

## CRITICAL QUESTIONS

**U.S.-India Nuclear Deal**

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**Q1: Why has India put a sudden halt on the nuclear deal?**

**A1:** Closer relations with the United States have been a fact of life for a decade and are a centerpiece of India's post-Cold War foreign policy, supported by virtually all major political parties. The bilateral nuclear cooperation agreement ("123 Agreement") that India and the United States announced on July 27, 2007, was a move toward implementing their civilian nuclear deal and was greeted with jubilation inside both governments. Surveys suggested that it was also popular with ordinary Indians. Political opposition, however, soon arose in India.

The killer objections came from the leftist parties, part of the parliamentary majority but not formally part of the Indian government. The ideological leadership of the Communist Party of India-Marxist (CPM), the largest party within the left, has not been part of this consensus, sounding the alarm bells about the danger of India's foreign policy becoming subservient to that of the United States. "Strategic autonomy," perhaps the most emotive foreign policy issue in India, has wide political resonance.

Relations with Iran, already a hot-button issue in Washington with the potential to torpedo U.S. support for the agreement, emerged in Delhi as a symbol of India's foreign policy independence. The U.S. nuclear legislation included a requirement that the administration report on India's policy toward Iran. Powerful representatives and senators wrote formal, public letters to the Indian government objecting to India's policy toward Iran. They took exception to India's limited military contacts with Iran and ongoing interest in a gas pipeline from Iran. This U.S. focus on India's relations with Iran was cited in India as evidence that India's foreign policy would no longer be its own.

Fear that the United States wanted to dictate Indian policy resonated even with those Indians who favored the nuclear agreement. The CPM was prepared to withdraw support for the government, thereby causing the government to fall and face elections a year or more ahead of schedule. It was this threat that led Prime Minister Manmohan Singh to phone President Bush on October 14, 2007, to say he was putting the deal on hold.

**Q2: How does this impact the United States and India?**

**A2:** For the United States, the freezing of the deal is a disappointment and robs the Bush administration of a foreign policy achievement it had hoped to cement. In the final analysis, what the United States wanted was a partnership with India; the substance of the nuclear agreement was important mainly because India had long wanted it. The United States will push forward with the rest of its agenda with India. The Indian government undoubtedly does not want the fallout from its decision to affect other aspects of the partnership, but it will need to work hard to make sure this does not happen.

India's principal short-term cost is embarrassment for the government. In the longer term, the economic impact of not moving the deal forward could be significant. As India's economy grows at over 9 percent a year, one of its major potential speed bumps is infrastructure, including electric power. India's government had hoped to meet some of its electricity demands with nuclear imports. Furthermore, this episode will leave foreign businesses that are new to India concerned about the risk of political "sudden death" for their own business-related negotiations.

**Q3: What next: deep freeze or sudden death?**

**A3:** Prime Minister Manmohan Singh has emphasized that he still supports the nuclear agreement. His government's coordinating committee on that issue is continuing to meet; however, he has little time. Close observers of the U.S. congressional and political calendar believe that unless India's "safeguards agreement" with the International Atomic Energy Agency (IAEA) and India-specific exemptions from Nuclear Suppliers' Group (NSG) guidelines are concluded by January, there will not be time before the U.S. election to have the U.S. Congress vote, as it must, to implement the 123 Agreement. There is no scope for renegotiating the text of the agreement. And apart from the difficulties he has already faced, Singh's adversaries will want to capitalize on his weakness and will not be inclined to rescue his signature foreign policy initiative. Technically, there is no reason why new

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governments could not pick up the deal and continue moving forward. Partnership with India and expansion of India's role in the world are consensus items in U.S. foreign policy. All the major U.S. presidential candidates have publicly cited India's importance, though most have not been specific about where nuclear matters fit into their concept of India's future.

The next U.S. administration will be very cautious about picking up this agreement, and will need to be reassured that a new effort will end better than the last one. It will also need to put its own stamp of ownership on the agreement. This means articulating what the U.S.-Indian partnership means for them, and how a nuclear agreement serves the goals of international nonproliferation. A new Indian government will face similar pressures and will need to articulate how a revived deal addresses India's "strategic autonomy."