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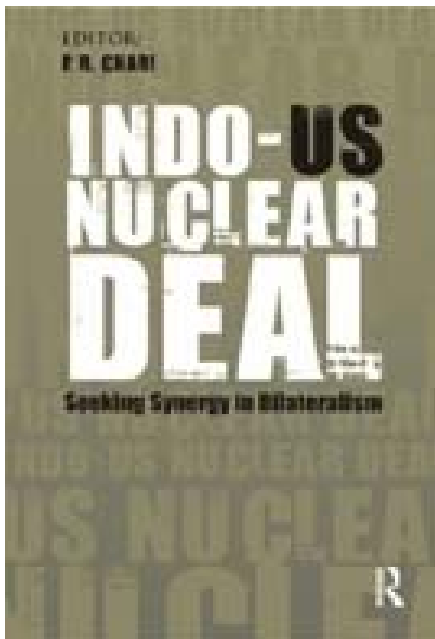
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# Indo-US Nuclear Deal Seeking Synergy in Bilateralism

Report of Book Discussion

*Rapporteured by*  
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### ***Indo-US Nuclear Deal***

#### ***Seeking Synergy in Bilateralism***

PR Chari (ed.)

New Delhi, Routledge, 2009

Pages: 326

Price: Rs 695/-

The book, ***India-US Nuclear Deal: Seeking Synergy in Bilateralism*** published by Routledge Publishers is the first book on the issue of Indo-US Nuclear Deal to hit the Indian and International stands. The book is a result of the meticulous, yet challenging task undertaken by the IPCS faculty, along with researchers and practitioners who have been associated with the Institute, with the objective of providing a holistic perspective on the subject, and adding significantly to the ongoing debate. Edited by Prof. PR Chari, this volume book provides an overview of the Indo-US nuclear deal, and locates it within the totality of India-US relations.

The IPCS, in collaboration with the Routledge Publishers, brought together some of the eminent members of the strategic community to discuss the book in detail. The discussions were chaired by Amb. Salman Haidar, *Former Foreign Secretary of India*. The panelists included Amb. Arundhati Ghose, *Former Permanent Representative of India to the UN Conference on Disarmament*; Mr. Siddharth Varadarajan, *Strategic Affairs Editor, The Hindu* and Prof. Rajesh Rajagopalan, *Professor, CIPOD, Jawaharlal Nehru University*.

Following is the report of the book discussion

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## Indo-US Nuclear Deal: Seeking Synergy in Bilateralism

### Amb. Arundhati Ghose

Before the dust on the deal has settled, coming out with a book on the subject is a praiseworthy effort. It probably has been a problem because the events and circumstances are changing.

There are many interesting questions raised in these essays, like problems of the electronic media, which is very interesting. There is some gaps in the information and therefore the government needs to brief in a more intense way. And also on the part of the media they need to do much more research work. The print media did much better than the electronic media; this entire debate on the nuclear deal was well explained by the print media.

There are two points to make: the deal itself and the politics involved, which need not necessarily have much to do with the substance of the deal. In 1971 our relations with the US was so strained it sent the USS Enterprise into the Bay of Bengal to intimidate us. India did conduct a nuclear test in 1974 and called it a PNE (peaceful nuclear explosion) but the world community didn't accept it and imposed punitive sanctions on India. Since then India has been questioning the legality and effectiveness of the denial regime in every available forum, which has gradually become very tight. So Indo-US relations were tense and in a bad shape. There are many instances when this denial regime impacted badly on India. There is a need for research on what was the effect of the technology denial regime on India?

For the United States non proliferation is a major foreign policy issue, until post the 1998 tests when India started a dialogue with the United States on the NSSP. France was also interested in a nuclear deal. The French government told India that if you can get the Americans around, it will handle the rest. This was attempted by the NDA government but it didn't work, but it worked suddenly in July 18, which is well described here in the book.

There was much sound and fury about the separation plan; it was discussed by India long



Amb. Arundhati Ghose

before July 18 with the then National Security Advisor in 2004. It was proposed to separate civilian and military facilities to get ready for the forthcoming negotiations on the FMCT. July 18 was a major event; what was striking was that the United States changed its laws for only one country (India), and persuaded the NSG to do the same.

Now some final points: What benefits did India get out of the deal? India got NSG waiver and access to high technology. India would be liberated now from the constraints on its nuclear policy. While talking about the relations between this deal and the non proliferation regime, there are concerns that this deal would damage this regime but this is not true. Iran and DPRK would do whatever they have decided long despite the deal. In fact, there has been very little formal criticism of the deal from developing countries, but only came from non proliferation NGOs in the US and UK.

India has got much from this deal. It has gained access to high-tech but one should remember that this deal is purely for civilian not for military purposes. Military

technology with the US will be covered in a separate defense framework agreement. Nuclear energy is extremely important, but the argument that it congers status is not correct. It is not about status, but it is helpful.

We have to see the situation today. If one is discussing disarmament, elimination of nuclear weapons, one needs to see the current happenings in the world- Pakistan is expanding its arsenal. India is free from 30 years of technology denial. So there is a need to use the opportunity when windows are opening. India need to reemphasize its earlier positions. India has always been in favor of non proliferation, but its stand is more credible now.

### Mr. Siddharth Varadarajan

Congratulating the Editor and the contributors to the volume, Mr. Varadarajan praised the timely effort by the Institute in delineating the various dimensions of the Indo-US civil nuclear deal. He pointed out five broad areas of concern.

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The deal has highlighted the issue of India's nuclear testing option. With the NPT Review Conference around the corner and with the Obama administration wishing to promote nuclear disarmament on a priority basis, one needs to visualize how India can maximize its room for maneuver. After the 1998 tests, Prime Minister Vajpayee had said India will not stand against the entry into force of the CTBT. But now we sense a complete reversal of that pledge.

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First, the volume is purely Indian in the sense that all the authors' arguments point to the pros and cons of the deal purely from an Indian perspective. However, the chapter "Implications of the Indo-US Nuclear Deal" by R. Rajaraman is balanced, and rightly dispels the hypes, misgivings and euphoria on the deal. While assessing the negative impacts of the deal on India's strategic programme, the chapter also lucidly highlights the benefits that the deal extends to India.

Second, though the chapter by Amb Lalit Mansingh ("The Indo-US Nuclear Deal in the Context of Indian Foreign Policy") touches upon the foreign policy dimension of the deal, more space and attention could have been devoted to the visible impact of the deal on the conduct of Indian foreign policy. To what extent has India compromised its sovereignty as generally apprehended.

Third, while the deal has opened up the civil nuclear market for India, a thorough introspection is warranted regarding its strategic aspects. It is surprising that some argue that the civilian deal has crippled India's strategic programme.

Fourth, in spite of all the benefits accruing, one needs to question what costs, if any, the deal imposes on India, both in the short and long term. There are some costs in separating the facilities into civilian and strategic sectors. Also there must be costs in replicating some facilities. As an offshoot, the accounting of costs has become more tangible, which may inhibit the government from spending on the strategic programme due to the fear of public scrutiny.

Lastly, the deal has highlighted the issue of India's nuclear testing option. With the NPT Review Conference around the corner and with the Obama administration wishing to promote nuclear disarmament on a priority basis, one needs to visualize how India can maximize its room for maneuver. After the 1998 tests, Prime Minister Vajpayee had said India will not stand against the entry into force of the CTBT. But now we sense a complete reversal of that pledge. Indian leaders are reluctant to sign the treaty;

therefore the nuclear policy may become more ambiguous.

On the procedural aspect of the deal, there are some questions which could have been addressed. First, what problems would India face in implementing the 123 Agreement? Though Vidya Shankar Aiyar has addressed this issue in his essay “Prime Time Deal” the context and domestic factors that shaped the debate need greater enquiry, as this is not just another deal for India. Second, the missing link is the ‘back story’ of the deal. It simply did not start with the Indo-US talks, rather its origin lies much deeper - in the changing global power configurations vis-à-vis India. Third, the process of Indo-US negotiations marks a sustained effort, unique in many ways, than any other earlier negotiations by India. While there was considerable internal dissident, pressure from US on the separation issue was equally great. More importantly, the tussle between the legislature and the executive, opposing camps in both sides on the pros and cons of the deal, had an impact on the negotiations. This dimension of the entire debate could have been addressed in detail in the book.

However, the volume is a remarkable addition to the existing literature on the Indo-US strategic partnership and global nuclear discourse by encompassing a large number of important issues. Owing to the fluidity of the debate and negotiations, it is really a stupendous task to compile a volume of this nature.

### Prof. Rajesh Rajagopalan

The Nuclear deal has been an issue of enormous importance and very little time has passed since the deal was finalized. The book edited by Prof. Chari is a very good narrative from the vantage point of the short time in which IPCS has come out with this comprehensive review of the nuclear deal, encompassing all the major debates surrounding the issue. There is a lot to say about the book and the ‘deal’ but it will be advantageous to focus on some finer points of the negotiations involved in the course of the ‘deal’, with a reference to those chapters which engage with the negotiation process of the nuclear agreement.



**Amb. Salman Haidar  
and Prof. Rajesh Rajagopalan**

If one looks at the overall ‘deal’, one aspect which commands attention is that this is not a ‘deal’ specifically between India and US but also between India and the non-proliferation regime. The larger ramifications of the deal involve multiple players. France and Russia have supported the idea of nuclear commerce for long. The ‘deal’ will help India to engage in nuclear commerce with these countries. India should also understand that it will face more difficulties negotiating with the US rather than other countries. The reason is that Americans are difficult to negotiate with, which is related to their identity as a hegemonic power.

It must be acknowledged that the ‘deal’ is not only about two countries signing an agreement for reasons of security and energy. Though there are strategic reasons for India and US to negotiate such a deal, the overall process of ‘deal’ making goes beyond strategic calculations and cost-payoff analyses. The ‘deal’ cannot be viewed in these simple terms. The importance of the personalities who were at the helm of affairs in both the countries must be acknowledged. It was a difficult top-down



deal, which became a reality because of the zealotry with which it was pursued by the two heads of state. Personalities made a lot of difference. The sheer coincidence of the presence of President Bush and the agenda that he had set, and Prime Minister Manmohan Singh with his nimble-footwork and inclinations towards a liberal model mattered a lot. The only problem with analysing the role of individuals is that personalities are not easy to handle and there are so many variables that generalisation becomes impossible. There is hardly any theoretical framework which can take account of these personality factors.

Many people ask what has the US got out of the 'deal'? This question was often asked during the negotiations and also after the 'deal' has been finalised, and rightly so. Many conventional arguments have been put forward. Many say that the deal has opened a plethora of opportunities for American business and the 'deal' will help in establishing American firms in the Indian market. Many would say that the 'deal' would provide a balance against any threats from the Chinese Dragon. But the matter

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The agreement was one of the most extensively debated issues on foreign policy which Indian politics has witnessed. But, apart from domestic debates, there is another facet of the debates surrounding the 'deal', which was the interplay between the debates in US domestic politics and the debate in our own national politics. The non-proliferation lobby would raise questions in the US Senate and the administration would answer them with assurances that were not part of the negotiations between the two nations.

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of the fact is that, at the ground level, India has gained much more than the US.

The agreement was one of the most extensively debated issues on foreign policy which Indian politics has witnessed. But, apart from domestic debates, there is another facet of the debates surrounding the 'deal', which was the interplay between the debates in US domestic politics and the debate in our own national politics. The non-proliferation lobby would raise questions in the US Senate and the administration would answer them with assurances that were not part of the negotiations between the two nations. The domestic opposition in our country would claim that these are extraneous to the clauses which the agreement prescribes and then there would be a response from the Government, as evident from several statements. The External Affairs minister had to reiterate the freedom of the country to test in future if the situation so demands. This was a unique scenario when India had to deal with the blow-back of a debate in a different country.

The 'deal' also revealed something about the larger International system. The hegemonic power was able to change its norms, despite having enthusiastically propagated and vigorously defended. NPT was a US child. What the 'deal' saw was US abandoning its own defined standards and changing rules as it deemed fit. Russia and France wanted nuclear commerce with India long ago but were unable to do it on their own. This event also cautions us against arguing about the decline of US power and influence since the way it was able to arm twist countries in the Nuclear Suppliers Group and IAEA reveals the true nature of American power. Even though the 'deal' has weakened the NPT regime and the objective of non-proliferation has definitely weakened, but the advantage of being a great power is that it has a great margin for error. I think America can recover the position if it seriously wants the agenda of non-proliferation to have the same leverage as it had before. America can still gather other nations around the NPT regime again, as the fall-out of the 'deal' won't be very much.

Discussion

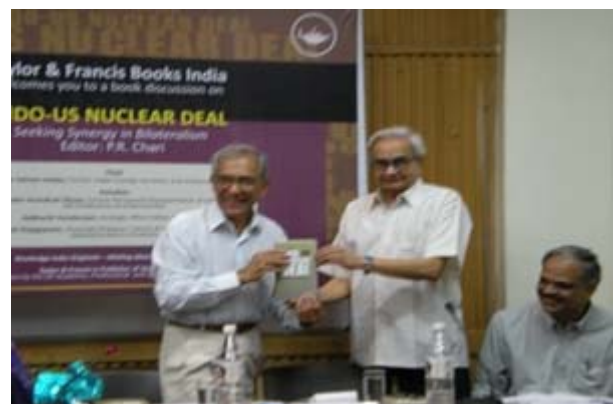
- Has India got what it expected from the deal? Did we compromise in any way by signing the deal? What would happen if the deal doesn't cater to its expectation?
- On the issue of technology, what this book has used is more from US sources rather than what the Indian P.M. or Indian Foreign Secretary were saying. Before the visit of Condoleezza Rice to India in 2005, the P.M. gave a speech at DRDO on DRDO day; he spoke about the technology denial regime. The P.M. said India does not have enough resources; India has human resources and needs to build a Knowledge economy. India is going along with the non-proliferation regime.
- The removal of the technology denial regime is very important; hence the NSG is very important since it lifted the constraints on India, which would not have occurred except for the 18 July 2005 agreement. The gain from this deal is more than nuclear energy, it is also about climate change, it's also about normalization of Indo- US relations. But it is basically about escaping from the technology denial regime. For a country like India this was extremely important. The Obama administration and relations between India and US? India has reached a comfort level with the Bush administration with the nuclear deal, and India has to reach that level with the Obama administration.
- NPT feeling – On doesn't go by feelings. The deal does not violate the NPT. Violating somebody's feeling is bad but everybody's feelings are hurt in Prepcom and Revcom. Everyone does make compromises there. But I don't think one should talk about NPT feeling. We have never accepted the NPT norms; we have only accepted the objectives of the NPT. This has been made clear by two foreign ministers Mr. Natwar Singh and Mr. Jaswant Singh. But to accept the objectives of the NPT, India does not accept the NPT.
- The deal is a "mixed bag." At some point India was coerced by the US, but in other ways it has gained much. For example, on



Dr. Vidya Shankar Aiyar



Mr. Siddharth Varadarajan, Amb. Arundhati Ghose and Amb. Salman Haidar



Amb. Salman Haidar, Prof. PR Chari and Prof. Rajesh Rajagopalan at the book launch

Annexure I

## Indo-US Nuclear Deal by P.R. Chari

Excerpts from the Introductory Chapter

Right up to October 2008, more than three years later, the Indo-US nuclear deal had yet to become a “done deal”. In between the US Congress passed the Hyde Act in end-December 2006, giving a “free pass” to India. Later, in March 2007, the 123 Agreement (so named after the relevant section of the US Atomic Energy Act that needs amending) was finalized. Three further hurdles needed to be crossed. India had to be negotiate an India-specific Safeguards Agreement with the IAEA; the United States had to persuade the NSG to amend its guidelines and make India an exception to its mandate; and, finally, the US Congress had to pass the 123 Agreement to incorporate the IAEA and NSG requirements. Incidentally, both Presidential hopefuls, Barack Obama and John McCain had supported the Indo-US nuclear deal, which enjoys strong bipartisan support in Congress. The Republicans have an obvious interest in getting the deal done before the present Bush Administration demits office. The Democrats also wished to have the deal got out of the way, lest they be faced with the continuing opposition to it from the non-proliferation lobbies in the United States. They are now in office and would be concerned with operationalizing the deal.

Circumventing all these problems President Bush has signed the 123 Agreement into law, and the Agreement has also been signed by the representatives of the two countries on 10 October 2008. Some doubts persist over “open issues” like the inter-relationship between the Hyde Act and the 123 Agreement, and whether the 123 Agreement will serve India’s best interests due to some restrictions qualifying it. The question of the Indian government standing guarantee for the insurance that American companies have compulsorily to take out for any damage caused by accidents to nuclear power plants, remains in controversy; it would add to the costs of atomic power generation, but also be contrary to the general policies of the Indian government.

Ironically, the problems in getting the nuclear deal done over the intervening years were largely caused, not by the American, but the Indian side. New Delhi had not appreciated the radical change in US policies, which allowed this deal to be reached. In effect, the United States promoted the radical concept that India be exempted from the guidelines of the Nuclear Suppliers Group, which stipulate that any country seeking nuclear materials, equipment or technology must either have joined the NPT or accepted full-scope safeguards on its entire nuclear programme. Over the three decades since India’s first Pokharan test in May 1974 the United States spearheaded the campaign to sanction India. It inspired the establishment of the London Group (also named the Nuclear Suppliers Group); later it had voiced strident criticism against India’s second Pokharan tests in 1998. The change in American policies owes largely to President Bush; in fact, his personal intervention was periodically invoked to iron out the differences that arose during the protracted legal-technical discussions to negotiate the nuclear deal.

Finally, an agreement was reached by the UPA government with the Left parties to place the 123 Agreement before the IAEA to evolve an India-specific agreement for bringing India’s civilian nuclear facilities under safeguards. Its

terms were placed before the coordination committee of the Congress-Left parties for approval. Disconcertingly, however, a conservative faction within the CPM was clear that, “whatever be the outcome of the IAEA talks, the party will not allow the government to operationalize the deal” since it signified India’s ideological subservience to the United States. The draft Safeguards Agreement was repeatedly discussed in the coordination committee, but the final decision kept getting postponed from meeting to meeting, while the two governments [Bush and Manmohan Singh] began the countdown for their respective terms to end in November 2008 and Spring 2009. The pressure of time forced the UPA government to request the IAEA to place the Safeguards Agreement before its Board of Governors. In protest the Left parties quit the government, reducing it to a minority. The sordid way in which the government cobbled together a majority and secured a vote of confidence in Parliament is not germane to our study.

Thereafter, the 123 Agreement crossed the IAEA hurdle without much difficulty. A proposal for amending the NSG guidelines was drafted by the United States, approved by India, and placed before the NSG in mid-August, 2008. Initially six NSG members, Norway, New Zealand, Austria, Switzerland, Ireland, and the Netherlands, professed dissatisfaction with the US proposal, and wanted to incorporate several conditions into the 123 Agreement, notably that NSG cooperation would automatically cease if India conducted a nuclear test in future.

***(For complete chapter see: PR Chari (ed.) Indo-US Nuclear Deal: Seeking Synergy in Bilateralism, New Delhi, Routledge, 2009)***





## The Indo-US Nuclear Deal in Retrospect

Book Review by Dr. Manpreet Sethi, Senior Fellow, Centre for Air Power Studies

Rarely in the history of independent India has any issue of foreign policy attracted as much attention, called for such investment of political and intellectual energies, and divided the polity as fractiously as the Indo-US civilian nuclear cooperation agreement did between 2005 and 2008. Of course, some of this was expected given the unprecedented nature of the bilateral relationship being forged after a long period of estrangement. It is well known that Indo-US nuclear relations had been strained over the American insistence that India's strategic programme follow the mantra of "cap, roll and eliminate", and that its civilian nuclear programme open itself up to full scope safeguards in order to qualify for nuclear cooperation.

Desirous of a rapid growth in domestic nuclear generation capacity through international cooperation, India was nevertheless intransigent over accepting full-scope safeguards over its indigenous programme. From 2002-03 onwards, therefore, India had argued for a special waiver from the NSG guidelines given its large energy needs, the desire to meet them in an environmentally sustainable manner, its expertise in nuclear energy generation, and its non-proliferation credentials. A fortuitous set of circumstances created the possibility of such cooperation in 2005, and some ingenious and persistent negotiations driven by the top leadership in USA and India finally reached culmination in September 2008.

The many twists and turns during the stormy negotiations make for an interesting story and the recent book from Routledge is among the early ones off the mark after the conclusion of the deal. Of course, during the three years of negotiations, there were umpteen analytical articles and journalistic pieces, but this is the first full-length book that recounts the entire process leading up to the conclusion of the landmark agreement. It is also holistic in its approach bringing together the domestic and international, pro- and anti-agreement, and technical and political perspectives. The book also performs great service to future analysts by putting together several important documents as Appendices. Finding relevant primary source material in one place would ease the task for many, as would the two sections on thematic comparison of legislations.

Amongst the many strengths of the book is the fact, as explained by the Editor, PR Chari, that it contains articles written by a blend of young and old, experienced analysts and new interns, as well as academics and practitioners. This mix promises fresh insights into the many facets of the Indo-US nuclear deal. For instance, the chapter on Tarapur by Eric Gonsalves, a seasoned Indian diplomat, adequately recounts the experience of the first Indo-US nuclear engagement and explains why it cast such a negative shadow on the current deal. Drawing a lesson from the past he wisely concludes, "the best way to compromise a dispute is to reach an honourable agreement using diplomacy" and this will have to be followed in the future too since there will always be differences, even in a 'strategic relationship', since countries obviously follow their national interest. In fact, more of this will be required as India engages with an emerging multi-polar system.

Yet another notable contribution to the volume is that by Vidya Shankar Aiyar who has traced the role of media dur-

ing the negotiation of the agreement. The very inclusion of a chapter on this subject illustrates the importance of electronic media in current times as a potent influence on public opinion. Certainly, given the technical issues involved, the many steps that the agreement had to go through, and the diverse interpretations it was subjected to, made a coherent coverage of the deal not an easy task. Neither was information from official sources easy to come by. This often led to speculation that might have done more harm than good in specific instances. Lessons must be drawn from this for the future since the media will remain an important player in national security and its strengths must be intelligently exploited in the interest of the nation.

Another interesting dimension of the deal is brought out by David Temple in his chapter on the role of lobbyists in US congress. For India, the conclusion of this agreement was the first real experience of sorts on the critical role lobbies and pressure groups not affiliated with the administration play in the US in swinging a case. Going by the facts presented in the essay, India did learn to make good use of this tool. However, it is ironical that members of the legislature in both countries had a common complaint in that the authorities on the other side seemed to know more about the proposals being negotiated than parliaments within the country. There is also a lesson to be drawn from the US system of Congressional hearings where top government officials testify on an issue and thus contribute to informed decision making.

R Rajaraman's article that highlights the linkage between the energy and military dimensions of India's nuclear effort too stands out for its balanced and comprehensive handling of technical and strategic issues. Another technical issue is covered by Ashwin Kumar in his assessment of the technical challenges facing India's fast breeder reactors. Recounting the experience of some other nations on FBRs, he is pessimistic of Indian success. However, he fails to adequately explain the compulsions of India in following this route, its advantages in terms of long-term energy security, and the achievements of the Indian nuclear enterprise. While safety concerns deserve top most priority, the addition of the above dimensions would have made the article more balanced.

On the whole, the book makes for interesting reading of the story of the conclusion of the Indo-US nuclear deal. The concluding essay by the editor sounds a note of caution on how the future could unfurl. While conceding the criticality of the deal, he however opines that it could not be the "touchstone" on which the relationship could be founded. It would be certainly naive to anchor inter-state relations on one issue. Yet, there is no doubt that the ground covered during the negotiation of the Indo-US nuclear deal would stand the two countries in good stead as they interact on bilateral, regional or international issues of common concern in the future.

