



U.S.-India Civil Nuclear Cooperation Initiative

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Thank you for the opportunity to discuss the U.S.-India Civil Nuclear Cooperation Initiative.

On March 2 in New Delhi, the United States and India reached a historic understanding on civil nuclear cooperation. This strategic achievement will advance a number of important U.S. and global priorities: it will help advance energy security, further environmental protection, promote economic and technological development in both countries, bolster international security, and, on balance, strengthen the global nonproliferation regime.

Reflect for a moment on where U.S.-India relations have been over the past half-century. Differences over domestic policies and international objectives kept India and the United States estranged. This limited our ability to help shape a productive future for South and Central Asia, which will be one of the most dynamic regions in the 21st century.

Our past nonproliferation policies toward India had not achieved their purposes. They had no effect on India's development of nuclear weapons. Nor did they prevent India and Pakistan from testing nuclear weapons in 1998. They contributed little to lessening regional tensions, which brought India and Pakistan repeatedly to the brink of war. They effectively forced India to rely on oil and gas from Iran and the Persian Gulf, or on destabilizing competition over waterways to produce hydroelectric power. They isolated India from the standards of the nuclear nonproliferation establishment, and left India with resentful attitudes and a protected and sheltered nuclear industry.

When President Bush came into office, he judged that our relations with India would be central to the future success of U.S. foreign policy in South Asia and around the world. He resolved to transform our relationship with India. The world's most powerful democracy is now building a global partnership with the world's largest democracy. This partnership is founded on common interests and shared ideals. We both value individual freedom and rule of law, both are committed fully to civilian control of the military, and both are committed to economic liberty and strong growth of our free economies.

The U.S.-India Civil Nuclear Cooperation Initiative

Moving forward in building this new strategic relationship will hinge to a great degree on the U.S.-India Civil Nuclear Cooperation Initiative. Let me mention the specifics of the Initiative. The basic agreement is this: India has pledged, for the first time in 30 years, to submit its entire civil nuclear program to international inspection and to take on significant new nonproliferation commitments in exchange for full civil nuclear cooperation with the international community. With this initiative, the world is expecting India to be a full partner in nonproliferation, and India is expecting the world to help it meet its growing energy needs.

More specifically, India has agreed to place all future civil reactors – both breeder and thermal – under permanent International Atomic Energy Agency (IAEA) safeguards and to continue its unilateral moratorium on nuclear testing. India will also place a majority (14 out of 22) of its existing and planned power reactors under international safeguards by 2014. Under this initiative, nearly two-thirds of India's thermal reactors will be brought under safeguards, a figure that the Indian government has said could rise as high as 90% as India procures more civil reactors in the next 15 years. Without this initiative, 81% of India's current power reactors – and its future power and breeder reactors – would continue to remain outside of IAEA safeguards.

Once implemented, potential American and international suppliers will be able to invest in India's safeguarded civil facilities solely for energy production and other peaceful purposes. The safeguards required by this initiative are designed to help detect, and thereby help prevent, the diversion to military use of any materials, technologies, or equipment provided to India's civil nuclear facilities. Once a reactor is under IAEA oversight, safeguards will be in place permanently and without any conditions – unlike the nuclear weapons states which have 'voluntary' safeguards arrangements with the IAEA that can be changed at any time, for any reason.

The Indian government will negotiate and sign an Additional Protocol with the IAEA (which gives the IAEA greater authority to inspect, including spot inspections to ensure there is no diversion from peaceful to weapons uses), and will work with the United States to conclude a multilateral Fissile Material Cutoff Treaty. India has also agreed to create a robust national export control system that includes harmonization with and adherence to the Missile Technology Control Regime and Nuclear Suppliers Group guidelines, two critical international nonproliferation regimes. Finally, India will continue its unilateral moratorium on testing and refrain from transferring enrichment and reprocessing technologies to states that do not possess them. These are commitments that go beyond those required by the NPT. Just last June, as part of our discussions on civil nuclear cooperation, India's parliament passed a landmark WMD export control law that significantly upgraded and improved India's ability to counter the proliferation of materials related to weapons of mass destruction. This law makes such proliferation a crime in India, just as it is in the United States.

For this initiative to go forward, both parties must meet their obligations. For our part, President Bush is committed to work with the U.S. Congress to amend the Atomic Energy Act of 1954 and to seek agreement within the 45-member Nuclear Suppliers Group to accommodate this cooperation. The United States will also negotiate a bilateral agreement on peaceful nuclear cooperation with India and seek to assure the reliable supply of nuclear fuel to India through multiple avenues and instruments.

India is already acting on its commitments. The Chairman of India's atomic energy commission has been to Vienna to begin negotiations with the IAEA on both a safeguards agreement and an Additional Protocol. India has delivered to us a list of specific reactors to be placed under safeguards and a plan to offer all 14 reactors for safeguards by 2014. In addition, India will place associated upstream and downstream facilities under safeguards and has declared nine research facilities as civilian.

In the coming months, we hope that India will also take a number of additional measures to further strengthen its commitment to global nonproliferation. In addition to adhering to the Missile Technology Control Regime and Nuclear Suppliers Group Guidelines, examples of additional measures we hope India will undertake include announcing its intention to participate in the Proliferation Security Initiative and harmonizing its export control lists with the Wassenaar Arrangement and the Australia Group. We will continue to press these and other nonproliferation measures through the course of our strategic partnership.

Once implemented, the initiative with India will benefit the United States in several important ways.

The Initiative will deepen our strategic partnership.

We believe the Initiative will help make India one of our most valuable global partners and help make possible significant achievements in many other areas of cooperation.

The United States and India are laying the foundation for cooperation on major issues in the region and beyond, building on and building up a broad relationship between our peoples and our governments. We will not fully realize this vision, however, unless the impediments associated with civil nuclear cooperation, which have complicated

all efforts to improve bilateral relations during the last thirty years, are resolved once and for all. This initiative is the key that will unlock the progress of our expanding relationship.

It will enhance energy security.

The global search for new and stable sources of energy is now a defining issue in all aspects of international life. Civil nuclear cooperation with India will help it meet its rising energy needs without increasing its reliance on unstable foreign sources of oil and gas.

India has a massive and rapidly growing appetite for energy. Between 1980 and 2001, demand increased by 208 percent. In 2003, India was the sixth largest consumer of energy in the world behind only the United States, China, Russia, Japan, and Germany. The Indian government plans to double its capacity to produce electricity within the next eight years.

Currently, over 50% of India's total energy, and 70 percent of India's electric power generation, is derived from coal; nearly 35% from oil; seven percent from natural gas; and five percent from hydro-electric power and only two-to-three percent of India's total power generation from nuclear energy. By contrast, the United States derives over 20% of its power from nuclear energy, Japan 30%, and France over 75%.

The Initiative will benefit the environment.

Civil nuclear cooperation will not only help India meet its energy needs, but it will do so in an environmentally friendly way. India's heavy dependence on coal and oil for electricity generation has made India a major contributor to greenhouse gas emissions and global climate change. Between 1990 and 2001, India's carbon emissions increased by 61 percent, a rate of growth surpassed only by China.

The Civil Nuclear Cooperation Initiative alone will not address fully Indian emissions of air pollution and greenhouse gases. It does, however, take a sizeable step in the right direction. As a critical step in reducing the growth of India's heavy dependence on coal and its greenhouse gas emissions, our civil nuclear initiative would be one of the greenest parts of India's new Green Revolution.

The Initiative will create opportunities for U.S. business.

India currently has 15 operating thermal power reactors, with seven under construction. It intends to increase this number significantly. Meeting this ramp-up in demand for civil nuclear technology, fuel, and support services holds the promise of opening new business opportunities for American firms, which translates into new jobs, new incomes, and new markets for the United States... and others.

At the same time, participation in India's market will help make the American nuclear industry globally competitive, thereby benefiting our own domestic nuclear power sector. The Civil Nuclear Cooperation Initiative will permit U.S. companies to enter the lucrative and growing Indian market – something they are currently prohibited from doing.

Finally, the Initiative will enhance the international nuclear nonproliferation regime.

The relationship between this initiative and nuclear nonproliferation has received the most attention since the initiative was announced. We believe this initiative is a net gain for global nonproliferation efforts. We better secure our future by bringing India into the international nonproliferation system, not by allowing India to remain isolated.

There are some who doubt this. Let me touch on a few of the major questions that have been raised in this regard.

Some have expressed the view that we should have used this initiative to compel India to accept a unilateral freeze or cap on its nuclear arsenal. While this is certainly desirable, we continue to encourage India, as well as Pakistan, to move in this direction as part of our strategic dialogues with both governments; but we think it would be unwise to hold up the nonproliferation gains that can be obtained from the civil nuclear cooperation initiative for an Indian fissile material cap. Moreover, the U.S. has achieved an important strategic objective by obtaining India's commitment to work toward a multilateral Fissile Material Cut-off Treaty.

Some have also expressed concern that civil nuclear cooperation with India will weaken the NPT, or undermine global nonproliferation efforts. Dr. Mohamed El Baradei, the Director General of the IAEA – the agency responsible for applying safeguards – does not share this concern. Dr. El Baradei publicly praised the initiative the day it was announced, stating that it will "bring India closer as an important partner in the nonproliferation regime. It would be a milestone, timely for ongoing efforts to consolidate the nonproliferation regime, combat nuclear terrorism and strengthen nuclear safety." Four of the five NPT-defined nuclear weapon states have also endorsed the initiative.

Some have also specifically alleged that through this initiative we are recognizing India as a nuclear weapon state. This should be clear. Our initiative with India does not seek to renegotiate or amend the NPT. India is not, and is not going to become, a member of the NPT as a nuclear weapon state. Nothing we are proposing would violate our NPT obligations that we not "in any way assist" India's nuclear weapons program. India has never been a party to the NPT. It developed nuclear weapons outside this context, a long time ago.

Still others have asserted that this initiative permits India to expand its nuclear arsenal. This is not the case. The initiative does not cap Indian nuclear weapons production, but nothing under this initiative will directly enhance its military capability or add to its military stockpile. India could already build additional weapons within the limits of its capabilities if it so desired, with or without this deal. On the other hand, the Indian government has repeatedly confirmed in public that it intends to expand its civil nuclear energy capability.

Despite some concerns, we believe that civil nuclear cooperation with India will not lead to an arms race in South Asia. In our view, bilateral relations between India and Pakistan, not the Civil Nuclear Cooperation Initiative, will determine the prospects for such an arms race. These relations have been improving for the past three years. The ongoing Composite Dialogue between India and Pakistan has significantly reduced tensions and built confidence on both sides.

Some have also argued that the initiative with India will undermine our efforts to curb Iran and North Korea's nuclear ambitions, because it creates an alleged "double standard." Comparing India to the North Korean or the Iranian regime is not credible. India is a democracy, transparent and accountable to its people, which works within the international system to promote peace and stability and has a responsible nuclear nonproliferation record. The regime in Iran is a state sponsor of terrorism, with a long record of cheating on its nuclear obligations to the international community, and it is violating its own nuclear obligations at present. North Korea is the least transparent government in the world and threatens its neighbors and proliferates dangerous weapons. Recall that India not once, but twice, stood with the United States and other nations against illegal proliferation by voting in the IAEA to find that Iran was not in compliance with its treaty obligations and, later, to report Iran's nuclear violations to the UN Security Council.

Seizing Our Opportunity With India

These concerns are serious and we take them seriously. They will be hashed out in the Congress, at the Nuclear Supplier Group meetings and in other fora ... as they should be.

Let me conclude by saying that during his speech in New Delhi last month, President Bush spoke of his desire to "strengthen the bonds of trust between our two great

nations." It is important not only to the United States and India, but to the world, that we seize this opportunity to solidify a key relationship that will deepen our growing strategic partnership with India; help India's huge population meet its rising energy needs; a partnership that will benefit the environment as nuclear energy presents a cleaner alternative to other available options; one that will open the market to trade and investment in nuclear energy and increase opportunities for U.S. and international firms; and finally a strategic partnership that will make our future more secure by bringing India closer to the nonproliferation mainstream. Thank you.

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