



Hearing on U.S.-India Civil Nuclear Cooperation Initiative

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Introduction

Mr. Chairman and members of the Committee, thank you for inviting Under Secretary Joseph and me to discuss the current state of our relations with India and, specifically the development of full civil nuclear energy cooperation between India and the U.S. The July 18 visit of Indian Prime Minister Manmohan Singh to Washington marked a watershed in our ties with the world's most populous democracy.

President Bush's desire to transform relations with India is based on his conviction that, as he has said, "This century will see democratic India's arrival as a force in the world." We believe it is in our national interest to develop a strong, forward-looking relationship with India as the political and economic focus of the global system shifts toward Asia. We know that many in Congress embrace this view. And the time is right. The Cold War, when India was the ultimate non-aligned nation and the United States the ultimate aligned nation, is long past. It is time to shift our U.S.-India relationship to a new, strategic partnership for the decades ahead.

India is a rising global power with a rapidly growing economy. Within the first quarter of this century, it is likely to be included among the world's five largest economies. It will soon be the world's most populous nation, and it has a demographic distribution that bequeaths it a huge, skilled and youthful workforce. India's military forces will continue to be large, capable and increasingly sophisticated. Just like our own, the Indian military remains strongly committed to the principle of civilian control. Above all else, we know what kind of country India will be decades from now. Like the United States, India will thrive as a multi-ethnic, multi-religious and multi-lingual democracy, characterized by individual freedom, rule of law and a constitutional government that owes its power to free and fair elections.

Under Secretary Joseph and I are here as part of a consultation process with both houses of Congress to seek eventually the adjustment of U.S. laws to accommodate civil nuclear trade with India. We are at the very beginning of that process. We will work closely with Congress to determine the best way ahead.

Since President Bush agreed with Prime Minister Singh on this nuclear initiative on July 18, we have discussed with many of you individually where best to begin the decision-making process with Congress. Both of us testified before the House International Relations Committee in September. Secretary Rice has briefed the Senate and House leadership on this initiative. She is eager to engage with you in more detailed discussions in the coming months. We have already had extensive briefings of House and Senate staff, and we even invited House staff to attend with us the meeting of the Nuclear Suppliers Group in Vienna two weeks ago dealing with the Indian civil nuclear issue. In short, we have shared with the Congress our rationale for the July 18 agreement and have consulted consistently and in detail on our discussions with the Indian government since that time.

Secretary Rice, Under Secretary Joseph and I look forward to continuing this dialogue. We recognize that the pace and scope of the initiative requires close consultation with Congress and we welcome your suggestions and advice as we move forward.

Indeed, we cannot go forward on this initiative without the express consent of Congress. The advent of full U.S. civil nuclear cooperation with India requires adjustments in U.S. law. I had the privilege of negotiating the July 18 agreement for the U.S. and remain the principal negotiator with the Indian government. Based on my visit to New Delhi two weeks ago, it is clear that it will take some time for the Indian government to fulfill all of the commitments it made in the July 18 agreement. The actions India committed to undertake are difficult, complex and time-consuming. The Administration thus believes it is better to wait before we ask Congress to consider any required legislative action until India is further along in taking the necessary steps to fulfill our agreement. I believe that will likely be in early 2006.

Our judgment is that it would not be wise or fair to ask Congress to make such a consequential decision without evidence that the Indian government was acting on what is arguably the most important of its commitments – the separation of its civilian and military nuclear facilities. I told the Indian leadership in Delhi two weeks ago that it must craft a credible and transparent plan and have begun to implement it before the Administration would request Congressional action.

My counterpart, Foreign Secretary Shyam Saran, assured me that the Indian government will produce such a plan. He stressed last week to a domestic audience at the New Delhi-based Institute of Defense Studies and Analyses, "It makes no sense for India to deliberately keep some of its civilian facilities out of its declaration for safeguards purposes, if it is really interested in obtaining international cooperation on as wide a scale as possible." As India begins to meet its commitments under our agreement, we will propose appropriate language that would be India-specific and would demonstrate our dedication to a robust and permanent partnership.

I have invited Foreign Secretary Saran to Washington in December to continue our talks, and I intend to return to India in January to further our understanding of India's plans to separate its civil and military nuclear facilities. We will, of course, keep the Congress fully apprised of all these discussions. We hope very much that India can make the necessary progress to allow us to refer legislation to Congress by early 2006.

The Civil Nuclear Cooperation Initiative

Mr. Chairman, you requested that we answer three questions in this hearing: first, why is it necessary to draw closer to India; second, how would U.S. concerns about India's nonproliferation policies be addressed by this agreement; and, third, will our proposed policy change apply to countries other than India. Under Secretary Joseph and I will respond to each of your questions.

When Secretary Rice set out last spring to develop the structure of such a partnership, we knew we would have to deal with the one issue that has bedeviled U.S.-India relations for the last 30 years – the nuclear issue.

We determined from the start that we could not recognize India as a nuclear weapons state. Such a step would weaken fundamentally the nuclear Nonproliferation Treaty (NPT) and would be logically inconsistent with U.S. policy under the last seven American presidents. It was equally clear that India would not become a party to the NPT as a non-nuclear weapons state.

We also knew that we would have to confront the more difficult and complex issue of whether to work with India on full civil nuclear cooperation. India had made this the central issue in the new partnership developing between our countries. As you know, past Administrations had decided to forego such civil cooperation with India due to India's nuclear weapons program and its status outside the nonproliferation regime. We had to decide whether this policy remained consistent with U.S. interests in building a strong nonproliferation regime and with our obvious priority of improving relations with the world's largest democracy.

Because India developed nuclear weapons outside the regime, we had no existing cooperation between our civil nuclear energy industries and, as such, no real influence

on India's adherence to the critical international nonproliferation standards that are the bedrock of our efforts to limit the spread of nuclear technology. While not formally part of the NPT regime, India has demonstrated a strong commitment to protect fissile materials and nuclear technology. Indeed, as other responsible countries with advanced nuclear technology, India has resisted proposals for nuclear cooperation with nuclear aspirants that could have had adverse implications for international security.

We weighed the pros and cons of whether or not to seek changes to U.S. policy and ask Congress for authorization to begin full civil nuclear energy cooperation.

We decided that it was in the American interest to bring India into compliance with the standards and practices of the international nonproliferation regime. And, we decided that the only way to reach that goal was to end India's isolation and begin to engage it. India will soon have the largest population in the world, and to consign it to a place outside that system did not appear to be strategically wise and has not proven effective.

Without such an agreement, India, with its large and sophisticated nuclear capabilities, would continue to remain outside the international export control regimes governing commerce in sensitive nuclear and nuclear-related technologies. With this agreement, given India's solid record in stemming and preventing the proliferation of its nuclear technology over the past 30 years, the U.S. and the international community will benefit by asking India to open up its system, to separate its civil and military nuclear facilities, and to submit to international inspections and safeguards on its civil facilities, thus allowing it to bring its civil nuclear program into effective conformity with international standards.

India will assume the same nonproliferation responsibilities as other responsible nations with civil nuclear energy and will protect against diversion of items either to India's weapons program or to other countries. U.S.-Indian cooperation on nuclear energy will therefore help strengthen the international order in a way that advances widespread international equities in nuclear nonproliferation. It also will allow India to develop much more quickly its own civilian nuclear power industry, thus reducing demands on the world energy market and in a way that provides clean energy for the future.

This was not an easy choice. We do not live in an ideal world. We concluded we had a better chance to have India meet international nonproliferation standards if we engaged rather than isolated it. We believe the resulting agreement advances our strategic partnership and is a net gain for nonproliferation. We do not plan to offer such cooperation to any other country.

In addition to aligning ourselves with a country that shares our democratic values and commitment to a multi-ethnic, multi-religious society, developing civil nuclear cooperation with India will bring concrete benefits to the U.S. and to the international community more broadly. [Under Secretary Joseph](#) will address this initiative in detail, but let me outline here some of the key reasons why we believe this initiative makes excellent sense:

- **Security Benefits:** All the steps that India pledged on July 18 strengthen the international nonproliferation regime, and all align with our efforts to prevent the spread of weapons of mass destruction. India's September vote in the International Atomic Energy Agency (IAEA) that found Iran in noncompliance with its nuclear obligations reflects India's coming of age as a responsible state in the global nonproliferation mainstream.
- **Environmental Benefits:** Nuclear energy is one of the few proven sources of energy that does not emit greenhouse gases, and thus can help India modernize in an environmentally friendly manner that does not damage our common atmosphere and contribute to global warming.
- **Commercial Benefits:** As a result of our involvement in India's civil nuclear industry, U.S. companies will be able to enter India's lucrative and growing energy market, potentially providing jobs for thousands of Americans.
- **Energy Benefits:** India's expertise in basic science and applied engineering will add significant resources and substantial talent in the development of fusion as a cheap energy source if India can participate in the International Thermonuclear Experimental Reactor (ITER) program and help make the next generation of reactors safer, more efficient and more proliferation-resistant as a member of the Generation-IV Forum (GIF).

The Broader Relationship

Although our civil nuclear initiative has garnered the most attention, it is only part of a much broader and deeper strategic partnership with India, something that has not really been possible until now.

In late June, Defense Minister Pranab Mukherjee and Secretary of Defense Donald Rumsfeld signed a New Defense Framework that will guide our defense relations for the next decade. We're planning to enlarge defense trade, improve cooperation between our armed forces, and co-produce military hardware. The brilliant cooperation of our two militaries during the response to the Tsunami disaster last December was a remarkable testament to how far we have come, and the great potential we have for the future.

A strong, democratic India is an important partner for the United States. We anticipate that India will play an increasingly important leadership role in 21st Century Asia, working with us to promote democracy, respect for human rights, economic growth, stability and peace in that vital region. By cooperating with India now, we accelerate the arrival of the benefits that India's rise brings to the region and the world. By fostering ever-closer bilateral ties, we also eliminate the possibility that our two nations might overlook their natural affinities and enter into another period of unproductive estrangement as was so often the case during the Cold War period. By challenging India today, with a full measure of respect for its ancient civilization, traditions and accomplishments, we can help it realize its full potential as a natural partner in the struggle against the security challenges of the coming generation, and the global threats that are flowing over, under and through our respective national borders.

I visited New Delhi two weeks ago and held an extensive series of discussions with senior Indian officials on the range of our foreign policy interests. While there, I had broad-ranging discussions on many issues, everything from HIV/AIDS to the situation in Nepal to our concerns about Iran. The July 18 Joint Statement calls for government-to-government joint cooperation in many areas, including civil nuclear cooperation; a U.S.-India Global Democracy Initiative; an expanded U.S.-India Economic Dialogue focusing on trade, finance, the environment, and commerce; continued cooperation in science and technology; an Energy Dialogue to strengthen energy security and promote stable energy markets, an Agricultural Knowledge Initiative, an Information and Communications Technology Working Group; Space Cooperation; a U.S.-India Disaster Response Initiative; and the U.S.-India HIV/AIDS Partnership. Foreign Secretary Saran and I have already begun working on the joint ventures that the President and Prime Minister Singh had asked us to undertake and plan to further our cooperation in the fields of education, in agriculture, in science and technology, and in space. We very much would like to welcome an Indian astronaut to fly on the space shuttle. I think it is clear that our interests converge on all these issues. With this ambitious agenda, our two countries are becoming, in effect, global partners.

Cooperation in several of these areas has already begun and is yielding results. Just last month, the U.S.-India Treaty on Mutual Legal Assistance in Criminal Matters entered into force, providing for enhanced, streamlined and more effective law enforcement cooperation between our two countries. On October 17, Secretary Rice and Indian Science and Technology Minister Sibal signed an umbrella Science and Technology Agreement that will strengthen U.S. and Indian capabilities and expand relations between the extensive scientific and technological communities of both countries. This agreement includes a substantive Intellectual Property Rights (IPR) provision -- another indication of India's increasing recognition of the need to respect intellectual property.

The Challenges We Face

We have accomplished much, but we have just scratched the surface of our partnership with India. Ambassador Mulford and his outstanding team in New Delhi, aided by frequent high-level visitors to the sub-continent over the next several months, will continue to pursue this expanding agenda.

We want the U.S. and India to work together more effectively than we have in the past to become more effective global partners. Let me provide a few examples. On the political side of the ledger, we will be seeking early tangible progress with India towards:

- **Creating a closer U.S.-India partnership to help build democratic institutions in the region and worldwide.** During the Prime Minister's visit to Washington, our two leaders agreed for the first time to work together to promote democracy worldwide. Both countries have contributed to the UN's Democracy Fund. We will seek ways to work together in strengthening democratic institutions and practices in specific countries. India's experiment in democracy has been a success for over half a century, and its 2004 national polls were the largest exercise in electoral democracy the world has ever seen. We share a belief that democracy and development are linked, that effective democratic governance is a precondition to healthy economic development. In this regard, we hope India will share its democratic experience with Central Asian nations, which are having a difficult time making the transition from authoritarianism to democracy, and assist them in building institutions necessary to the success of democracy and the advancement of human rights.
- **Advancing our shared interest in reform at the United Nations.** Members of this Committee know well the President's deep desire to promote reform at the United Nations. This is a top priority for this Administration, and India as well. We want a far more vigorous Indian engagement with us in the ongoing process of reforming the UN into an organization that serves the interests of its members. I think both our countries would agree that this process should neither be politicized nor subjected to the sort of country bloc calculations that prevailed during the Cold War. India has much to offer in moving reform efforts ahead.
- **Indian participation in the Proliferation Security Initiative.** India boasts one of the world's largest commercial maritime fleets and a Navy that demonstrated its rapidly growing expeditionary capacity in responding to the December tsunami. Indian support for the multi-national Proliferation Security Initiative (PSI) would be a boon to the participating nations' goal of tracking and interdicting dangerous terrorist and weapons of mass destruction (WMD) cargoes world-wide. We hope India will choose to join PSI.
- **U.S.-India cooperation for regional peace and stability.** India is one of the largest international donors to Afghanistan's reconstruction and works closely with us in the areas of road construction, public health, education, telecommunications, and human resource development. India and the United States share the goal of a return to democracy in Nepal and a defeat of the Maoist insurgency. In Sri Lanka, we both support the government's efforts to recover from the tsunami and return to the peace process. We should do more to promote human rights and democracy in autocratic Burma. Our two countries should work more closely to promote peace and stability in Asia.
- **Convincing Iran to return to negotiations.** India and the U.S. have found an increasingly positive dialogue on Iran. We are both dedicated to the goal of an Iran that lives in harmony in its region, ends support of terrorist groups and does not seek nuclear weapons. We welcomed India's vote with us at the IAEA in September to find Iran in noncompliance with its international obligations. We appreciate India's belief that Iran should not acquire a nuclear weapons capability, and India's continuing cooperation with the U.S. and Europe is essential to convince Iran to return to negotiations.

We and India also need to focus on a number of important economic challenges, both bilateral and global. Since the early 1990s, India has progressed far in liberalizing its tariff regime and investment environment, and these major changes have fueled the growth and increased prosperity of recent years. Any quick survey of India's economic landscape provides thousands of examples of innovation and excellence. India is increasingly a global competitor in knowledge-based industries such as information and communications technology and biotechnology research and development.

Despite its impressive record of economic growth during the last decade, India still struggles with many of the persistent challenges faced by developing countries: insufficient and underdeveloped infrastructure, inefficient markets for goods and services, and minimal access of credit and capital among the urban and rural poor. In addition, India also suffers from a shortage of foreign capital and investment, which can bring in key, new technologies, create jobs, and modernize industries.

In this new partnership, the U.S. and India have a great opportunity to work together to overcome these challenges, toward the continued prosperity of our peoples, and to play a positive role in shaping the world's economic future. The ongoing negotiations in the World Trade Organization (WTO) in the Doha Development Round offer the perfect opportunity to work on our shared goals of trade, development, and prosperity.

Both India and the United States stand to gain from the increasing liberalization of trade in goods and services, and in convincing our trading partners to do the same. There is no reason why India and the U.S. should not be partners in this forum, whose success is so crucial to our common future. We plan to work closely with India on proposals that can translate the promise of the WTO's mission - and the new era of U.S.-India relations - into reality. This effort will take hard work on both sides, and we look forward to this opportunity to engage India seriously, to the economic betterment of both our people.

As we build closer economic relations, we look forward to India's agreement to purchase American civil and military aircraft and to open its doors further to trade with our country.

Building People-to-People and Private Sector Cooperation between India and the U.S.

The new U.S.-India partnership is not and cannot be just between governments. We have seen an equally powerful expansion of our people-to-people ties and business growth. The immense power of the India-U.S. people-to-people network goes deeper than anyone could have ever imagined. We find thousands of Americans in Delhi, in Mumbai and Bangalore, and even more Indians in New York, Washington and Los Angeles. Over 85,000 Americans are living in India, lured by its growing economy and the richness of its culture. There are 2 million persons of Indian origin in the United States, citizens and legal permanent residents. They are operating businesses in our country, running for political office and building bridges back to India. There are more Indian students in the United States today than from any other country in the world - 80,000.

We have, in essence, the development of a true, comprehensive, across the board, engagement between India and the United States, our governments, our societies and our peoples. This engagement by individuals and businesses will propel and sustain the formal ties between our governments.

Conclusion

I am pleased to have had the opportunity to share with you the many elements of this strategic transformation that we are witnessing in the U.S.-India relationship. Both President Bush and Prime Minister Singh have shown the confidence and vision to pursue a common vision for the world together. We hope the Congress will help us make that vision a reality.

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