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The U.S.-India Nuclear Deal, Iran, and India's Future

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By Harsh V. Pant

[*What will India gain and lose from the U.S. proposal to support India's civilian nuclear program and welcome that nation into the nuclear club? The issues span India's energy profile, its position in South Asia, its historic aspirations as a leader of the non-aligned nations, and the future of the NPT. In the following article, Dr. Harsh Pant provides a multi-sided analysis of the proposed agreement in Indian, regional, and global perspective. One critical dimension is addressed squarely by Arjun Makhijani, president of the Washington-based Institute for Energy and Environmental Research and a leading technical specialist on nuclear issues in the United States and India. Makhijani observes in a recent Rediff interview: If you look at India's electricity goals, which is 20,000 megawatts by 2020 (presently 3%), the whole of the nuclear energy sector will at best contribute 10 to 12 percent of the total requirement even if everything goes as planned. For this, India seems to be giving up, or at least jeopardising, a much larger and more sure source of energy, one that could provide electricity more competitively than nuclear, which is natural gas from Iran." Makhijani's reference is to U.S. pressures to join in bringing Iran before the UN Security Council, a move that could jeopardize India's access to Iranian gas. But the issues are not confined to Iran. On January 28, 2006 The Hindu reported U.S. warning to India that it opposes the joint China-India oil deal with Syria. What price U.S. support for what is far from a done deal? Japan Focus]*

During the visit of Indian Prime Minister Manmohan Singh to the U.S. in July 2005, the two countries decided to turn a new leaf in their bilateral relationship. The Bush administration declared its ambition to achieve full civil nuclear energy cooperation with India. In pursuit of this objective, the Bush administration would "seek agreement from the U.S. Congress to adjust U.S. laws and policies," and would "work with friends and allies to adjust international regimes to enable full civil nuclear energy cooperation and trade with India, including but not limited to expeditious consideration of fuel supplies for safeguarded nuclear reactors at Tarapur."

India, on its part, promised "to assume the same responsibilities and practices and acquire the same benefits and advantages of other leading countries with advanced nuclear technologies." The U.S.-India nuclear pact virtually rewrote the rules of the global nuclear regime by accepting India as a nuclear state that should be integrated into the global nuclear order. The nuclear agreement creates a major exception to the U.S. prohibition of nuclear assistance to any country that does not accept international monitoring of all its nuclear facilities. The outcome of the visit marked a new phase in U.S.-India ties.

From the very beginning, the Bush administration refused to look at India through the prism of non-proliferation and viewed India as a natural and strategic ally. It openly declared that it wants to help India become a major world power in the 21st century. The

visit of U.S. President Bill Clinton to India in 1999, the Jaswant Singh-Strobe Talbott strategic dialogue, the Next Steps in Strategic Partnership which was announced during the former Indian Prime Minister Atal Bihari Vajpayee's visit to the U.S. in 2001, all had laid the foundation for a dramatic upswing in U.S.-India ties. See: "The Implications of the U.S.-India Strategic Partnership."

The recent agreement immediately provoked heated debate both in the United States and in India. The impending visit of Bush to India in early 2006 is forcing both sides to work on the agreement so as to be able to put the agreement into effect during the visit. India has presented to the U.S. a plan to separate its civil and military nuclear facilities and is now awaiting an American response. This plan is part of India's obligation under the U.S.-India nuclear agreement that requires the separation of civil and military facilities in a phased manner and filing a declaration about its civilian facilities to the International Atomic Energy Agency (I.A.E.A.).

Debate in the U.S.

Many in the U.S. looked at the deal negatively. Their main focus was the impact that the deal would have on other states that might be thinking of pursuing nuclear weapons. It was argued that this was a signal to such states that acquiring nuclear weapons could be a stepping stone to recognition as a major global player without any sanctions being imposed for such an acquisition. Specifically, the issue of Pakistan was raised in so far as Pakistan might also demand the status given to India; as part of this argument, a refusal to Islamabad might mean growing anti-U.S. feelings in a state crucial for the success of Washington's war on terrorism.

India was also criticized for its refusal to curtail the development of its nuclear weapons and delivery systems and for not permitting full-scope safeguards for its military and civilian facilities. While many of these oppositional voices see India as a major global actor in the coming years, there are concerns over whether India can be trusted on such critical issues as U.S.-China relations or Iran's nuclear weapons program.

There were also many negative reactions from the U.S. Congress. Congressional representatives argued that the U.S. cannot afford to play favorites and break the rules of the non-proliferation regime to favor one country at the risk of undermining critical international treaties in nuclear weapons. It was clear at the outset that garnering support from Congress for the nuclear pact was going to be an uphill task for the Bush administration. While many U.S. lawmakers realized India's growing strategic importance and its track record in nuclear non-proliferation, domestic U.S. laws and India being a non-signatory to the Nuclear Non-Proliferation Treaty (N.P.T.) meant that they would find it difficult to lend their support to the Bush administration's decision to provide India with civilian nuclear reactors.

The difficulty is that making an exception in India's case will establish a precedent and open the U.S. to charges that it is not committed to the non-proliferation regime it is party to. While most Republican members of the Congress were circumspect, many Democratic members made it abundantly clear that the agreement was highly controversial and even members of the India-caucus were restrained in their views.

Moreover, the euphoria over the nuclear deal was soon overtaken by the realities of international politics. India was asked to prove its loyalty to the U.S. by lining up behind Washington on the question of Iran's nuclear program. Members of Congress were angered by the visit of the Indian foreign minister to Iran and scolded India during a hearing on the

U.S.-India nuclear pact. U.S. Congressman Tom Lantos went so far as to say that India "will pay a heavy price for a total disregard of U.S. concerns vis-à-vis Iran."

The Bush administration made it clear that if India voted against the U.S. motion on Iran, Congress would likely not approve the U.S.-India nuclear agreement. Lantos later hailed the Indian vote in the I.A.E.A. and argued that it would promote a positive consideration in Congress of the new U.S.-India nuclear agreement. India, on its part, has continued to claim that its vote had nothing to do with its nuclear agreement with the United States. [See"India's Interests Collide Over Iran."]

The hearings in Congress on the U.S.-India nuclear pact have also brought to light the difficulties involved in its ratification. Most members of Congress continue to struggle with the question on whether the net impact of the agreement on U.S. non-proliferation policy is positive or negative. The majority of experts questioned by the House Committee on International Relations have argued that the deal weakens the international non-proliferation regime. Only a few, such as Ashley Tellis of the Carnegie Endowment for International Peace, argue that bringing "New Delhi into the global non-proliferation regime through a lasting bilateral agreement that defines clearly enforceable benefits and obligations∑not only strengthens American efforts to stem further proliferation but also enhances U.S. national security."

The hearings in the U.S. Senate Foreign Relations Committee have also brought into sharp relief the expectations that the Bush administration has from India in lieu of the nuclear pact. Not only were India's attitudes vis-à-vis Iran mentioned as crucial by senior Bush administration officials, but it was also made clear that Washington expected India to perform in conformity with U.S. interests. India's help in building democratic institutions worldwide was deemed essential for a U.S.-India partnership. India's support for the multinational Proliferation Security Initiative was also referred to as highly desirable.

It was made clear to the Senate that the initiation of legislation by the Bush administration in Congress would be based on evidence that the Indian government has begun acting on the most important commitment of separating its civilian and military nuclear facilities in a credible and transparent manner.

Senator Richard Lugar, who chairs the U.S. Senate Foreign Relations Committee, made it a point to mention in his opening statement that India's nuclear record with the international community had been unsatisfying and that India had "violated bilateral pledges it made to Washington not to use U.S.-supplied nuclear materials for weapon purposes." He forcefully reminded everyone that an implementation of the U.S.-India nuclear accord requires congressional consent and that it would be his committee and Congress that would determine "what effect the joint statement will have on U.S. efforts to halt the proliferation of weapons of mass destruction."

Lugar laid down very clearly the four benchmarks that will determine the success or failure of Congress giving its consent to the pact. Those four questions follow: How does civil nuclear cooperation strengthen the U.S.-Indian strategic partnership and why is it important? How does the pact address U.S. concerns about India's nuclear program and policies? What effects will it have on other proliferation challenges such as Iran and North Korea and the export policies of Russia and China? What impact will the nuclear agreement have on the efficacy and future of the N.P.T. and the global nuclear non-proliferation regime?

As if on cue, 18 former U.S. government officials and non-proliferation experts came

together to write to the members of the Congress that it should impose additional obligations on the U.S.-India nuclear partnership before considering amendments to U.S. laws necessary for it to go into effect. In this context, it is instructive to note that Senator John Kerry, the ranking Democrat on the Senate Foreign Relations Committee, expressed his support for the U.S.-India nuclear deal "in principle" during a recent visit to India and claimed that once the deal goes through in its present form, it would accord India the status of a nuclear power.

Even as this debate is moving apace in the U.S., the Bush administration has taken some significant steps to further strengthen U.S.-India civil nuclear ties. It strongly supported India's participation in the International Thermonuclear Experimental Reactor (I.T.E.R.) consortium, an international enterprise aimed at building a reactor that can use nuclear fusion as a source of energy, and removed India's safeguard reactors from the U.S. Department of Commerce Entities List.

It also made a strong pitch for India at the meeting of the Nuclear Suppliers Group (N.S.G.) to enable full peaceful civil nuclear cooperation and trade with India. In a strong signal that the Bush administration is serious about the nuclear deal with India, the U.S. State Department told the Senate Foreign Relations Committee that it could not determine whether India's 40 megawatt nuclear reactor called Cirus had violated a 1956 U.S.-India contract which said that U.S. heavy water could only be used for peaceful purpose. The Bush administration has argued that it is not possible to have a conclusive answer on whether plutonium produced by the Cirus reactor was produced by the U.S. heavy water reactor.

At the same time, hectic lobbying also started in Washington. The U.S.-India Business Council, a group of major U.S. corporations doing business in India, has hired one of the most expensive lobbying firms in Washington, Patton Boggs, to help ensure enactment of legislation needed to permit the U.S. to pursue full-scale civilian nuclear cooperation with India. The government of India is working with its own lobbying firms, Barbour, Griffith & Rogers, which is headed by the former U.S. Ambassador to India Robert Blackwill, and the Venable Law firm.

Debate in India

India also experienced a range of opinions expressed on the U.S.-India nuclear deal. The Hindu nationalist Bharatiya Janata Party (B.J.P.) was quick to criticize the pact. Ironically, it was the B.J.P. that laid the foundations of the emerging U.S.-India strategic partnership. The architect of this partnership, Vajpayee, argued that the Indian government had surrendered its right to determine what kind of nuclear deterrent it should have in the future based on its own threat perception. Not only would the new agreement put restrictions on the nuclear research program, Vajpayee argued, but India would also incur huge costs on separating military and civilian nuclear installations.

The Left parties, which are also part of the ruling coalition in India, criticized the government for not taking its allies into confidence before striking the nuclear deal with Washington. They also lambasted the government for giving up on India's long-held policy of nuclear disarmament.

Other Indian critics of the deal claimed that America's recognition of India as a "responsible state with advanced nuclear technology" that should "acquire the same benefits as other such states" falls short of admitting it into the nuclear club. It was argued that India obtained too little for the deal while giving up too much. As part of the deal, India committed itself to segregating, in a phased manner, the state's

civilian nuclear facilities, voluntarily placing its civilian nuclear facilities under I.A.E.A. safeguards, signing and adhering to an Additional Protocol with respect to civilian nuclear facilities, continuing the unilateral moratorium on nuclear testing, working with the U.S. to help conclude a Fissile Material Cut-off Treaty, continuing with stringent non-proliferation export controls, and harmonization with and adherence to the guidelines of the Missile Technology Control Regime and the N.S.G.

While most of these conditions had long been a part of the U.S.-India strategic discourse, for some Indian critics India had agreed to these conditions without much reciprocity from the United States. Some of these critics have expressed fears that independent research activities oriented to peaceful purposes, including India's fast breeder program, might be obstructed or slowed.

The scientific community in India delivered a mixed verdict. Some, accepting the need for nuclear energy in the coming years, have favored the pact as it would augment India's energy resources. The deal with the U.S. is also viewed by many as leading the way for other states such as Canada, France, the U.K., and Russia in the N.S.G. to supply India with civil nuclear technology. Others have been less than enthusiastic, arguing that the separation of civilian and military facilities is an onerous task and might have serious repercussions for research and development in weapons systems and for production facilities needed for a nuclear deterrent. Even the Americans have conceded that separating its civilian and nuclear facilities is an enormously difficult task for India.

Some critics charge that the very premise of the U.S.-India nuclear deal is flawed since meeting energy needs by importing nuclear reactors will only lead to energy insecurity and exorbitant costs. There were also complaints that the scientific community was completely kept out of the loop while making such an important decision to seal this deal with the U.S. It seems as if the Department of Atomic Energy (D.A.E.) in India has still not reconciled to the deal as it continues to be reluctant in coming out with a credible plan of separating India's civilian and military nuclear facilities. The latest round of talks between the Indian foreign secretary and the U.S. under secretary of defense ended up in a failure primarily due to D.A.E.'s hesitation in putting its fast breeder program on the civilian list.

Even as this debate was going on in India, New Delhi's decision to vote in favor of the U.S.-sponsored motion in the I.A.E.A. critical of Iran sent the Left parties into a fury. They came out strongly against the Indian government for not supporting a fellow member of the Non-Aligned Movement against what they viewed as America's hegemonic ambitions and bullying tactics. Despite the opposition that the U.S.-India deal faces from the Right and the Left of the political spectrum in India, there are few who are advocating India's withdrawal from the agreement.

For most people involved in the Indian strategic community and media, the U.S.-India nuclear deal affirmed the India-U.S. partnership. The deal has generated a certain sense of euphoria since it marks an end to India's nuclear isolation and is also seen as a tribute to India's growing profile in the global order. The Indian scientific establishment has started interacting with its U.S. counterpart, giving concrete shape to U.S.-India cooperation on areas such as high-energy nuclear physics, nuclear plant design, construction, operation, safety, life extension and regulatory oversight.

It is also clear to seasoned observers of India's nuclear program that there is a danger of India's nuclear program grinding to a halt in a couple of decades if India doesn't go in for international cooperation. India's uranium ore

is just adequate for 10,000 MW and India's nuclear weapons program will have to be accommodated within that. The U.S.-India deal, therefore, is India's best hope for integrating itself in the global nuclear framework and drawing its advantages.

Much to India's chagrin, Iran's nuclear problem has once again emerged as a complicating factor in India's efforts to finalize its nuclear deal with the U.S. Iran decided to remove the seals applied by the I.A.E.A. for the purpose of verifying the suspension of Iran's P-1 centrifuge uranium enrichment program. It plans to pursue all its activities to build, research, develop, and test the P-1 centrifuge. The uranium enrichment activity is part of a process which could be used both to generate electricity and to make nuclear weapons. In response to this, the E.U.-3 (United Kingdom, France and Germany) along with the U.S. have called for an emergency meeting of the I.A.E.A. on February 2 which will discuss whether to refer Iran to the U.N. Security Council.

Once again, India has come under pressure as the nature of its decision at the meeting of the I.A.E.A. Board of Governors could impact its own nuclear negotiations with the U.S. In fact, U.S. Ambassador to India David Mulford went public with his warning that if India did not vote to send Iran to the U.N. Security Council, the effect on the deal would be "devastating" since the U.S. Congress would "simply stop considering the matter" and the initiative will "die." It remains to be seen if the Indian government decides to repeat its past voting pattern in the I.A.E.A. or succumbs to domestic pressure emanating from its coalition partners. Nevertheless, an open warning from the U.S. may have further muddied the waters for the Indian government.

Global Reaction to the Deal

To the surprise of many, the nuclear agreement between India and the U.S. has been successful in garnering some significant international support. I.A.E.A. Director General Mohamed ElBaradei welcomed India's intention to identify and place its civilian nuclear facilities under the I.A.E.A. safeguards and described the pact as a "concrete and practical step towards the universal application of I.A.E.A. safeguards." He also made it clear that making advanced civil nuclear technology available to all states would contribute to the enhancement of nuclear safety and security.

While there has not been any official reaction from Pakistan on the deal, U.S. Secretary of State Condoleezza Rice made a point of speaking to Pakistani President Pervez Musharraf soon after the deal was signed and his reaction was described as "constructive." China's initial reaction was to ignore the deal. However, when the U.S. demanded lifting the ban on sales of nuclear technologies to India during a meeting of the N.S.G. in October 2005, China decided to attack the U.S.-India nuclear agreement, albeit indirectly. It was the official media of China that took the lead in the attack. The People's Daily, China's leading newspaper, attacked the nuclear deal by arguing that it will inflict a hard blow to the global non-proliferation regime. It made it clear that other nuclear suppliers might imitate the U.S. by helping their own allies in supplying nuclear technologies. It questioned the motive behind Washington's decision to reverse its decades-old policy of preventing India from access to nuclear technologies.

Soon thereafter, it was reported that China decided to sell Pakistan six to eight nuclear reactors at the cost of US$10 billion. It was a not-so-subtle message to the U.S. that if Washington decides to play favorites, China also retains the same right. China's action also conveyed to India that even as India tries hard to break out of the straitjacket of being a South Asian power through forging a strategic partnership with the U.S., China will do its utmost to contain India by building up its

neighboring adversaries.

Iran also attacked the U.S.-India nuclear deal in an attempt to counter international pressure on its own nuclear program. Iran's chief nuclear negotiator, Ali Larijani, referred to the deal when he argued that the U.S. enjoys extensive relations with India in the nuclear field despite India's nuclear weapons program. He went on to claim that such a "dual standard" was detrimental to global security. India, however, quickly countered this argument and claimed that India has always been in compliance with its obligations under international treaties and agreements. India, unlike Iran, is not a signatory to the N.P.T.; having signed the treaty, Iran must fully comply with its international commitments in a transparent manner. [See: "Intelligence Brief: Iran."]

Meanwhile, however, other important nuclear players seem to have come on board with regard to the U.S.-India nuclear deal. Britain, Canada, France, and Russia are eager to play major roles in future civil nuclear energy projects in India. As India continues to settle its problems with the N.S.G., these states hope to participate and contribute to its program for peaceful uses of nuclear energy. All of these states expect India to work toward the implementation of the U.S.-India nuclear accord.

In fact, as late as 2004, despite otherwise excellent Indo-Russian bilateral relations, Moscow had categorically ruled out providing enriched uranium to India for the Tarapur nuclear power plant, citing N.S.G. rules. It had also refused India's request for an additional two 1,000 MW reactors for the Koodankulam nuclear power project. But with the new U.S.-India nuclear deal, Russia is all set to help India in acquiring the latest nuclear energy generation technology. Russia has also decided to move on the lease of two Akula-class nuclear-propelled submarines which was blocked because of Russia's unwillingness to annoy its N.S.G. partners.

American support also led to a decision by the members of the I.T.E.R. project, including the European Union, Russia, South Korea, China, and Japan, to include India as a member.

Conclusion

While there is little hope that the U.S.-India nuclear agreement will come to fruition before the visit of U.S. President George W. Bush to India in early March 2006, it is expected that most of the issues will be sorted out by then. In India, despite dissenting voices, there is a wide spectrum of support for the nuclear agreement with the U.S. This is a development in itself, as, contrary to past behavior, this reflects a reluctance by Indian elites to assume an anti-U.S. position by default.

While the non-proliferation lobby in the U.S. continues to be the biggest obstacle in the ratification of the U.S.-India nuclear pact, the Bush administration seems to be leaving no stone unturned in making sure that the deal goes through Congress. Nuclear weapon states have always subordinated their nuclear proliferation commitments to their strategic interests. The Bush administration believes that it is in the strategic interests of the United States for India to emerge as a major global power, and the administration has made it clear that it will do its best to help India achieve that goal.

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