

## The Bush Visit and the Nuclear Deal

*After a jubilant visit by President George W. Bush to Delhi and stops in Pakistan and Afghanistan, the spotlight has turned to Capitol Hill. Legislation to amend the 1954 U.S. Atomic Energy Act to allow the president to go ahead with the recently concluded U.S.-India Civilian Nuclear Agreement was introduced in both houses of Congress on March 16, 2006. Administration officials are optimistic that it will pass, though they recognize that this will take hard work and the process will be complicated. If the Bush administration succeeds, however, the agreement could provide a major boost to U.S.-India bilateral relations and change the priorities and operation of the nonproliferation regime. (Next month's Monitor will review the president's visit to Pakistan and what it means for U.S.-Pakistan relations.)*

*India pulled out all the stops to welcome President Bush when he landed in New Delhi on March 1, after an unannounced stopover in Afghanistan. Prime Minister Manmohan Singh greeted the president at the airport with all the pomp and pageantry reserved for India's best friends. India had many reasons to be pleased. This was the first back-to-back visit by two presidents to India.*

**The nuclear deal grabs the headlines:** A joint statement released by Bush and Singh on March 2 announced a major step forward on the U.S.-Indian agreement on civil nuclear cooperation announced in July 2005. Spelling out the general commitments contained in the July agreement, India undertook to designate 14 of its 22 nuclear reactors as civilian, placing them in perpetuity under safeguards with the International Atomic Energy Agency (IAEA). The safeguards will phase in between now and 2014. The United States agreed to a provision intended to protect India's civilian reactors against interruption of fuel supply, recalling that in the 1970s, the United States had been obliged to cancel a 30-year supply contract for the Tarapur reactor. This arrangement will expand safeguards from the current six plants, and will put under safeguards a number of plants India has built and fueled with its own resources, something India has not been willing to do in the past. The plants outside the civilian sector will not be constrained, so the only brakes on India's ability to use them for military purposes will be the availability of domestic fuel and the economics of its drive to increase nuclear electricity generation.

**Beyond the nuclear deal:** Both governments were keen to highlight the breadth of the relationship. The two leaders' joint statement listed an impressive number of cooperative programs on economics, trade, energy security, the environment, agriculture, health, space exploration, global security, and deepening democracy. Some of these were programs that had already been announced and in which new milestones had been reached, such as the CEO forum, which had met during the Bush visit. Others were new, including the Knowledge Initiative on Agriculture, which is to link academic and scientific institutions and includes a three-year financial commitment. Particularly noteworthy items include India's admission to the International Thermonuclear Experimental Reactor (ITER), a new Maritime Cooperation



*Managing relations in South Asia: President Bush in Islamabad and New Delhi in March 2006. The United States is trying to balance its growing ties with India with its friendship with Pakistan. (Photo credit: the White House.)*

Framework to promote maritime security, and India's intention to join the Container Security Initiative. The administration was especially pleased by India's willingness to become more active in the international effort to promote democracy. The statement briefly mentioned the 10-year agreement on defense cooperation that the United States and India signed in June 2005. Not mentioned but on the minds of many observers is the potential for U.S. military sales to India, which the U.S. administration would like to expand greatly.

The message was clear: the United States was prepared to de-link its relations with rivals Pakistan and India and chart an independent relationship with each. It regards India as a rising power with which the United States can collaborate in the multilateral arena on global issues as well as regional concerns such as maintaining security of the sea lanes through

the Indian Ocean, managing the turmoil in Nepal, and addressing the rise of militancy in Bangladesh.

**The strategic connection with India:** As India's influence grows, the United States hopes to develop expanding cooperation with one of the few countries favorably disposed toward the United States in the post-Iraq world. A June 2005 Pew Global Attitudes survey found that 71 percent of Indians had a favorable opinion of the United States, the highest among the 16 nations surveyed. Interestingly, India was also the only country where people believed Saddam Hussein's removal from power had made the world a safer place.

From the U.S. perspective, recent changes in Asian and global security provide the strategic context for the dramatic changes in U.S.-India relations in the past decade, as well as for the nuclear bargain it now hopes to implement. China's rise and the political uncertainty in East Asia have led U.S. strategists to broaden the network of strong nations that the United States can work with. The fact that India's political and economic ties with China have improved markedly is a plus here, because it strengthens the prospects for continuing peace in Asia. India's economic and military expansion in the past 15 years makes it a viable partner and one with the ambition to play a global role. India's post-Cold War foreign policy is also shaped by its growing thirst for new energy supplies, leading to a strong overlap in U.S. and Indian interests in the peace and security of the sea lanes through the Indian Ocean. These factors have not been given the same prominence in official policy statements as the democratic values the two countries share, but they reinforce each other.

India's rising economic fortunes provide U.S. policymakers with another compelling reason to broaden the strategic dialogue. According to the latest report of the CIA's National Intelligence Council, *Mapping the Global Future*, while India lags behind China in GDP and foreign investment, it has other strengths. These include stable democratic institutions, a larger working-age population, and functioning capital markets. The close links between the Indian and U.S. information technology (IT) industries are another element. Bilateral trade, \$21.7 billion in goods trade plus at least \$10 billion in IT services in 2004, is still a small fraction of the \$285 billion U.S.-China bilateral trade. However, it has been growing steadily; IT exports continue to expand by about 25 percent per year.

**The legislative agenda:** The action in U.S.-Indian relations now shifts to Capitol Hill. Senator Richard Lugar and Representative Henry Hyde on March 16 introduced legislation to implement the U.S.-India agreement. The draft, as submitted, would permit the president to waive, specifically for India, the legislative prohibitions on civilian nuclear cooperation and exports. This waiver authority would be contingent on several conditions, notably India's

presentation to the United States and the IAEA of a credible plan separating its civilian and military facilities; a safeguards agreement between India and the IAEA covering the civilian facilities; work toward an IAEA Additional Protocol applicable to India's civil nuclear program; harmonization of India's export control legislation and regulations and adherence to the guidelines of the major international export control groups; and the agreement of the Nuclear Suppliers' Group to a U.S.-India cooperation agreement. The draft legislation also would revoke the waiver authority if India conducts further nuclear tests. Besides the legislation, the United States would have to submit to Congress the proposed U.S.-India cooperation agreement.

**Impact on nonproliferation: the positive...** The administration's case for the nuclear agreement rests chiefly on the strategic case outlined above. It has decided, after four years of trying to develop a serious relationship with India while keeping the nuclear issue in quarantine, that this is not possible. It notes that the agreement will make India's nuclear facilities safer and will increase the IAEA's oversight of India's program, with safeguards in perpetuity.



*India's Intermediate Range Ballistic Missile (IRBM) Agni II on display at the country's Republic Day celebrations. Critics charge that the U.S. nuclear deal does not force India to tone down its nuclear weapons program. (Photo credit: Ministry of Defense, India.)*

The administration also links the agreement to India's tremendous need for energy. India's plans call for increasing tenfold its generation of nuclear energy by the year 2020. Given the size of its energy needs, India's ability to achieve this goal could make a significant difference in reducing potential pollutants from coal-fired plants. It would also ease pressure on oil prices.

Implementation of the nuclear agreement also calls for India to adhere to international export control guidelines, and indeed most of the work necessary for this has already been done. India's record of not exporting nuclear materials and know-how is very good, and the kinds of regulatory changes

brought in by this agreement will strengthen its ability to enforce its export control policies.

The agreement should also open the way for India to become a more public and more energetic participant in global efforts to stem the transfer of nuclear know-how and materials to the most dangerous customers in the world. India is considering joining the Proliferation Security Initiative; doing so would strengthen the nonproliferation regime and the case for passage of the legislation. Other measures that would have the same effect involve tightening the collaboration between law enforcement and military and export control authorities, so that India can be an active participant in nuclear control efforts that might take place in the Indian Ocean. India's domestically controversial votes against Iran in the IAEA fit into this pattern. They were welcomed, perhaps too effusively, in Washington, but they reflected what had been a tacit consensus among Indian policymakers that India did not want Iran to develop nuclear weapons.

**...and the negative:** The agreement represents a major change in the international nonproliferation system. Critics are concerned that it would send to potential proliferators the message that if they persist, they can develop nuclear weapons without paying an unacceptable penalty. Defenders of the agreement point out that the greatest stress on the system now comes from two countries that signed the Non-Proliferation Treaty, North Korea and Iran, and that strengthening India's involvement in counterproliferation is a way to address the greatest danger the system now faces.

Most critics of the agreement do not question the need to improve relations with India, and many are willing to consider some form of nuclear agreement. However, they believe India should be asked to do more, such as agreeing to stop making fissile material. They point out that four of the officially recognized nuclear weapons states have done this, and that China is believed to have suspended production as well. Critics also argue that India did not include a sufficient number of its reactors in the civilian program, and note particularly the failure to include its prototype breeder reactor.

**What kind of legislation will pass?** Getting the legislation passed will be difficult. Senator Lugar and Representative Hyde, who will play a critical role, both introduced the draft "by request," thereby reserving the right to object to it. There is certain to be an effort to introduce conditions in the legislation. A provision calling for India to stop production of fissile material has already been discussed. Any such conditions would reopen the political controversy around the agreement in India, where the nuclear hawks have fiercely resisted anything that appeared to constrain India's military program.

Rejection of the legislation by the U.S. Congress would put at risk many of the benefits the United States seeks from a serious strategic relationship. That partnership, however, can probably withstand a congressional process that is slow and messy. The nuclear agreement, important as it is, is not the only game in town, and both the Indian and U.S. political systems have their share of slow, noisy, and messy debates. In this case, our common democracy may complicate the process of working together, despite its importance as a central value for both countries.

—*Teresita Schaffer & Pramit Mitra*

---

**South Asia Monitor** is published by the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

© 2006 by the Center for Strategic and International Studies.