

Time to Revisit Nuclear Deal

By Ambassador Ali Sarwar Naqvi

NEARLY eight years ago, the then US president, George W. Bush, and Indian Prime Minister Manmohan Singh announced their intention to draw up a civil nuclear cooperation agreement.

President Bush stated on the occasion that *“as a responsible state with advanced nuclear technology, India should acquire the same benefits and advantages as other such states”*. In initiating the deal, Bush ignored an overwhelming number of weighty factors that militated against it. Critics raised the following objections:

- 1) In open violation of the Non-Proliferation Treaty (NPT), the bilateral deal would make it impossible to advocate nonproliferation for others.
- 2) Secondly, two other non-NPT states, Pakistan and Israel, would also seek similar exceptions which, if granted, would further weaken the treaty.
- 3) By granting Indian demands for transfers to enrich and reprocess spent fuel under safeguards, it would make it harder to stop national enrichment and reprocessing programs elsewhere.
- 4) By obtaining abundant fuel supplies from outside, India might find it easier to resume nuclear testing.

Michael Krepon, a US nuclear expert, commented: “These arguments fell on deaf ears. Sceptics were mostly confined to ‘nonproliferation ayatollahs’, to use the parlance of Indian pundits. The irony of this epithet was lost to those who could see no connection whatever between trying to tighten nonproliferation screws for Iran while loosening them for India.” He noted, however, that US industry and (neocon) geo-political thinkers backed the proposed deal.

The motivating impulse behind the deal was the expectation of US industry to benefit from it. After the deal was approved by Congress in 2006, Ron Sommers, the president of the US-India Business Council, affiliated with the US Chamber of Commerce, envisaged the creation of as many as 27,000 new jobs in the US economy every year.

Major American companies like Boeing, Bechtel, and AIG, as well as many other US multinationals lobbied with Congress members to vote for the deal.

When the vote resulted in favour of the deal, Summers declared: “A massive scope for commercial opportunity between US and Indian companies will also be the result, valued at more than \$150 billion over the next 30 years, spurring a revival of the nuclear power industries of both countries that will create as many as a quarter million high-tech jobs for generations to come.”

More than seven years later, Summers’ words sound like a pipe dream. The deal, which first went through a tortuous process of approval and acceptance by the International Atomic Energy Agency and the Nuclear Suppliers Group, finally came up against the reservations of the Indian parliament, which approved it in 2008, only after enacting strict liability legislation that has effectively prevented US companies from entering the Indian nuclear market.

Thus no business has so far been generated in the US as a result of the deal, as American companies balk at the astronomical penalty that they would be subject to in case of an accident.

Ironically, the removal of nuclear sanctions against India, that resulted from the deal, has enabled France and Russia to benefit from the opportunities of the Indian nuclear market, as the liability of state-owned companies would be borne by the state and not affect them the same way as would be the case with private-sector US companies.

While the imagined lucrative commercial prospects of US big business did not materialise, which initially motivated the deal, the consequences for global non-proliferation were enormously negative.

In its haste to contract the civilian nuclear agreement with India, the Bush administration did not demand of India an obligation to accept any meaningful restrictions on its nuclear weapons options. Many countries began to disregard US non-proliferation requirements.

At the 2010 NPT Review Conference, Brazil, Egypt and South Africa did not support the US proposal for stricter inspections of nuclear trade. China concluded with Pakistan an agreement the same year to provide two new nuclear power plants at concessionary rates by disregarding NSG rules and procedures. India itself joined NAM members in opposing stronger non-proliferation norms.

Most important, Pakistan has refused to move forward in the fissile material negotiations in Geneva, on the ground that the India-US nuclear deal had adversely affected the strategic balance in South Asia, which prevented it from considering any agreement for fissile material cut-off. Because of the unwarranted exceptions given to India under the deal the IAEA and the NSG have both been weakened in their functioning.

As the second Obama administration begins its work, it is advisable for it to revisit the entire issue afresh. The new secretary of state must take into account the fact that the nuclear deal has failed to deliver the dividends to the US nuclear industry that it set out to do.

The thousands of jobs and billions of business contracts that it expected from the deal have not come through. In fact, other countries like France and Russia have derived the benefits that the US had sought to get.

Moreover, the nuclear deal has permanently weakened the global nuclear regime and diminished the prospect of the conclusion of a fissile material cut-off treaty. The India-US nuclear deal thus has turned out to be a monumental blunder.

Of course the deal cannot be reversed but it is possible for the US to make amends which can assuage the situation. It can at least redress the strategic balance in South Asia, which will remain permanently destabilised if India retains its unfair advantage over Pakistan in the nuclear field.

The US could offer an appropriate civilian nuclear cooperation agreement to Pakistan which allows it to have access to nuclear material and technology in peaceful uses of nuclear energy.

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