent with the Australian Government's stated commitment to the elimination of nuclear weapons, as it provides material support for the indefinite retention of nuclear weapons by these nations.

Examples of nuclear weapons divestment overseas

The Future Fund would not be the first sovereign wealth fund to divest from nuclear weapons. The **Norwegian Government Pension Fund** has divested from a range of companies involved in unethical enterprises, including the following nuclear weapons companies (at 12 April 2011, the Future Fund had investments in all but one of these):

- Serco Group
- Gen Corp
- Safran
- Northrop Grumman
- Honeywell
- Finmeccanica
- EADS
- Boeing
- BAE Systems

The **New Zealand Superannuation Fund** has also divested from nuclear weapons companies on the basis that the manufacture of nuclear weapons is illegal under New Zealand law. Most recently it divested from Honeywell International because of its involvement in simulated nuclear tests.

KEY NUCLEAR WEAPONS FACTS

- There are more than **23,000 nuclear weapons** in the world today. Their combined destructive force is equivalent to 150,000 Hiroshima bombs.
- **Nine countries** possess nuclear weapons: the US, Russia, Britain, France, China, India, Pakistan, Israel and North Korea. A further five European nations host US nuclear weapons.
- Despite the **Nuclear Non-Proliferation Treaty**, all nuclear-weapon states are modernising their nuclear arsenals. None appears to be preparing for a future without them.
- Roughly **140 countries** have voiced their support at the United Nations for a treaty to outlaw and eliminate nuclear weapons in a verifiable, irreversible and time-bound manner.
- Some 3000 US, Russian, French and British nuclear weapons are maintained at launch-ready status at all times, of which around 2150 are on **very high alert**.
- There have been many documented instances of the near use of nuclear weapons as a result of miscalculation or accidents. The risk of **unintended nuclear use** is very high.
- It would take less than 0.1% of the explosive yield of the current global nuclear arsenal to bring about devastating agricultural collapse and **widespread famine**.
- New research shows that a **regional nuclear war** involving 100 Hiroshima-sized weapons would cause tens of millions of immediate deaths and global climate disruption.
- The smoke and dust from 100 nuclear explosions would cause an abrupt **drop in global temperatures** and rainfall, blocking up to 10% of sunlight from reaching the Earth's surface.
- It is estimated that governments spend a combined total of more than **US\$90 billion** annually on their nuclear weapons. This is equivalent to the UN regular budget for 45 years.

The Future Fund had holdings in 15 nuclear weapons companies at 12 April 2011 worth A\$135.4 million.

Nuclear weapons and Australia's Future Fund

■ **BABCOCK INTERNATIONAL**

Babcock International's subsidiary Babcock Marine is involved in the development of a new fleet of nuclear-armed submarines for the British navy to replace the current fleet. Babcock Marine is also involved in the maintenance of the existing submarines.

FUTURE FUND'S HOLDINGS: A\$77,970

■ **BAE SYSTEMS**

BAE Systems owns a 37.5% share in the joint venture MBDA, which builds medium-range nuclear missiles for the French air force. It is also involved in the project to develop new nuclear-armed submarines for Britain.

FUTURE FUND'S HOLDINGS: A\$11,768,473

■ **BOEING**

Boeing has been involved in the development and production of US nuclear missiles for more than 50 years. It is currently involved in the production of the Minuteman III nuclear-tipped intercontinental ballistic missiles.

FUTURE FUND'S HOLDINGS: A\$6,354,965

■ **EADS**

EADS (based in the Netherlands) is involved in the production and maintenance of M45 nuclear missiles for the French navy. One of its subsidiaries has been contracted to build France's new M51 submarine-launched nuclear missiles. EADS also owns a 37.5% share in the joint venture MBDA, which builds medium-range nuclear missiles for the French air force.

FUTURE FUND'S HOLDINGS: A\$1,964,841

■ **FINMECCANICA**

Finmeccanica (based in Italy) owns a 25% share in the joint venture MBDA, which builds medium-range nuclear missiles for France.

FUTURE FUND'S HOLDINGS: A\$1,267,176

■ **GOODRICH CORPORATION**

Goodrich Corporation is involved in the production of US nuclear-armed submarines.

FUTURE FUND'S HOLDINGS: A\$1,228,973

■ **HONEYWELL**

Honeywell conducts simulated nuclear tests in New Mexico. It is also part of a project to extend the lifecycle of the Trident II nuclear weapons of the US navy.

FUTURE FUND'S HOLDINGS: A\$76,758,057

■ **ITT CORPORATION**

ITT Information Systems, a subsidiary of ITT Corporation, is involved in the maintenance of US submarine-launched nuclear weapons.

FUTURE FUND'S HOLDINGS: A\$15,111,540

■ **JACOBS ENGINEERING**

Jacobs Engineering has a one-third stake in the joint venture AWE-ML, which is the main contractor for the maintenance of British nuclear weapons and related infrastructure.

FUTURE FUND'S HOLDINGS: A\$887,367

■ **LARSEN & TOUBRO**

Larsen & Toubro is involved in designing and building a fleet of nuclear-armed submarines for India. It has also been involved in testing a launch system for India's nuclear missiles.

FUTURE FUND'S HOLDINGS: A\$3,806,260

■ **NORTHROP GRUMMAN**

Northrop Grumman is involved in a project that produces and maintains the Minuteman III nuclear-tipped intercontinental ballistic missiles for the US military.

FUTURE FUND'S HOLDINGS: A\$2,956,728

■ **ROCKWELL COLLINS**

Rockwell Collins is involved in a project to extend the lifecycle of the Trident II nuclear weapons of the US navy.

FUTURE FUND'S HOLDINGS: A\$8,998,875

■ **SAFRAN**

Safran is involved in the production of new M51 nuclear missiles for the French navy. Its subsidiaries also provide fuel and navigation equipment for French nuclear missiles.

FUTURE FUND'S HOLDINGS: A\$866,799

■ **SERCO GROUP**

Serco Group has a one-third stake in the joint venture AWE-ML, which is the main contractor for the maintenance of British nuclear weapons and related infrastructure.

FUTURE FUND'S HOLDINGS: A\$3,058,978

■ **THALES**

Thales is involved in the production of new M51 submarine-launched nuclear missiles for the French navy.

FUTURE FUND'S HOLDINGS: A\$320,520