“INDO-US NUCLEAR COOPERATION: ALTERING STRATEGIC POSITIONING & SHIFTING BALANCE OF POWER IN SOUTH ASIA”
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Introduction

Indo-US Nuclear deal is one of the most controversial deals, in recent history. Having its foundations in strong belief over the idea of “Atoms for Peace”, this deal has drawn wide attention and criticism within the party-states as well as outside. The deal, no doubt has extremely broad dynamics. It has been apparently motivated by the India’s growing energy needs as well as the US desire to forge into a new strategic alliance with India. But there is none the less much more to it behind the scenes and that is all what makes it more controversial.

Gone are the days when the world blindly believed in the unscrupulous fruits of nuclear energy and its co-operation. The idea is no more a nascent one. It is already questioned and contested at both higher and lower levels within the policy making circles and academicians dealing with this subject. The sanity of “Atoms for Peace” is exposed for one simple reason that a reasonable number of states actually mastered the nuclear weapons technology via this route of nuclear technology for peaceful purposes. This is now an accepted fact that it was Eisenhower’s idea of “Atoms for Peace” that accelerated nuclear proliferation.

As far as India is concerned, it has also developed nuclear weapons through the same route. Moreover it defies the global non proliferation regime by staying out of that. It has potential of utilizing a nuclear co-operation agreement to bolster its weapons stockpile. Apart from this, it is also a known fact that India is a multi-cultural, multi-ethnic society, highly prone to violence and ongoing insurgencies. There are also some important evidences of the involvement in second tier proliferation. In the presence of these realities, it is a highly serious decision on the part of the US to extend this kind of co-operation to India.

This naturally raises serious concerns not only within but also outside the region. Promoting this deal with India, while defying
Iran over development of civilian nuclear energy program clearly reflects double standards pursued by the US. It shows that some significant strategic interests and motivations are at work behind this deal, indicating the new emerging strategic realities that might cause unsettled positioning and shifting alliances.

The deal being new offers plenty of scope for research. Though there is some literature available on the “Atoms for Peace” debate, a lot has yet to be done in terms of the deal itself and its implications on South Asian political and security scenario.

To begin with the debate over “Atoms for Peace” leading to “Atoms for War”, this is relatively a worked-out area. As a matter of fact this debate began when the states started realizing that mastering nuclear technology for civil purposes helps states build nuclear weapons. This is a well-discussed idea in the academic circles. The most recent is a book by Paul Leventhal, Sharon Tanzer & Steven Dolley. Title of the book is "Nuclear Power and the Spread of Nuclear Weapons: Can We Have One without the Other?”

This book summarizes a workshop held in 2001 that argued whether nuclear proliferation and nuclear power were divisible. Therefore it reflects a wide scope of analysis from some of the most esteemed experts in the field. It deals with the connection that exists between nuclear power and the proliferation of nuclear weapons. It has strong, articulate arguments for and against this claim. Overall, it seems as if there is at least a causal connection between proliferation and power. Some countries can indeed misuse nuclear power plants to produce fissile material and nuclear weapons. It thereby critically evaluates proliferation risks and proposes viable alternative energy sources.

Others like Leonard Weiss, William H. Timbers, David

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1 Paul Leventhal, et al., eds, Nuclear Power and the Spread of Nuclear Weapons: Can We Have One without the Other?, (Virginia: Brassey's.Inc, 2002).


Albright⁴, Stephen Koff⁵ and Ashley J. Tellis⁶, etc have also attempted to discuss this critical debate over atoms for peace leading to atoms for war, with in their own capacities. All of them necessarily hold divergent opinions either for or against the use of nuclear, technology as a source of energy. Yet, their writings provide sufficient understanding involved in the process and prospects of converting a civil-nuclear program into a weapons program. There is no straight answer to this question.

As far as the issue of its implications is concerned, there is fairly less work done on this subject. Though the broader dynamics of growing Indo-US strategic partnership have been widely discussed, concerns and implications of this deal on Strategic positioning and balance of power equations are yet to be explored.

Some potential works done closer to this subject, do include, either writings or discussions by Nicholas Bums⁷, Summit Ganguly⁸, Amit Gupta⁹, Ashley J. Tellis¹⁰, K. Alan Kronstadt¹¹, Ashton B.

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Carter12, Richard Speier13, Shyam Saran14, Parag Khanna and C. Raja Mohan15 etc. Most of these have either proposed or hailed the growing Indo-US strategic partnership.

There are others who are either critical of this relationship or apprehensive of the consequences of Indo-US nuclear deal. For instance, Praful Bidwai in his article, “Indo-US Nuclear Deal Takes Flak, No Eject Option”,16 Niharika Chibber Joe in “The ‘India Deal: Regional Implications”,17 Pratap Bhanu Mehta in “Nuclear Pact Launches India Into Uncharted Waters”,18 George Perkovich in “Faulty Promises; The US-India Nuclear Deal”,19 Randeep Ramesh in “Spinning a web for India”,20 Amit Baruah in “Unequal partners?”21 and many others have criticized the deal for various reasons.

Within India there are apprehensions regarding capitulation of national sovereignty and foreign policy, while outside, there are concerns over its repercussions for the regional actors as well as global non proliferation regime. Yet, the existing literature on this subject, mainly composed of brief articles, is not sufficient to

12 Ashlon B. Carter, “America’s New Strategic Partner?”, Foreign Affairs, (July/August 2006).
17 Niharika Chibber Joe, “The ‘India Deal’: Regional Implications”, IPCS China & East Asia, No.2076, (18 July 2006).
18 Pratap Bhanu Mehta, “Nuclear Pact Launches India Into Uncharted Waters”, Yale Global, (March 07, 2006), see at http://vaJeglobal.yale.edu/displav.article?id=7085
Introduction

provide a comprehensive account of the theme under discussion. There is also great need to discuss the correlation of the broader dynamics working behind this deal. An integrative approach is therefore essentially desired to put things into perspective. This paper intends to work out this missing link.

Premise of this study states, “Indo-US nuclear deal promoted under the guise of civil nuclear cooperation is likely to cause unsettled strategic positioning and shift in balance of power in South Asia. The new equation might have critical fall-outs for the regional as well as peripheral states in terms of security and politics”.

Keeping in view the whole debate of “Atoms for Peace” leading to “Atoms for War”, the politics behind it and its possible consequences, a number of critical questions come up that need to be necessarily addressed. Few of the questions raised in this regard are as follows;

1) Given the following circumstances, i.e.
   a) Development through civil uses of nuclear technology though, has served some interests, but it has also brought in major challenges in the past and is likely to do the same in future. India is no exception in this context. It also went nuclear under the guise of civil nuclear program
   b) There is a strong internal political divide within both the US and India over the conclusion of this deal
   c) India-a non member of NPT-is being given a preferential treatment undermining the legitimacy of the overall global nonproliferation efforts
   d) India’s proliferation record is not as clean as assumed

Why this deal?
2) Who will gain what?
3) What are the concerns with in and outside the region?
4) How is this deal going to affect the future security and political atmosphere with in South Asia? Is it going to shift the balance of power?
5) Does it indicate strategic realignment?
6) Keeping in view the existing realities and the emerging
Indo-US Nuclear Cooperation

fragile scenario at the regional and international front, what are the possible options for other states of the region to operate? This paper aims to investigate and address the questions discussed above.

This pattern of study makes it a highly significant, new and original one, on a subject where the existing literature is not sufficient to deal with the questions related to policy determinants, Atoms for Peace Debate, the deal itself and its implications on balance of power as well as strategic realignments.

A thorough study of Indo-US Nuclear Deal along with a careful and calculated analysis of its repercussions will help draw a clear picture of the likely future regional scenarios. It will also help comprehend the existing needs and challenges. Future policy making will therefore get the benefit of this research. This research will also be invaluable to policy makers and all those who are concerned with this field at any level. It will be helpful for the academicians, scholars and students in the respective fields of study.

An integrative approach covering all the three aspects of research i.e. descriptive, explanatory and exploratory have been applied as per required. For this purpose all kinds of accessible sources—from primary to tertiary—have been consulted. Effort has been made to get access to the public documents pertaining to issues related with all the relevant areas. Books, newspapers, journals, magazines and internet have been conferred with, time and again as sources of information.

This study is divided into two main parts. Following the Introduction, Part One describes how, when and in what ways has this deal come into existence. It also discusses the controversies surrounding this deal within the party-states as well as other concerned actors. In the light of these ideas, Part Two presents an analysis of all the possible ramifications of this deal on the regional security and political scenario. Based on the findings and answers to the above questions it underlines some feasible recommendations for future course of action. The study ends with a conclusion and bibliography.
PART ONE
THE DEAL & DEBATES
Indo-US Nuclear Deal: History and Origin

Eisenhower’s speech on “Atoms for peace”\textsuperscript{22}, hailed over its well-propagated foundations in the moral conviction to expand cooperation in the realm of nuclear energy, aimed to pull the world out of the shackles of poverty and problems, failed to sustain its credibility. Experience of cooperation in the field of nuclear energy had to unfold astounding realities.

Years of deliberation, evaluation and analysis of the contents of speech and steps taken for its implementation, therefore unveiled following conclusions\textsuperscript{23};

There is a general consensus that the objectives behind Atoms for Peace were broader than those overtly spelled out by Eisenhower. These included;

1. Pacifying the guilt of Hiroshima
2. Naïve faith in the harmony between the transfer of advanced technology and promotion of peace
3. Desire to corner the reactor export market
4. Checking Nuclear Proliferation by cooperation and diversion of international attention towards peaceful uses of atom
5. Denying space to USSR for maneuvering
6. Building up alliances and winning friends.

“Atoms for Peace Program” was a hundred and eighty degrees

\textsuperscript{22} Address by Mr. Dwight D. Eisenhower, President of the United States of America, to the 470\textsuperscript{th} Plenary Meeting of the United Nations General Assembly, “Atoms for Peace”, Tuesday, 8 December 1953, at \url{http://cnsdl.miis.edu/npt/npt_3/atom5/atoms.htm}.

\textsuperscript{23} These conclusions have been drawn from various sources. For details see, J. Pilat et al., eds., \textit{Atoms for Peace: An Analysis after Thirty Years} (Boulder: Westview Press, 1985). Also see Paul Leventhal et al., eds., \textit{Nuclear Power and the Spread of Nuclear Weapons: Can We Have One without the Other?}, Virginia: Brassey’s Inc, 2002.
shift from the preceding MacMohan Act\textsuperscript{24} of the US over the issues pertaining to the Atom. Essentially the objectives of the US at that time demanded this change but achievement of goals cannot be ensured merely by the desires envisaged at the time of policy making. “Atoms for Peace” was not an exception. It met certain objectives and failed to materialize others. As far as the objectives like “pacification of guilt”, “vying for business” and “building up alliances” were concerned this program won a considerable following.

For instance, business and scientific community in the US during the period of MacMohan Act developed a sense of insecurity conceiving that they were soon to be pushed towards the wall in the market of advanced nuclear technology. Atoms for Peace provided them with a splendid opportunity to win their place in the global market.

On the issue of forging alliances and extending foreign policy objectives through “Atoms for Peace”, notable references in the literature support that it was also a well-thought idea behind the actual decision. For instance, Robert R. Bowie in his paper “Eisenhower, Atomic Weapons and Atoms for Peace” noted, “Even if the USSR did not accept the proposal, Eisenhower thought that there would also be Cold War advantages”.\textsuperscript{25} Likewise a national archives document while referring to the aims behind “Atoms for Peace” illustrated “Thus ‘wasting asset’ would be transformed into an economic stimulus and cement for an alliance system”.\textsuperscript{26} The US commitment in this regard was clearly manifested in the maneuvers made after the announcement of this program and the achievements are visible in the US history of Cold War politics.


Successes in these areas were commendable but the fact of the matter stands that the higher goals of attaining peace, nonproliferation and disarmament through this program failed to materialize. They were ill-conceived, miscalculated or deliberately exaggerated. Eisenhower failed to realize that Atoms for peace was to become a source of proliferation, by all the practical means, in the future to come. Henry Sokoloski, while registering his comments in his paper “The Arms Control Connection” pointed out that though the vision for “Atoms for Peace” envisaged within it the idea of arms control as a fundamental objective, it failed in the very field.²⁷

Many contest this conclusion by propounding that it was Atoms for Peace properly accommodated in NPT that proved as an incentive for states to resist the temptation to opt for nuclear weapons program. Most of the optimists prefer to refer to Kennedy’s and Tony snow’s assessments regarding the possible number of NWS in coming decades. To them, preventing that number of states to enter into the nuclear club is a marked achievement of atoms for peace combined with the NPT.²⁸

But it is an undeniable fact that states like India, Pakistan, Israel, and North Korea have pursued Nuclear Weapons program by exploiting the peaceful atom, while, Iran is possibly in the midway. One look at the general assessment about the growing number of states having the potential to develop nuclear weapons reveals more alarming side of the picture. It is assumed that presently there are thirty-five to forty states possessing the capacity of transforming their Nuclear Power Programs into Nuclear Weapons Program (excluding

the NWS and defacto NWS). The reason is simple.

There is a thin line between a Nuclear Program for Peaceful purposes and one for military purposes. The technique used for the conversion of one program into another is not really difficult to learn. It is only through strict safeguards, strong political will/commitment to nonproliferation and checks that diversion could be prevented. Slightest of neglect on the part of the safeguards conducting agency i.e. IAEA could cause potentially catastrophic results. Given the cataclysmic nature, these issues have become a source of serious concern over the past few decades.

Moreover the achievements made in the field of utilization of Atom for the purposes of energy generation are also not much encouraging. Undeniably the level of progress is impressive at a number of fronts but the cost-gain analysis shows that the world has yet to go a long way to bring balance to both sides of the scale. Economizing this kind of potential is a dream that has yet to realize.

Though, these striking realities make part of big debates in international community and a workable solution to these problems is still unfound, yet, there are those who are, though selectively, nonetheless quite optimistic about the fruitful usages of nuclear power for energy purposes. President Bush’s administration provides one such example. The President of the US, while forging into a strategic partnership with India, has foregone all criticisms and has announced co-operation with India (along with many others) in the controversial nuclear energy sector.

Bush administration since coming into power has shown an

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29 Statement by the Phillipinian delegate at Plenary Record of the Sixth Meeting Held at the Austria Center Vienna on Wednesday, 28 September 2005, GC(49)/OR.6, Issued: August 2006, P.11.


obsession with nuclear issues, be it nuclear proliferation, non-proliferation or nuclear energy co-operation. Initiatives like PSI, use of force against Iraq on the pretext of nonproliferation agenda and criticism over Iran are but a few examples to demonstrate this fact. On nuclear energy front, the administration has floated a broad concept of global nuclear energy partnership (GNEP), focusing on research on Fast Breeder reactors and International Thermonuclear Experimental Reactor (ITER). It has also proposed the much contentious civil nuclear collaboration with India.

Having borrowed the basic idea of extending nuclear cooperation from Atoms for Peace, the Indo-US nuclear deal also demonstrates few other striking similarities with that program. For instance, Atoms for Peace was a digression from the previous nonproliferation policy of the US, this deal also has overridden the preceding US policies especially in context of India. Also this deal by bringing change to the US Arms Control Legislation of 1978 and proposing flexibility in NSG has shown a high degree of departure from the values it championed in the past. Since, both NSG and US Arms control legislation of 1978 were framed, at large, as a consequence of India's 1974 “Peaceful Nuclear Explosions”.

Atoms for Peace proposed to extend the higher goal of disarmament and failed to do so. This deal also promotes a naïve belief that collaboration with India will help keep a check on India's proliferation activities. Finally, there are essentially major foreign policy objectives to serve via this deal, as were served by Atoms for Peace.

But before going into the details of those objectives and the niches and clichés of Indo-US nuclear deal, it is important to trace its origin with a brief history in general and the role of nuclear factor in Indo-US relations in specific. Recalling history here shall demonstrate a meaningful connection with the on-going debate and help ponder upon few of its possible consequences.

Unraveling the pages of history of “the nuclear factor in Indo-US relations” takes one back to the agreements concluded under the aegis of “Atoms for Peace” Program. India’s initial response to the over-hailed “Atoms for Peace” speech was not much welcoming.\(^{34}\) Differences did not lie in the underlying philosophy of cooperation to optimize nuclear power for energy purposes; problem arose over the procedure proposed. India, interested in utilization of nuclear power for energy, and already exploring the feasibility of the idea at home, kept itself enthusiastically engaged in intense discussions with the US throughout 1950’s.\(^{35}\) It was only in the early 60’s that the two negotiated an agreement under which the US companies took the task to construct 200 MWe twin Power Reactors at Tarapur. Responsibility to provide fuel for the plant (which was highly enriched uranium in this case) was also undertaken by the US. The plant was commissioned in 1969.\(^{36}\)

Though highly troublesome in Indian history, this agreement undoubtedly marked the foundation of Indo-US nuclear cooperation. However the controversies involved in this case were multidimensional, having problems at domestic as well as bilateral level, leaving unresolved question-marks behind.

For instance, given the capacity of India, its high thorium reserves and a long term policy of attaining self-reliance, a power plant fueled by highly enriched uranium was neither feasible nor on the agenda. Notwithstanding the ground realities and concerns India’s decision to prefer the US over UK, France or Russia, for the construction of Tarapur Power Reactor dragged India into an expensive venture. Highly enriched uranium required for the power reactor not only cost India a lot of money, it also made her extremely vulnerable due to heavy reliance on the US. And it did not take long for India to face the consequences.\(^{37}\)


\(^{35}\) Ibid.

\(^{36}\) Ibid.

A major question here was the catalyst that stimulated India-US nuclear cooperation. Given the unfavorable conditions discussed above, there is hardly any reason to doubt what Itty Abraham revealed while discussing the anomalies surrounding the Tarapur Plant agreement. He asserts, “We are being told that decisions would not be made on the basis of a technical, cost-benefit analysis, but that political considerations were to dominate”.

In 1974, India conducted a nuclear test labeled as ‘Peaceful Nuclear Explosion’ which demonstrated India’s potential to exploit her civil nuclear program for weapon’s purposes. It took a lot of states with awe and shock. India utilized plutonium extracted from its CANDU reactor and according to some sources also from Tarapur plant for this purpose. This proved India’s noncompliance to her commitments, and failure on the part of the Zangger Committee as well as the safeguards agreements that were in place. The US along with few other states mobilized potential suppliers to create a new body to strengthen export controls. Nuclear Suppliers Group, known as London Suppliers Club (at the time of its origin) came into being, largely as a result of India’s ‘PNE’. The aim was to keep a check on trade of dual-use technology. The US Congress also undertook Arms Control Legislation of 1978 that required cutting

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off the US supplies for the Tarapur plant.\textsuperscript{43} Though, attempts were made to renegotiate the issue of fuel supplies, it remained contentious and failed to resolve.\textsuperscript{44}

Relationship during the decade of 1980’s remained cold between the US and India. It was then the end of Cold War, envisaging new geo-political realities, that both sides put effort to explore new meaning to their relationship. India grasping the potential of the US as the Power of the World and the US realizing India’s strategic position, “common values”\textsuperscript{45} and a potentially growing market, found enough reasons to redefine their relationship.

Higher officials from both sides began interaction to explore areas of cooperation. Strategic issues were concluded as one of the most potential areas requiring attention. The decade of 1990’s witnessed lots of swings, yet it undeniably provided Indo-US relations a distinctive and significant impetus. As a matter of fact both states moved ahead at multiple levels. The most momentous were the steps taken to bolster military cooperation. The first meeting of Indo-US Army Steering Committee for this purpose was called in January 1992.\textsuperscript{46} It helped the two sides to resume strategic dialogue and enhance collaboration. A series of meetings of Steering Committees of Army, Air force and Navy followed. A good deal of progress was made and an Indo-US military Cooperation


\textsuperscript{44} Ibid.

\textsuperscript{45} “President’s Statement on Strategic Partnership with India”, \textit{Office of the Press Secretary}, (January 12, 2004), Also see “Text of Indo-US Joint statement” issued after the delegation-level meeting between the Prime Minister, Dr. Manmohan Singh and the US President Mr. George W. Bush, in Washington DC on July 18, 2005. See “Fact Sheet: United States and India: Strategic Partnership”, \textit{Office of the Press Secretary The White House}, (March 02, 2006) at \url{http://www.whitehouse.gov/news/releases/2006/03/print/20060302-13.html}. There are many other statements in this regard, however Barbara Crossette has strongly contested the idea of “common values” in her article “Think Again: India”, \textit{Foreign Policy}, (January 2007).

\textsuperscript{46} Speech of Prakash Karat at the Public Meeting held by The Left Parties on The “New Framework for The India-US Defence Relationship”, on (July 08, 2005).
Agreement was subsequently signed in 1995. The process towards normalization ruptured when India conducted five nuclear tests in May 1998. Tensions between the two sides mounted for none other than “the Nuclear Factor”.

The US along with Japan and Canada strongly condemned India and imposed sanctions. Since then there were proposals at both sides about how to take bilateral relations further. BJP-led government moved swiftly to reinforce a strategic alliance with the US. While the Clinton administration opted for a policy of quarantining the nuclear factor and moving forward on other issues. Regular joint exercises between the defense wings of the two armed forces continued and the International Military Exchange and Training Program for the Indian Armed Forces was resumed. Ice was further broken by the visit of President Clinton to India.

In 2001, with President Bush coming into power in the US, India became one of the main areas of focus in the policy making of White House. Though, in theoretical terms President Bush continued from where President Clinton left. In practice, there was a clear policy shift from moralistic principles to the typical of Bush's regimes faith in the norms of realism. This time the policy centered, not on nuclear proliferation concerns but on strategic calculations (whether rightly done or not is just another question). As a result, the strategy formulated was not to “quarantine” but to engage the “world’s biggest democracy”.

Worth mentioning here is the well-matched response by the BJP-led government. Major initiatives taken by the BJP-led government include, India's offer of providing ports and airport facilities in the post-9/11 scenario, permission granted to FBI to set up its office in New Delhi, agreement to use Indian Naval ships to escort US

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47 Ibid.
49 Speech of Prakash Karat, op.cit.
50 Ashley Tellis, op.cit.

Along with these practical steps, Vajpayee government quite successfully sold the idea of India’s strategic significance for the US as well as its status of biggest democracy. Though the status of “biggest democracy” was equally inspiring for the democrats yet they could never breach the ideological barrier set against India’s nuclear proliferation. The call caught more ears in the Bush administration mainly composed of the realists and it impinged to deviate from the traditional policy principally for the sake of engaging India. Immediately in the post 9/11 scenario, President Bush waived the sanctions imposed on India after Pokhran II.\footnote{“President waives sanctions on India, Pakistan”, \textit{Presidential Determination No 2001-28}, (September 22, 2001), see at http://www.whitehouse.gov/news/releases/2001/09/20010922-4.html.}

The very fact that Bush administration with President Bush himself largely impressed with “democracy of one billion people” started looking at India in line with (or at least closer to) China, Russia and Japan. The significance India attained within the new administration became evident in the National Security Strategy issued in the year 2002. Reference to India was made at five different instances, with varying connotations. The description began with an acknowledgement of the status India had acquired within the US by that time.

It states, “The Administration sees India’s potential to become one of the great democratic powers of twenty first century and has worked hard to transform our relationship accordingly”.\footnote{\textit{The National Security Strategy of the United States of America}, the White House, Washington, D.C., September 2002, http://www.whitehouse.gov/nsc/nss.pdf.} Later on, it recognizes India as a potential great power in transition. It places
India along with Russia and China in the global competition for power politics. It also identifies commonalities between the US and India and recognizes US need to co-operate with India on issues of common interests. The deviation from the previous policy becomes clearly evident in this document as it states,

“Differences remain, including over the development of India’s nuclear and missile programs, and the pace of India’s economic reforms. But while in the past these concerns may have dominated our thinking about India, today we start with a view of India as a growing world power with which we have common strategic interests. Through a strong partnership with India, we can best address any differences and shape a dynamic future.”  

There is an emphasis on ‘strong partnership’ and it expects “to address any differences”. NSS 2002 explained the future direction of Indo-US relations. It was pertinent thus to chalk out ways and means to solve these problems and find mechanism to expand cooperation. NSS 2002 defined slightly ambiguously one possible area in this regard. It proposed cooperation in building ways to expand economic growth of India, China and Russia in such a way that emitting of Green House Gases could be avoided. While, Nuclear Energy also offers one such way, it would be naïve to delve this reference as an indication towards future Indo-US nuclear cooperation. Equally the possibility that the idea was actually built on this concept cannot be completely ruled out.

Whatsoever was the case, NSS 2002, in effect laid strong foundations to bridge the gaps between India and the US. Interaction between the two states speeded up and two years later resulted in the announcement of NSSP i.e. “Next Steps in Strategic Partnership”.  

It was by all means the implementation of commitment made by President Bush and Prime Minister Vajpayee back in November 2001. NSSP however was more definite in its terms. It stated,

“The US and India agree to expand cooperation in three specific areas; civilian

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56 Ibid.
57 “President’s statement on Strategic Partnership with India”, Office of the Press Secretary, (January 12, 2004), see at http://www.whitehouse.gov/news/releases/2004/01/20040112-1.html.
nuclear activities, civilian space programs and high technology trade. In addition, we agree to expand our dialogue on missile defense. Cooperation in these areas will deepen the ties of commerce and friendship between our two nations, and will increase stability in Asia and beyond. The proposed cooperation will progress through a series of reciprocal steps that will build on each other.\textsuperscript{58}

NSSP was the first document that clearly identified -along with others- “Civilian nuclear activities” as a potent area for cooperation between the US and India. However there was a mention of “series of reciprocal steps”. This clearly communicated that both India and the US were suppose to explore areas of cooperation on the basis of common interest and reciprocity. Hence, it was loud and clear that India was to play its part; however the nature of that role was kept quite ambiguous.

As a part of the announcement made on the progress of NSSP in September 2004, the US declared certain steps that were taken to move ahead with the agenda set in the joint statement on NSSP. It states;

“The specific modifications to US licensing policies designed to expand US-India civil space and civil nuclear cooperation and enhance and enhance bilateral high-technology trade will be:

“…Applying a “presumption of approval” policy for all dual-use items not controlled by the Nuclear Suppliers Group (NSG), if intended for export to the “balance-of-plant” portion of an Indian nuclear facility subject to International Atomic Energy Agency (IAEA) safeguards. Permitting the export of all US-origin items not controlled by the NSG to the “balance of plant” portion of safeguarded facilities will expand the scope of civilian nuclear cooperation between the United States and India.”\textsuperscript{59}

Basically, it required modifications in the US domestic laws. It did not venture into the broader horizon of civil nuclear cooperation that would have needed amendments in the international export control regimes. But the tone for the Indo-US nuclear deal was set and the grand deal was undoubtedly in the making.

\textsuperscript{58} Ibid.

In order to take the process further, a series of steps were taken in this direction. To highlight the significant ones, the US Under-Secretary of State for Commerce Kenneth Juster held a two-day session of talks with India’s Foreign-Secretary Shyam Saran, National Security Advisor J.N. Dixit and Commerce Secretary S.N. Menon in New Delhi on October 11, 2004 to October 12, 2004. The aim of talks was to find ways to improve ties in the high technology defense trade, space programs and civilian nuclear sector.

Apart from this NSG outreach program was also extended to India in 2004. Another marked development in this regard was the visit by the head of the US Nuclear regulatory commission, led by its commissioner Jeffrey Merrifield of Indian Atomic Energy Regulatory Board in Feb 2005. Merrifield went back impressed with India’s nuclear safety record. This elevated India’s position as a suitable candidate for civil nuclear technology in Washington.

This was followed by Condoleezza Rice’s Visit to India on March 15, 2005. Major areas of cooperation under consideration, mentioned by Rice after this visit included sale of military hardware, F-16 multi-role aircrafts and civilian nuclear reactor to India. Practical steps were taken to explore the possibilities to implement the announcements made so far regarding cooperation on various fronts, including Civil Nuclear arena. For this purpose a joint statement was issued by the US secretary for Energy, Dr Samuel E. Bodman and the Deputy Chairman of the Planning Commission of India, Dr. Montek Singh Ahluwalia in Washington on May 31, 2005. It underlined the working mechanism for the Indo-US Nuclear cooperation to build up.

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62 Ibid.
A more significant development was however the conclusion of a Defense Pact between India and the US on June 28, 2005.\textsuperscript{65} The much hyped and highly controversial defense pact had a number of critical elements. It proposed;

a. Joint Weapons Production  
b. Cooperation on Missile Defense  
c. Transfer of technology  
d. Induction of Advanced Weapons Systems  
e. Co-production  
f. Deployment of Indian troops in undefined US-led ‘multinational operations’ around the world.

This defense pact though invited strong criticism from various circles within India it did not hinder the overall momentum of growing Indo-US bilateral cooperation and Nuclear energy Dialogue.

Beginning with NSS 2002 (though tacitly) and more clearly elaborated in NSSP, the idea of Indo-US deal was already an issue of discussion, yet, it was the much acclaimed visit of PM ManMohan Singh to the US in July 2005 that turned out to be a milestone. The Joint Statement issued after the delegation-level meeting between PM ManMohan Singh and President Bush established the framework for further steps to be taken to promote the Indo-US Nuclear Agreement.\textsuperscript{66} President Bush in his part acknowledged India’s status as a “responsible state with advanced nuclear technology”. Based on the given assumption he reiterated that “India should acquire the same benefits and advantages as other such states”. He assured PM ManMohan Singh of his resolution to make India-US Nuclear cooperation a reality. President Bush committed “to seek agreement


\textsuperscript{66} “Text of Indo-US Joint statement” issued after the delegation-level meeting between the Prime Minister, Dr. Manmohan Singh and the US President Mr. George W. Bush, in Washington DC on July 18, 2005.
from Congress to adjust US laws and policies”. He also made the following announcement to make this cooperation possible;

• “The United States will work with friends and allies to adjust international regimes to enable full civil nuclear cooperation and trade with India, including but not limited to expeditious consideration of fuel supplies for safeguarded nuclear reactors at Tarapur. In the meantime, the US will encourage its partners to also consider this request expeditiously”.

• “India has expressed its interest in ITER and a willingness to contribute. The United States will consult with its partners considering India’s participation”.

• “The United States will consult with the other participants in the Generation IV International Forum with a view toward India’s inclusion”.

These announcements were much to the satisfaction of PM Manmohan Singh. He in his part of the statement announced the reciprocal step that India was planning to undertake. As mentioned in the Joint Statement, they are as follows;

• “India would reciprocally agree that it would be ready to assume the same responsibilities and practices and acquire the same benefits and advantages as other leading countries with advanced nuclear technology, such as the United States

• These responsibilities and practices consist of identifying and separating civilian and military nuclear facilities and programs in a phased manner and filing a declaration regarding its civilian facilities with the International Atomic Energy Agency (IAEA);
  ○ Taking a decision to place voluntarily its civilian nuclear facilities under IAEA safeguards
  ○ Signing and adhering to an Additional Protocol with

67 Ibid.
68 Ibid.
Indo-US Nuclear Cooperation

respect to civilian nuclear facilities

- Continuing India’s unilateral moratorium on nuclear testing
- Working with the United States for the conclusion of a multilateral Fissile Material Cut Off Treaty
- Refraining from transfer of enrichment and reprocessing technologies to states that do not have them and supporting international efforts to limit their spread
- Ensuring that the necessary steps have been taken to secure nuclear materials and technology through comprehensive export control legislation and through harmonization and adherence to Missile Technology Control Regime (MTCR) and Nuclear Suppliers Group (NSG) guidelines”.

This statement received varying responses from various circles within India, the United States and other parts of the world. Yet, the two sides continued to proceed exactly in a manner prescribed in the joint statement. Major issues were taken in a phased manner and a considerable amount of work was done before the visit of President Bush to India in March 2006. President Bush in his statement during his visit to New Delhi reasonably acknowledged the developments made till then and uttered his commitment to continue the process.

The most remarkable amongst the developments made during this period was India’s separation plan. The plan was announced in Lok Sabha on March 07, 2006. Salient features of this plan are as follows;

i. India will identify and offer 14 thermal power reactors

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Ibid.


out of a total of 22, for IAEA safeguards between 2006 and 2014 in a phased manner.

ii. India will not accept safeguards on the Prototype Fast Breeder Reactor (PFBR) and the Fast Breeder Test Reactor (FBTR), both located at Kalpakkam.

iii. India has decided to place under safeguards all future civilian thermal power reactors and civilian breeder reactors, and the Government of India retains the sole right to determine such reactors as civilian.

iv. India will permanently shut down the CIRUS reactor, in 2010. Apsara reactor will be shifted from its present location (i.e. Bhabha Atomic Research Centre) and will be made available for safeguards in 2010.

v. Activities associated with the fuel cycle for strategic program such as Reprocessing and enrichment capabilities etc have been kept out of the Separation Plan.

This was followed by the approval of required amendments in the US law by the House of Representatives and Senate. And the latest major development was the enactment of Henry J. Hyde United States-India Peaceful Atomic Energy Cooperation Act of 2006 into law by the US President Bush on December 18, 2006.72 It has been passed in order to meet the domestic legislative requirements of the US to conclude a nuclear deal with India. This act “exempts the US from certain requirements of the Atomic Energy Act of 1954 while dealing with India on issues pertaining to civil nuclear cooperation”. The passage itself was a critical development since it became possible after sessions of sensational ups and downs in the US Congress. It underlines the US obligations, policies and her expectations from India in reciprocity. It reaffirms the US commitment to NPT. It also explains India’s significance as a strategic partner and elaborates the

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ways in which this deal could serve the interests of the US.\textsuperscript{73}

Few of its salient features are as under;\textsuperscript{74}

- It enhances the President’s authority to waive full-scope safeguards requirement while cooperating with a Non Nuclear Weapon State in nuclear energy sector, under the Atomic Energy Act of 1954.
- It emphasizes on a Moratorium on the production of fissile material by India, Pakistan and Peoples Republic of China.
- It urges the need for a treaty to be signed by India and the US, to ban Fissile Material Production for Weapons purposes.
- It also focuses on securing “India’s full participation in the Proliferation Security Initiative”.
- It emphasizes on the need to secure “India’s active participation in US efforts to dissuade, isolate, and, if necessary, sanction and contain Iran for its efforts to acquire Weapons of Mass Destruction”.
- It presses on the need to follow “steps that are taken to ensure that proposed US civil nuclear cooperation with India will not in any way assist India’s nuclear weapons program”.

There are some issues that are more critical than others. Few of them are important to be assessed here; others would be discussed in their relevant sections later on. For instance, while discussing matters pertaining to compliance, the act mentions, “an assessment of the implications of any continued noncompliance, including whether

\textsuperscript{74} Ibid.
nuclear commerce with India remains in the national security interest of the United States” has to be made. Apart from this, a repeated reference to the US security and defence is found in the whole document. It clearly shows that the deal has a bigger agenda than merely securing India’s energy needs and reaping financial benefits – agenda that has to do with the US security and defence. One may develop different hypothesis out of this situation.

First, relating US security with the deal indicates that given the US threat perception and security definition, there is a likelihood of seeking India’s support to counter the potentially threatening states. Second premise that emanates out of this situation shows the possibility of US relating her security with proliferation concerns. Engaging India and bringing her into the streamline of nonproliferation policies has also been spelled out by the US as one of the objectives behind this deal. However this leaves a lot of space for critical interpretation that comes out of the question “Why engage India?” It evinces that there needs to be a history or threat of India’s involvement in proliferation.

Another critical element subject to scrutiny is the “withdrawal clause”. It extends high leverage to India. It says that even if there are reported cases of illicit transfers nuclear cooperation will not be terminated under the following conditions;

i. Chances that Non-proliferation would jeopardize.
ii. Threat to common defence and security.

This is dangerous since it leaves enough room for irresponsibility.

Finally, there is a repeated reference to NSG and NPT as an assurance of US strong commitment to the nonproliferation policies. However, the past record shows that none of these regimes hold a high credibility in terms of their efficacy. No matter how many controversies and concerns have emerged due to Henry J. Hyde Act, it is undoubtedly a result of consistent and momentous efforts on the part of the proponents of this deal. Being a prerequisite for the

75 Ibid.
76 Ibid.
77 Ibid.
Indo-US Nuclear cooperation, the significance of this Act cannot be undermined. The passage of this Act is celebrated by many as a great achievement in the way ahead.

However it has raised serious apprehensions particularly in big circles within India. Undoubtedly the US has shown a higher level of flexibility and few of those words that were perceived as sources of concern by India have been changed. Few mandatory clauses have been made optional. Whilst given the immense power of the US and her capabilities to influence state's policies, certain concerns remain.

On the other hand, there are some steps that are yet to be taken. These include 123 agreement, approval of NSG and conclusion of India-specific safeguards. There is a naïve faith of PM Manmohan Singh’s administration in 123 Agreement. There are high hopes that many of India’s concerns regarding Hyde Act shall be offset in 123 Agreement.
123 Agreement: 123 Agreement that is a well-debated subject is so named because Section 123 of the US Atomic Energy Act of 1954 establishes an agreement for cooperation as a prerequisite for nuclear deals between the US and any other nation. After the passage of Hyde Act by the US Congress, 123 Agreement has attained a highly significant position in India. To put it more clearly, it is the 123 Agreement over which the Government of India as well as the opposition parties and public are banking on. All factions in India are looking forward to the 123 Agreement with keenness, driven by hopes and concerns.

There are some like Manmohan Singh, who is convinced that India is going to retain its position in 123 Agreement and yet she would be able to get things done. However, there is a clear realization of the fact that it is not going to be an easy process anyways. Manmohan Singh for instance, was reported on Zee News as saying, “There are issues. There are concerns. We have to discuss with the US administration. Some of these things will be addressed in the 123 (bilateral) agreement on which negotiations will be held very shortly.” Likewise, recognizing the complexities involved Shayam Saran was reported as saying, “Negotiations to conclude a bilateral agreement on civil nuclear cooperation with the US will be

78 “123 Agreement”, see at http://en.wikipedia.org/wiki/123_Agreement.
80 As reported on Zee News, PM Manmohan Singh said this on board, while coming back to New Delhi at the end of his visit to Philippines, (January 15, 2007).
very difficult...A number of key Indian concerns will have to be met or the agreement...could fall through.”

The optimists however believe that, since the Hyde Act is a domestic law of the US, it does not pose any obligations on India. They argue that 123 Agreement, which is a bilateral agreement drafted and concluded by the mutual consent of trading sides is going to set the terms and conditions for India and since this agreement will be drafted by the consent of India, it shall rule out the inclusion of any provisions that are not favorable for India. (Though, 123 Agreement is also subject to formal approval by the US Congress).

The optimists have their own reasons to put faith in India’s higher bargaining position and maneuverability in shaping this agreement on their terms. They are convinced that the US is passionately looking forward to the open doors of India’s market that has a high potential to consume the US products especially the military hardware and the nuclear reactors which are considerably losing markets elsewhere in the world.

This argument carries substance. The interest of the US business companies in this deal is no doubt unquestionable. Sudha Ramachandran in his article published in December 2006 reported that the US companies are showing tremendous zeal despite the fact that the deal has yet to conclude. He further went on to say, “Early this month, the largest trade mission from the US to any country visited Mumbai. Of the mission’s 250 members, 30 were representatives of 14 US firms in the nuclear sector”. Therefore the optimists believe that the US would not like to put all the developments made so far on the deal at stake.

Skeptics on the other hand argue that the US government has been able to seek the approval over Hyde Act only because it addresses the concerns of Opposition parties (within the US) which are more

81 Nilova Roy Chaudhury reported in Hindustan Times, on January 11, 2007.
82 See Lok Sabha Discussion under Rule 193.
or less related to the extension of stringent controls on nuclear tests and emphasis on FMCT. Any agreement that would depart from these lines and those on India’s policy regarding Iran wouldn’t be able to pass through Congress which is an essential prerequisite for the US to practically enter into such an agreement.84

Sudha Ramachandran has quoted Teresita Schaffer (Director of Center for Strategic and International Studies’ South Asia Program) voicing similar apprehensions. He quotes her saying, “it is important not to insert anything in the agreement that appears to contradict the provisions of the final nuclear bill”.85

There are others who realize the possible limitations of 123 Agreement but they are approaching this issue with much different yet positive dimension. They believe that this deal is going to be in India’s interest even if the 123 Agreement does not address all of India’s concerns. A clear reflection of this approach is visible in K. Subrahmanyam’s statement. For instance, he said, “The clauses in the 123 Agreement will be binding on India only if it buys nuclear reactors and material from the US, and not if it gets NSG clearance to buy them from France and Russia, for instance. This is the strategy China has adopted. France and Russia supply reactors and technology on the basis of NSG guidelines and under IAEA Safeguards, and do not impose the kind of conditions the US Congress tends to impose”.86

The picture is still quite ambiguous and it would rather be premature to discuss what the future holds for 123 Agreement. Both India and the US have their own concerns and priorities. It is these priorities and concerns that are going to affect the shape of 123 Agreement. Also the stakes involved and the level to show flexibility along with the willingness to compromise at both sides is going to determine the fate of 123 Agreement in short and the deal

NSG: Second important stumbling block that the two sides have to pass is the voting in NSG. Indo-US deal was discussed at length during the plenary session of NSG held in 2006 but the decision of the members is expected in April this year. Though, NSG is a non-binding arrangement yet its voting is important for both the US and India. For the US, being a member of NSG, it is critical for multiple reasons. First of all, it will help the US establish her legitimacy (to at least some extent) in front of the critics of the nuclear deal. If the US fails to win support in the NSG and decides to move forward on the deal, it will show US’s disregard for international regimes and also for non-proliferation. It will therefore expose the hypo-critic policies of the US.

It is also potent since the regime was created largely as a response to India’s nuclear tests in 1974. Conclusion of a nuclear deal with such a state is essentially an issue of serious concern. Finally, NSG cannot be easily disregarded by the US for another simple but significant reason that the US herself has been pressing other states really hard to strictly follow the NSG guidelines. This is clearly demonstrated by the US’s reaction over Russia’s fuel supplies to India for her Tarapur plant in 2001. The US filed a case against Russia and under the NSG command Russia withdrew the fuel supplies to India in 2004. Past record and role of the US brings her to a position where she is compelled to give due weightage to the NSG. This is also evident by the efforts undertaken by the Bush administration so far. There has been visible diplomatic maneuvering in this regard to soften the opinion of NSG members for India. Bush Administration deputed Richard Boucher and Stephan Rademaker to Vienna to brief members of the NSG on Washington’s plan to provide key US nuclear technology to India.

However, the spirit of realpolitik which is highly visible in President Bush’s policies also cannot be ignored so easily. Power
along with an urge for unilateralism can help US bypass the NSG Guidelines if it fails to win the required votes in NSG. (The chances of losing support however are unlikely).

As far as India is concerned, though she is not a member of NSG yet her interest is also quite obvious. Basic reason is obviously because it is a pre-requisite for the US to seek approval of the NSG members before practically implementing any nuclear deal with India. This process is also significant for another reason. It will open up doors of international nuclear market for India - a market with a better variety and competitive costs. India will get an opportunity to acquire nuclear reactors at comparatively lower prices on much easier terms and conditions than those placed by the US. India is already headway on its path. At one hand it has started making diplomatic efforts to win the support of NSG members; on the other hand it is negotiating agreements with states like France and Russia.

As about diplomatic efforts, India is propagating its “impeccable record of non-proliferation” and its behavior as a responsible state. Indian diplomats and PM have made visits to a number of “critical” states to play their diplomatic card and to make sure that they win their vote in NSG. PM ManMohan Singh visited South Africa in October 2006 to mobilize opinion on Indo-US nuclear deal in India’s favor and seek support at NSG. Also a visit was made to Germany to allay Germany’s concerns. PM Singh tried to convince Germany of India’s responsible behavior and nonproliferation record. A pact has also been signed with Spain in similar context during the visit

89 See “Declaration by India and France on the Development of Nuclear Energy for Peaceful Purposes”, signed on February 20, 2006, see at http://www.dae.gov.in/press/suopm0703.htm. Also see “India, France “close” to nuclear deal, says Chirac”, The Hindu, (February 17, 2006). Deal with Russia has been reported by R. Ramachandran, “NSG guidelines don’t prohibit preparatory work for additional reactors: Shmatko”, The Hindu, (January 26, 2007).

90 “PM seeks South African help to push N-pact”, Hindustan Times, (October 01, 2006).

of Spanish PM to India, in July 2006. While at the level of major powers, the reactions are more or less clear. UK, France and Russia are strongly supportive of the deal.

The only case that raises wide speculations is that of China. Many are eyeing China's response in NSG. China has not stated any clear cut policy. The only statement issued so far stated that China shall play a responsible role in NSG. However India is hopeful in this regard. After Hu's visit to India, Parnab Mukherjee claimed that China's support has also been sought.

**IAEA Safeguards:** Another issue of concern is the conclusion of India-specific safeguards Agreement between the IAEA and India. This agreement is going to be drafted in a manner so to address the concerns of both sides i.e. India and IAEA.

From the Indian side, it has to ensure continuous fuel supplies. So far these kinds of assurances have never been a part of the IAEA safeguards agreements. However, given the uncertainties over fuel supplies, prevailing in case of India, it is meaningful to incorporate such a provision into an agreement. Secondly, India-specific safeguards agreement shall be applicable only to the declared civilian facilities. This is a trend which is practiced only in case of nuclear weapon states.

For the IAEA, major concern would be to ensure that any kind of diversion from civil uses of energy to military uses is prevented. Both sides have to jointly frame this agreement and then it has to seek approval of the members of Board of Governors of IAEA. However, the response of DG IAEA Mohamed ElBaradei to the

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92 “India signs pacts with Spain, seeks support in NSG for N-deal”, *Express News Service*, (March 05, 2006).
Indo-US deal shows that the passage of agreement in IAEA is not going to be a difficult task. He has urged that “out of box” thinking is required to deal with this issue. He has also welcomed this deal as a breakthrough for India to satisfy her energy’s growing needs. While commenting on the Safeguards Agreement he said, “The agreement would assure India of reliable access to nuclear technology and nuclear fuel. It would also be a step forward towards universalization of the international safeguards regime.”

Neither the achievements made so far were easy to gain nor is it going to be a cakewalk ahead. No doubt, what has been achieved so far covers the eradication of most of the major stumbling blocks. There was and still is a bulk of criticism and opposition. There are stake holders at both sides of the rope pulling it tightly to meet their end. There are problems within the party states as well as outside. The debate in Lok Sabha clearly manifested that there are certain serious reservations and apprehensions within India regarding the Hyde Act and a proper resolution is required to that end before the actual conclusion of 123 Agreement. There are questions raised in the international media and there are non-states actors actively engaged in publicizing their view point. Here is a detailed discussion over the concerns, suspicions, motivations and debates surrounding the deal within India, the US and in general. Most of the implications discussed in part two will be built upon the concerns raised in the following discussion.

97 “IAEA Director General Welcomes the US and India Nuclear Deal”, Press Release IAEA 2006/05, (March 02, 2006).
India’s Motivations and Apprehensions

The government under PM Man Mohan Singh has hardly left any stone unturned to translate the Indo-US nuclear deal into a reality. From making high profile visits\(^98\) to paying the lobbyists\(^99\) in Washington, PM Man Mohan Singh has made all possible efforts to achieve this end. Essentially there are high objectives and bigger expectations out of this deal yet consensus within India over the deal is hardly visible. There are splits in the houses, not only amongst the opposition members but also amongst the ruling United Progressive Alliance. There are divisions within the academicians, columnists, scientific community and least to say the non-governmental organisations. There are differences over various issues and dimensions of the deal. Though the constitution of India does not lay down any condition to win consensus of the house on issues pertaining to bilateral deals, in foreign relations, divisions and splits can help build up pressure against the government. Therefore, it is pertinent here to elaborate India’s motivations along with major concerns within the country.

Motivating factors behind India’s involvement in this deal range from India’s growing energy requirements, deficiency of fuel for power reactors, accommodation in world’s formal power structure, acquisition of modern civil nuclear technology and equipment to expand research and development, closer bilateral ties with World’s biggest power, a higher political status within the region and across the globe and winning over US support to have a seat in UNSC.

Whereas, there are lots of concerns that override the motivating factors in some significant circles. These vary from lack of confidence in nuclear energy, its inefficacy due to high costs involved, and

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\(^98\) For details see reference number 91 & 92.

environmental fallouts, compromise on national security, threat
to self-reliance program, losing control over India’s nuclear
future, unreliability of US as a supplier, altering India’s stance on
disarmament and jeopardizing India’s foreign policy interests.

Given the wide range of differences of opinion, there are
arguments and counterarguments regarding benefits of various
dimensions of Indo-US nuclear deal. A close look at both sides of
picture is required to draw a genuine conclusion.

To begin with, the most propagated of all objectives is the
“energy matrix”. It is argued that India being one of the world’s
largest growing economies needs bulk of energy sources to fulfill
requirements of its industries as well as expanding population.
Currently, India is heavily relying on petroleum and oil to meet
its energy demands. 70% of petroleum comes through imports
which puts a heavy burden on the states economy.100 Reliance
on imported petroleum is also dangerous because of spiraling oil
prices and fluctuating conditions of global oil market. Instability in
Middle East has also added to the vulnerability of industrial states
dependent on oil from Gulf.101

In such a critical situation, energy security for a state like
India is undoubtedly a source of serious concern. To meet these
challenges, India has embarked on a mega project to expand its
energy resources base. One of the critical areas identified in this
regard is the Nuclear Energy sector. Presently, India’s nuclear power
accounts for nearly 3.3 % of its electricity generation.102

Government has gone aboard on a program to generate 24,000
mega watts of Nuclear power by 2020. India needs an improved
performance of her existing power reactors. But the limited fuels
available to continue the on-going programs pose a grave challenge

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100 “India’s Energy Security Challenge”, *Energy Security*, (Institute for the
101 Ibid.
Release 2004/05*, (June 26, 2004), see at [http://www.iaea.org/NewsCenter/
to meet the desired designs.\textsuperscript{103}

It also needs to add to the existing pool of reactors and power plants, to enhance energy production. But the international control regimes do not allow this. Given these circumstances, the government of India assumes that the Indo-US nuclear deal would be a breakthrough for India. Since the US herself has been the biggest troublemaker previously in this regard, her support will surely help clear all major stumbling blocks placed by the international export control regimes as well as the US domestic legislation.

To substantiate it further, it was the US that submitted a complaint against Russia in the NSG on the issue of providing fuel for India’s Tarapur plant in 2001. Russia abiding the regulation of NSG had to cut its supplies in 2004.\textsuperscript{104} This left India in a critical situation with no more fuel to run her Tarapur plant. Indo-US deal once concluded shall solve these basic issues of fuel supplies.

Another argument that is put forward in this case is India’s desire to access “clean energy”. India being one of the largest emitter of green house gases faces a serious challenge to keep its environment free of pollution. Civil nuclear energy devoid of these gases provides India a fair opportunity to eradicate or at least minimize this problem.\textsuperscript{105}

The opponents of the deal however do not buy any of these arguments. As far as the “clean energy” is concerned, there is no dearth of contradictions. There is disagreement on the question of emission of CO$_2$ by nuclear energy. Praful Bidwai, a `columnist and a human rights activist, argues, “Contrary to myths, pursuit of nuclear weapons won’t lower aggregate carbon emissions. Nuclear plants are extremely capital- and materials- intensive. Each step in the “nuclear fuel cycle”, from uranium mining to reprocessing, emits greenhouse gases”\textsuperscript{106} He further says, “Take Japan. From 1965

\textsuperscript{103} President Abdul Kalam discussed “Energy Independence” during Interaction with Scientists of Bhabha Atomic Research Centre Training School, Mumbai, on (July 17, 2006), see at http://www.dae.gov.in/publ/presdspech1707.htm.

\textsuperscript{104} “India Nuclear Milestones: 1945-2005”, \textit{Op.cit.}


\textsuperscript{106} Praful Bidwai, “India sets a bad model”, \textit{The News}, (July 23, 2005).
to 1995, its nuclear capacity went from zero to 40,000 MW. But carbon dioxide emissions *tripled* to 1200 million tones!\textsuperscript{107}

Also there are others who disregard the “Clean energy” argument by referring to even more hazardous fallouts of nuclear energy. It is a documented fact that nuclear wastes carry substantial amount of radioactivity that badly affects the environment and people’s life for centuries. India does not have a proper nuclear waste management Mechanism. The pessimists also often quote the cases like Chernobyl. They assert that the history of accidents in Nuclear power plants of few of the most developed states like Japan cannot be entirely ruled out. The possibilities in case of India with less developed operational security systems pose a grave threat.

This issue has been strongly voiced by the Maoist Rebels. They have released a report on the harmful effects of the Nuclear Plant of Uranium Corporation of India (UCIL), located at Jadugora, on the people of the surrounding area. Published as an article, it cites the example of two of the nearby villages. It says, “There are 500 people in the two villages. Of the total population, 100 are children. Eight of them are mentally challenged, an equal number either blind or suffering from partial blindness.”\textsuperscript{108} While, describing the impacts of mining on women it says, “Around 30% women face miscarriage.”\textsuperscript{109} The article also claims that the government also admitted the side effects of these plants in 1998.

As far as the “reliance on nuclear energy” for power generation is concerned the pessimists quote the historical record of India. It is therefore argued that the goals set were higher in all times but the ends could never be met. Also, that there are alternative ways of energy production which are potentially less vulnerable. More attention needs to be paid to explore those vistas.

Economic viability and political utility of the deal has been undermined by Gurudas DasGupta. He rather criticized the deal on the basis of high cost and lesser economic gains. He suggested

\textsuperscript{107} Ibid.


\textsuperscript{109} Ibid.
that the Government should opt for optimum alternative resources. He said, “I must submit that this is economically not viable and politically not prudent to enter into the agreement, unaware of the problems that may befall us in the future. Therefore I am suggesting to the Government to give up this move of having an agreement with America”.\textsuperscript{110} There is a persistent pessimism regarding “consistency of fuel supplies”. Despite Government’s commitment to seek assurances, opponents of the deal quote the Hyde Act that does not promise any such guarantees.\textsuperscript{111}

Also, there are political motivations behind the deal, often reiterated in the official statements. Those who are supportive of the Indo-US nuclear deal have a naïve faith in US’s recognition of India as a great power. They eradicate the possibility of US dodging India on their premises that US need India because of its strategic significance, its growing market and its brain power.

It has been repeatedly stated that the Indo-US nuclear deal would end decades of nuclear apartheid and will give India her due place in the global nuclear order.\textsuperscript{112} This will help India restore here nuclear trade with other states like Russia and France. A number of significant developments have already been made on this front. For instance, both France and Russia are vying to conclude significant agreements with India in the nuclear field.\textsuperscript{113}

Moreover India’s accommodation in the formal global power structure is over hailed amongst the optimist circles. PM Man Mohan Singh pronounced this expectation quite visibly in the Debate session of Lok Sabha. He stated “we have committed to assume similar responsibilities to those of five NWS and we shall share the same benefits”.\textsuperscript{114}

\textsuperscript{113} For details see Ref # 89.
\textsuperscript{114} Statement of PM Singh in Rajya Sabha on the India-US Nuclear Agreement, on August 17, 2006, see at \texttt{http://pmindia.nic.in/parl/pcontent.asp?id=30}.
L.K. Advani in his statement in Lok Sabha downplayed this declaration. He quoted Condoleezza Rice saying, “India is a non-nuclear weapon state for purpose of US law”.\footnote{Statement by L.K. Advani, “Synopsis of Debates: Proceedings other than Questions & Answers”, op. cit.} He further stated that contrary to PM Singh’s assertion of sharing equal rights and responsibilities with Nuclear Weapon States, the Hyde Act “imposes fetters on us, which none of the five nuclear states are subjected to”.\footnote{Ibid. Also see Praful Bidwai, “India sets a bad model”, The News, (July 23, 2005). He has drawn a comparison of US responsibilities with those expected from India, regarding safeguards.}

Optimists anticipate that given the due acknowledgement, India shall win tremendous bargaining leverage, global recognition and fuel supplies from various countries.\footnote{Simon Denyer & Himangshu Watts, “India basks in US nuclear deal, but doubts surface”, Daily Times, (July 22, 2005).} It is also anticipated that the deal will provide a boost to Indo-US bilateral relations.\footnote{Statement by Devendra Prasad Yadav, “Synopsis of Debates: Proceedings other than Questions & Answers”, op. cit.} Becoming closer to world’s leading power is considered nonetheless, a big achievement. T K Arun substantiates it in these words, “The nuclear deal is not primarily about nuclear energy or India’s nuclear weapons program, although, on the face of it, this is what the deal is all about”.\footnote{T K Arun, “Nuke deal: The abc of 123”, The Economic Times Online, (December 22, 2006), see at http://economictimes.indiatimes.com/Opinion/Columnists/T_K_Arun/Nuke_deal_The_abc_of_123/articleshow/889554.cms.} He further writes, “The nuclear deal is about the process of India’s emergence as a world power maturing to a point where others are forced to take note and respond. The deal is an event that reflects US recognition of the process. The event would, in turn, accelerate the process further”.\footnote{Ibid.}

On all these issues and others critics including opposition parties and scholars have contrary opinions. For instance, India’s elevated position with the support of the US is seen with suspicion by many. It is rather argued that the two are unequal partners. Given the unparallel tremendous power possessed by the US, India
is no match to sustain against any pressure mounted by the US. Above all, an India dependant on the US for her fuel supplies will become highly vulnerable. Her sovereignty will become a hostage to a stronger US.

This will also negatively influence India’s foreign policy. P.C. Thomas urged, “The terms of the Bill tend to have serious doubts on these assurances as it tends to lock India’s foreign policy to US requirements”. The US certainly has her own objectives in this region. She will use India to further those objectives. There are serious apprehensions regarding Iran, China, NAM, the Muslim world and relatively less focused Indo-Pak peace process.

Critics believe that the US will pressurize India to help her isolate Iran. India’s vote against Iran, in IAEA blew a storm of criticism, especially by the leftist parties who are strongly against any policy shift towards Iran. There are question marks on how India would react in case of US decision to use force against Iran. Opposition parties point out the conditions mentioned in Hyde Act in this regard.

There are also fears over the US designs to contain China. India shares a bulk of trade with China. Her relations are consistently improving. Skeptics assume that the US sees these developments as working against her interest. For this purpose US wants to engage India and seek India’s assistance to further her interests vis-à-vis China as well as East Asia. There is also a realization in some circles that these developments will badly affect Indo-Pak peace process, and will harm India’s relations with the Muslim world where anti-US sentiments are consistently growing.

Finally, that it will tarnish India’s image amongst the members of the non-Aligned movement. Kuldip Nayar puts it this way, “…many countries are going to say that India too has turned pragmatic,

123 Ibid. Also see, Kuldip Nayar, “India-US treaty or alliance”, Dawn, (July 16, 2005).
India’s Motivations and Apprehensions

not principled. Only a few months ago did we give a lead to revive the Non-Aligned Movement (NAM) and infuse life into it. More than a hundred nations rallied behind the concept. They have preferred to stay quiet but the reports are that they have a question mark against us.”

PM ManMohan Singh tried to brush aside these kinds of perceptions during his visit to South Africa in October 2006. He said, “Non-alignment is a state of mind, a capacity to appraise all international events independently, taking into account our enlightened national interest”.

Though the idea of promoting bilateral relationship with the US is welcomed by many, yet there are critics who prefer to see to it from an angle of alliance with a dying empire. It is assumed that relationship with the US is going to add to the trouble of India internationally. A defeated US in Iraq and Afghanistan would exploit India’s manpower as her mercenary force. India trapped in the vicious program of nuclear cooperation would lose her leverage to bargain or resist any such demand.

The government however seems to be quite confident in its approach. PM Man Mohan Singh has tried to assure his people at a number of occasions that the sovereignty of the state is intact and it will never be compromised. He has also tried to provide assurance to the political parties as well as public over the question of “US influence over India’s foreign policy”. PM Man Mohan Singh has promised that India’s foreign policy shall not be jeopardized at any cost. He said that all foreign policy decisions will be taken keeping the National Interest under consideration.

Yet the critics are not satisfied. BJP for instance questions US support to India over her aim to attain permanent seat in UNSC.

125 “PM seeks S Africa’s support for Indo-US nuke deal in NSG”, The Press Trust of India, (Durban: October 01, 2006).
BJP leadership has frequently stated that India is giving too much for too little. They have also claimed that this deal is a jerk for India’s self-reliance posture that it has tried to attain by an effort over the years.\textsuperscript{128}

Also there is high level of displeasure with the Hyde Act passed by the US congress in December 2006. Hyde Act sets certain conditions over India to qualify the eligibility criteria. These include, unilateral moratorium on Nuclear tests, full-scope safeguards with Additional Protocol, Separation of civil nuclear reactors from military ones, signing of FMCT and support to the US in foreign policy matters.

There is strong resentment on these issues. In the debate session of December 2006 in Lok Sabha, L.K. Advani leading opposition raised serious suspicions over the Hyde Act. He said that by placing conditions like safeguards, unilateral moratorium on tests and FMCT, the US is trying to first cap, then reduce and finally eliminate India’s Nuclear Weapons arsenal.\textsuperscript{129} It is perceived as a serious challenge to India’s strategic capabilities.

While countering the arguments of opponents of Hyde Act in the Lok Sabha debate, Nikhil Kumar said, “The law passed by the United States is binding on them; it is not binding on us. If we decide today that whatever has been mentioned in the Hyde Act is unacceptable to us, there is still the 123 Agreement left. We shall sign it only after the negotiations. I must make it very clear that the Hyde Act is not applicable to us. We must accept that India’s sovereignty is not going to be affected by whatever law, the United States pass.\textsuperscript{129}


States passes.”\textsuperscript{130}

Most provocatively spelled out are the apprehensions over India’s Nuclear Weapons program. There are allaying fears regarding safeguards. Critics say that opening up India’s nuclear facilities for inspection will seriously jeopardize the secrecy so well kept over the years. Also it is believed that the separation emphasized so strongly, will raise the cost of India’s weapons program. Technically India has not been an adherent of stockpiling nuclear fuel. Hyphenated civil and military nuclear program provided India with a fair chance to pursue its objectives easily and more economically. However, separation under the present plan will limit India’s maneuverability and jeopardize India’s security.

Manvedra Singh while referring to India’s security concerns said, “India’s nuclear policy and weapons policy are based on credible minimum deterrence. The Credible Minimum Deterrent is not a static figure.”\textsuperscript{131} A counter argument to this says that since separation plan does not involve military facilities, it will not hurt India’s nuclear weapons program.

The Bharatiya Janata Party also raised similar fears in a press release issued on November 18, 2006. Shri Singh said,

“India is not facing a very conducive security scenario in the region, so India must have a sovereign right on its nuclear deterrent capability and right to revise it in its own national security interest. The India specific safeguard should be the corner stone of this deal. Our nuclear autonomy should not come under the umbrella of any other country. This is a matter of prime concern for BJP and must be clarified to the country before moving further ahead in Indo-US nuclear deal”.\textsuperscript{132}

Hyde Act has also been criticized on putting emphasis on quick implementation of the separation plan while it does not provide assurances over continuity of fuel supplies. Critics believe that this has placed India on a highly vulnerable position. There is serious

\textsuperscript{130} Statement by Nikhil Kumar, ibid.
\textsuperscript{131} Statement by Manvedra Singh, ibid.
\textsuperscript{132} “BJP Expresses concerns over Indo-US nuclear deal”, \textit{Hindustan Times}, (November 18, 2006).
criticism on India due to its deviation from moral principles on disarmament. It is argued that by entering into an agreement with the US over nuclear issues, India has provided legitimacy to the system that it has traditionally opposed—a system led by the US promoting and accommodating only the major powers. The communist party has shown strong resentment and overt disapproval of India’s present position. Communist Party of India (Marxist) Polit Bureau said in a statement, “the current agreement marks an end to India’s nuclear disarmament policy”.  

The government has tried to pacify these apprehensions with its own set of arguments. For instance, it says that separation plan is fully congruent to India’s national interest and would be followed the same way. While answering the doubts raised by the passage of Hyde Act, The Minister of External Affairs Pranab Mukherjee clarified the system of legislation in the United States. He categorically asserted that the US legislation is made in a particular manner. Section 101 of the Hyde Act is a short title, Section 102 speaks the Sense of the House and Section 103 reflects the policies of the United States. While both 102 and 103 are recommendatory and not mandatory. He went on saying, “The purpose of this bill is to provide waiver, waiver not to India, waiver to the US Administration to enable them to enter into an agreement with India for the civil nuclear program.”

This however raises another issue of concern amongst the skeptics who believe that “these waivers” are going to make India subject to follow the directions issued by the US, while a disagreement would bring discontinuity for fuel suppliers. Though PM Singh himself also made an attempt to pacify the opposition, his remarks had more of a reflection of discomfort even within the government over the Hyde Act.

For instance, he said, “This law has several positive features which take into account our concerns. However, I will be the last

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133 “Communist Party of India sceptical about Indo-US agreement”, *Daily Times*, (July 22, 2005).  
134 Statement by the Minister of External Affairs Pranab Mukherjee, “Synopsis of Debates: Proceedings other than Questions & Answers”, op.cit.
one to deny that there are areas which continue to be a cause for serious concern and we will need to discuss them with the US Administration before the bilateral co-operation agreement can be finalized.”

Later on he said, “I believe that any calculation of risks and opportunities will need to be done in a reasoned and transparent manner but consistent with our vital national interests. This will be our underlying approach when we negotiate the bilateral 123 Agreement, which will form the basis of our civil nuclear cooperation.”

There is a tacit understanding even within the government circles regarding certain reservations within the Hyde Act and it has been promised by the PM ManMohan Singh, time and again, that all issues of controversy shall be negotiated before signing of the final document, i.e. The 123 Agreement.

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136 Ibid.
US Objectives and Concerns

Indo-US nuclear deal since its beginning has been an issue of heightened debate across the globe due to few highly critical questions, it poses. The zeal with which the deal has been driven forward in India and the US has met a matched response of opposition, criticism and suspicion. The text of Hyde Act, if, for instance, has drawn attention of many in India, the agenda behind the deal has been disregarded by a lot in Washington too. Given the complexities involved in this deal, it is important to elaborate the motivations of the US that have catalyzed the whole process, and concerns that still have enough potential to disrupt the continuity of on-going progress.

The US has so far demonstrated a high level of flexibility. A nearly 30 year’s old act of 1978 has been amended to accommodate India as a recipient of the US nuclear trade and export control regime. The passage of Hyde Act is highly pertinent development in this context. Also, with regard to the separation plan, it seems that India’s position has been dominantly prevalent. Though, there has been a high level of resistance by the non-proliferation organizations as well as few highly esteemed scholars, President Bush’s regime kept moving the whole forward. Most certainly there are bigger objectives to attain. A glimpse over the statements made by President Bush, and the proponents of this idea as well as the commentaries by renowned scholars give a fair idea of the catalyzing components behind this deal. There is no doubt that India’s image as a “Democracy of one billion people”\textsuperscript{137} has played a significant role to raise the stature of India in White House.

However the more instigating spirit behind the deal was

\textsuperscript{137} See the Text of NSS 2002 and July Agreement, 2005. Also see statements made by President Bush, particularly about India in interviews and on various other occasions.
somehow covertly pronounced in the Hyde Act. While explaining the interests of the US to enter into an agreement for nuclear co-operation with India, Point 6(D) of Sec 102 says:

“Such co-operation will induce the country to give greater political and material support to the achievement of the US global and regional non-proliferation objectives, especially with respect to dissuading, isolating, and, if necessary, sanctioning and containing states that sponsor terrorism and terrorists groups that are seeking to acquire a nuclear weapons capability or other weapons of mass destruction capability and the mean to deliver such weapons.”

This sets the tone of the US agenda behind Indo-US nuclear deal. A closer analysis of Point 6(D) brings following points:

• India’s political and military support for the furtherance of the US goals of global and regional non-proliferation.
• Special support with respect to US policy vis-à-vis terrorist groups as well as states sponsoring terrorism.
• Special support against all those states that are trying to seek nuclear weapons capability or any other weapons of Mass Destruction.

Apparently these conditions seem to be in congruence with India’s own international agenda. The problem begins with the difference of opinion over the definitions of intricate terminologies like “terrorism”, “states sponsoring terrorism” and those “seeking nuclear weapons” and other “weapons of mass destruction”. And these are the areas that have the potential to bring repercussions at a global level. However that discussion would follow in Part 2. Here it is relevant to explore the intricacies of the actual expectations behind this deal. Officially, the US maintains that the “objectives behind the deal” are following:

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139 See President Bush’s Statement on House Passage of India Civil Nuclear Cooperation Legislation, issued on (July 27, 2006), at http://www.whitehouse.gov/news/releases/2006/07/20060727-2.html. Also see President Bush’s Remarks in the Joint Statement issued after the delegation-level meeting between the Prime Minister ManMohan Singh and the US President Mr. George W. Bush, in Washington DC on (July 18, 2005).
Help India become a major world power
Assist India fulfill her growing energy needs
Engage India to strengthen Non-Proliferation Regime

These are the stated policy objectives that need to be scrutinized. “Why India” be given such a preferential treatment is a natural question that comes into one’s mind. Helping India become a major power has to have something behind it. There are many good democracies and many energy-hungry countries, choosing India on the pretext of the biggest democracy does not provide sufficiently satisfying rationale behind such a magnified policy.

Secondly the issue of “engaging India” in order to strengthen Non-Proliferation regimes adds a lot to the existing complexities. Bush Administration claims that India’s “impeccable record of non-proliferation” makes India a well-deserving candidate to be engaged in global non-proliferation regime. It implies that India shall reap the benefits of nuclear energy partnership programs usually offered to the members of NPT. This leaves behind big question marks. To begin with, India’s much hailed impeccable record of non-proliferation. Many within the US in specific and the world in general might have been convinced when the President Bush cogently urged that India is given this deal because of its impeccable non-proliferation record. Yet the recorded facts cannot be changed. India’s proliferation record is not as clean as manifested by the Bush administration. There is evidence of the fact that Indian companies as well as scientists have been sanctioned by the US for their alleged involvement in proliferation activities, least to mention with a state like Iran, which is at the top of the US target list.

140 Statement made by President Bush during his visit to India in March 2006, reported by People’s Daily Online, (March 03, 2006), see at http://english.people.com.cn/200603/03/eng20060303_247689.html.
Another point that raises doubts is the internal contradiction of the strategy propounded by the Bush administration. President Bush along with other proponents of the deal within his cabinet promotes the deal on the ground that this deal will help stabilize the non-proliferation regime. Having faith in India's non-proliferation record, what makes the deal meet this end is unknown. A state observing non-proliferation regime, is not a threat to be engaged so viciously. Engagement, as per the practice is pursued to bring perpetrators and transgressors into the circle. So, why engage India if it is already abiding by the rules of the game, leaves a major question mark. Essentially it indicates that there is much more to it. But the details will be unraveled once other questions are brought into notice.

The second question is in one way or the other connected to the first one. India has a history of developing nuclear weapons by diverting fuel from its nuclear power plant constructed in agreement with Canada for civil purposes. India's potential to capitalize on this technique is therefore undoubted. This raises genuine suspicions regarding India's present day capabilities. Though, certain mechanism, like via separation plan and the IAEA safeguards have been proposed to check any such development there is still a significant chance for India to divert spent fuel in small quantities. These fears are potent and have been acknowledged in the Hyde Act. While referring to the implementation and compliance report, it sets a condition for the President to report on certain critical factors. Besides many others, it also talks of the question of diversion. It states, a report on the following points needs to be submitted:

“An analysis of whether United States civil nuclear cooperation with India is in any way assisting India's nuclear weapons program, including through

i. the use of any United States equipment, technology, or nuclear material by India in an unsafeguarded nuclear facility or nuclear-weapons related complex;

ii. the replication and subsequent use of any United States technology by India in an unsafeguarded nuclear facility or unsafeguarded nuclear-weapons related complex, or for any activity related to the research, development, testing, or manufacture of nuclear explosive devices; and
iii. the provision of nuclear fuel in such a manner as to facilitate the increased production by India of highly enriched uranium or plutonium in unsafeguarded nuclear facilities;¹⁴²

This clearly illustrates that the realization of the technical possibility of diversion is very much there even within the US. However Bush Administration has placed much faith in the system of checks and safeguards, though it has its own vulnerabilities. Daryl G. Kimball, for instance, acknowledged that the application of safeguards “only to the civilian sector would do little or nothing to limit or even monitor India’s production of fissile material for weapons.”¹⁴³ Robert Gallucci elaborates it more flamboyantly, “The deal described above would require India to choose between the opportunity to expand its nuclear energy program on the one hand, and the expansion of its nuclear weapons arsenal on the other. The Administration proposes to allow India to do both, and that would be a mistake. Our security depends on maintaining the norm against nuclear weapons proliferation.”¹⁴⁴

There are serious concerns and apprehensions that have been candidly spelled out in US Congressional Committees as well as higher forums of academicians, analysts and intellectuals. There are Non-Proliferation lobbies that have openly condemned the fallacy of the idea that this deal is going to serve non-proliferation objectives. Many hard press the fact that this argument is not substantive. They have put forward pertinent points in this regard. Edward J. Markey, Democratic Congressman from Massachusetts said, “Why should the United States sell controlled nuclear goods to India? We can not play favorites, breaking the rules of the non-proliferation treaty to favor one nation at the risk of undermining critical international

¹⁴⁴ Testimony of Robert L. Gallucci (Dean of the Edmund A. Walsh School of Foreign Service, Georgetown University)-Before the senate Foreign Relations Committee, 26 April 2006. P.6.
treaties on nuclear weapons.”

Likewise, The Institute for Science and International Security (ISIS) categorically stated,

“If the US is serious about non-proliferation, it should not give India preferential treatment. The announcement of proposed US nuclear co-operation with India is troublesome and India has an unsafeguarded gas centrifugal plant used for military purposes that has depended on questionable and possibly illicit imports. The gas centrifuge technology which India is developing could also spread to other countries. For this reason alone, if the US is serious about its non-proliferation goals, India should not be given preferential treatment.”

Gary Milhollin also suspects the Indian intentions behind this deal since he is convinced that Nuclear reactors are of little use for a state like India, as they are expensive, unsafe and release radioactivity. He has also raised serious concerns on the question of possible missile proliferation. While Robert Gallucci has out rightly rejected the viability of any such steps proposed in the Indo-US deal as for example, bringing civilian safeguard facilities under IAEA.

Another major source of concern is the question of India’s recognition as a NWS. Though, there is denial at the official level on acceptance of India as a NWS by the US, there are many within the US who convincingly argue that it is rightly perceived as such. Many rather believe that this deal grants a tacit recognition to India as a NWS.

Richard Hass, President of the Council on Foreign Relations, slightly disagrees to others on this issue. He believes that this will hurt NPT and will set a dangerous precedent for others to follow.

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145 Daily Times, Lahore, (July 20, 2005).
146 See www.isis-online.org/home.html
148 Testimony of Robert L. Gallucci, op.cit.
However he places India at slightly higher position than North Korea and Iran, in terms of its record, so he argues that granting India a preferential treatment, (given with its previous record) has nothing wrong in it.151

There are many who squabble that this kind of a deal is going to open a Pandora’s Box. It is assumed that the costs are going to outweigh the possible benefits. Gary Milhollin contests that the deal is going to make China and Russia legitimate enough to conclude these deals with Pakistan and Iran respectively. He also urges that this deal makes interdiction meaningless.152

Robert Gallucci believes that relations with India are important but not important enough to justify bringing the national security at stake. He believes that violating NPT is extremely hazardous for the US herself, since undermining of NPT and increased number of states with nukes is going to pose serious security threats to the US national security. He also criticizes the issue of legitimizing India’s position by dragging it out of the previously held non-proliferation policies, on the ground that this will bring potential damage to the non-proliferation regime. He goes on to say, “In truth, we would reward India with nuclear co-operation because we now place such a high value on improved relations with New Delhi, not because of its uniquely good behavior.”153

Board Statement issued by the Centre for Arms Control shares similar concerns. It further adds a comparative analysis of India with Iran, Argentina, Brazil and South Korea etc154. There is strong opposition to the idea of extending preferential treatment to India. Many in Washington believe that this would legitimize proliferation in other states like South Korea, Argentina and Brazil.155

Gallucci has beautifully summarized these fears. He asserts,

152 Gary Milhollin, op.cit.
153 Testimony Robert Gallucci, op.cit.
154 “Board Statement” issued by the Center for Arms Control and Non-Proliferation, see at http://www.armscontrolcenter.org/resources/20051126_cacnp_board_statement_us-india.pdf.
155 Ibid.
“The deal would set a dangerous precedent. If we do this, we will put at risk a world of very few nuclear weapons states, and open the door to the true proliferation of nuclear weapons in the years ahead.”

John S. Wolf, a former assistant Secretary of States for Non-Proliferation Affairs, now president of the Eisenhower Fellowship program in Philadelphia said, “It is disappointing that we have given something to India and not got something substantial in return and this agreement is difficult to reconcile with the international norms advanced by the US for the last 40 years.”

Possibility of an emerging dilemma of weakening of export control regimes has also received attention in some quarters of Washington. Gary Milhollin in his testimony strongly contends the efficacy of the deal on this ground. He asserts that this deal is going to undermine the institutional mechanism to control export of sensitive technologies and materials. He strongly argues that this deal has undermined NSG and MTCR, since there were no pre-notifications issued to the members of these regimes as per required, prior to the conclusion of the agreement between the US and India.

The US administration has however pushed this deal really hard to get it through. Given all these complexities and concerns, what has motivated the Bush Administration to opt for such an expansive strategy? The US involvement in the deal clearly indicates higher goals behind it. Robert Gallucci overtly asserts that the deal has to do with the US regional security concerns and that it is devoid of any sensitivity involved in context of “global security concern over non-proliferation”.

A close study of views and news manifest the following points;

- Containing China

156 Testimony Robert Gallucci, op.cit. Also see Daryl Kimball, op.cit for similar views.
158 Gary Milhollin, op.cit.
159 Testimony Robert Gallucci, op.cit.
Indo-US Nuclear Cooperation

- Expanding US Agenda in South and East Asia
- Winning over India’s support against Iran
- Big business and rejuvenation of the US industry

**China’s Containment:** Close interpretation of few lines of the Hyde Act manifests the US possible objective of containing China. A repeated reference to “bringing balance in Asia” and “meeting US security concerns” shows that the US perceives an imbalance in Asia and that could certainly be because of China’s increasing economic and military power. One of the US high officials in a closed door meeting in New Delhi said that essentially an Asia without the US is not acceptable for the US.  

The US interests therein can be understood by casting a look at the strategic developments in the past few years. There are ideological differences between the two sides. The US having sheer confidence in her power and values is adhering to the idea of unilateralism. The events in previous few years provide enough substance to justify this argument. In contrast, China is a big chanter of “Multilateralism”. China has been quite vocal on international forums over her apprehensions regarding the growing unilateralism. China has asked other states of the world to pursue efforts to bring “multilateralism” at work.

Secondly, in the post Cold War uni-polar world order, the US has become overtly imperialistic in her foreign policy agenda. The US has got indulged in three major wars in two of the world’s most critical regions, since then. The spread of US strategic basis and militarization across the globe has provided more credence to her imperial stretch.

This position is also strongly opposed by China which is a proponent of “peaceful coexistence”. The presence of the US forces in

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160 *The Hindu*, Delhi, (July 01, 2005).

Central Asia has become an irritant for China. China in this regard has shown reaction in different ways. This issue has been time and again raised in SCO summits. Moreover, China has also urged the Central Asian Republics to ask the US to evacuate military bases provided to her during Afghan War. China’s persuasion, with a combination of some domestic compulsions has shown tremendous effects.

Uzbekistan immediately after the Andijon crisis compelled the US to evacuate her bases from Uzbekistan. The catalyst was necessarily the high level of strain between the US and Uzbekistan. However, the ground work was done by China and Russia. Likewise the US had a long and tough session of negotiations with Kyrgyzstan when the lease for Manas Airbase was to be renewed.

These developments are noticed with concern in the US. There is clear demonstration of the growing ideological rift between the two sides along with China’s growing influence in Asia. Though, China is pursuing a policy of peaceful coexistence, her influence in other regions is also considerably growing. Credit goes to China’s unstinted economic growth and investment in other states without meddling in their internal affairs.

China does not put the kind of conditions as does the US with her trading partners. This makes China a preferred choice for states that are wary of the suppressive policies of imperialists. Moreover,

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163 Ibid.


Indo-US Nuclear Cooperation

China makes economically more viable offers to her clients. This has made China popular amongst the developing states. China has also ventured in the developmental works in poor countries. These kinds of policies have helped China raise her stature as well as influence in Africa, South Asia and East Asia.\footnote{Evelyn Goh, “China and Southeast Asia”, \textit{Foreign Policy in Focus}, (December 12, 2006), at \url{http://www.fpiif.org/fpiftxt/3780}. Frederick W. Stakelbeck, Jr, “China's growing influence in Africa”, \textit{American Thinker}, (May 06, 2005), at \url{http://www.americanthinker.com/2005/05/chinas_growing_influence_in_africa.html}. Sheng Lijun, “Is South East Asia becoming China's Playpen?”, \textit{Yale Global}, (January 11, 2007), at \url{http://yaleglobal.yale.edu/display.article?id=8611}. Also see “Trade ties give China growing influence in Africa”, \textit{Africa News}, (October 17, 2006), at \url{http://www.africa-interactive.net/index.php?PageID=1986}.}

China's trade with the African states has tremendously grown in the past few years, while it has a strong foothold in East Asia for a longer time period. As far as South Asia is concerned, China shares extremely strong ties with Pakistan and Myanmar. China also shares cordial relations with Nepal, Bangladesh and Maldives. China’s observer status in SAARC\footnote{See \url{http://www.saare-sec.org/main.php}.} also demonstrates China’s growing influence in South Asia.

More so, China also shares good relations with few of the most controversial states like Democratic People’s Republic of Korea and Iran. This kind of growing web of states around China is seen with suspicion by the US that convinces her to opt for containment. Optimists out rightly reject the question of containment by quoting the bulk of Sino-US trade between the US and China.\footnote{“Indo-US Relations in the coming decades”, Field-Marshal Manekshaw Annual Lecture Landmark Address of Strategic Affairs Guru, K. Subrahmanyam, (July 15, 2005) at The Symbiosis Institute of Management Studies, Pune. See at \url{http://www.usindiafriendship.net/viewpoints1/subrahmanyam.htm}. Also see testimony by Ashley Tellis, op.cit.} This argument rests on the Liberal’s theory of economic interdependence which is not practically much visible in the present US regimes tenure.

Also the argument is not relevant in this case due to two reasons. Firstly, the analysis of both World War I and II demonstrates the defeat of this theory. And secondly, in case of Sino-US relations,
confrontation is neither likely in the near future nor into question. What is possible here and discussed is containment which is very much likely even against a big trading partner. There is no rational explanation to reject this possibility out rightly.

Moreover, the Sino-US relations are not devoid of other strains. Apart from the US apprehensions regarding China’s growing economic and military potential as well as her increasing influence in few of the critical regions of the world, there are spoilers like the currency issue, human rights and democracy.

Though, the question of containment of China is not openly spelled out at the official level in the US, it is covertly sensed in many of the statements issues by senior officials’ and other Congressmen. Think tanks and newspapers discuss this issue quite openly.\textsuperscript{169} Consensus on the need for containment is found missing. But a significant point to understand here is that, the concept of containment of China is not opposed. It’s only the assessment of its need that varies and originates a debate thereof.

There are two schools of thought in Washington in this regard. There are those who are apprehensive of China’s increasing growth and are believers of a cautious policy vis-à-vis China. They are normally the supporters of containment. Whereas, the second school of thought believes that the Chinese potentials are overly calculated and the threat is exaggerated. They argue that the ongoing policy of engagement and if China continues to sustain her tremendously growing potentials should the US apply a policy of containment. However, the Bush Administration seems to follow the lines of those favoring containment. While keeping it unheard, since, the sensitivity of relations between the two states could affect the bilateral trade and improving ties at surface.

The practicality of this approach however depends largely on India’s response to such a strategy. There is a high level of uncertainty regarding India’s willingness to play against China. Gary Milhollin

for instance, argues that India may not want to play a counterweight to China, in order to satisfy a “vague desire to please the United States”.170

**US Agenda in South and East Asia:** China’s increasing influence in Asia has provoked the US concerns over the question of her long term presence in this region. A senior US official told a closed door gathering of strategic analysts in New Delhi in June 2005, that “the worst outcome for the US, is an Asia from which we are excluded and the key challenge for the US over the past 100 years has been to remain engaged everywhere and not allow any other industrial power to dominate a given region.”171 The US official added, “If I were China I could be working on kicking the US out of Asia…Right now we have a lot of alliances but there is no architecture embedding us in Asia. This worries US and Indo-US partnership is seen by Washington as a vital element in the planned architecture.”172 While explaining the objectives behind this deal, Ashley Tellis also mentioned this point. He said, “...the Administration’s policy of developing a new global partnership with India represents a considered effort at “shaping” the emerging Asian environment to suit American interests in the twenty-first century”.173 These statements clearly unfold one of the major objectives behind the Indo-US growing nexus, where the nuclear deal is being used as an instrument.

**Winning over India’s support in war against Iran:** The timing of the deal coincides with the US heightened concerns over Iran’s nuclear programs. It manifests that the Iran factor has a possible connection with this deal. The evidence however comes out not only from the testimonies of higher officials like Condoleezza Rice but more evidently from the text of the Hyde Act itself.174 Hyde Act makes repeated reference to the US expectations regarding

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170 Gary Milhollin, op.cit.
171 *The Hindu*, Delhi, (July 01, 2005).
172 Ibid.
173 Ashley Tellis, op.cit.
India’s support against Iran. Section 103 (b.4) states, “Secure India’s full and participation in United States efforts to dissuade, isolate, and, if necessary, sanction and contain Iran for its efforts to acquire weapons of mass destruction, including a nuclear weapons capability and the capability to enrich uranium or reprocess nuclear fuel, and the means to deliver weapons of mass destruction”. Later on, it also places a demand on the President to submit a report on assessment “of the specific measures taken by India” in this regard. This clearly illustrates the significance of “Iran factor” in US calculations behind this deal. Moreover, “the Iran Factor” has crept in, time and again, in the discussions between the higher officials of two sides. For instance, the US tacitly communicated that a vote in favor of Iran at the IAEA may halt the ongoing negotiations over the deal. Also Condoleezza Rice categorically said that the US is not supportive of India’s involvement in IPI gas pipeline project. These and other examples discussed in part two shows that India’s support against Iran is also one of the critical objectives behind Indo-US nuclear deal.

Rejuvenation of its industry: There are big economic and political objectives behind the deal. Condoleezza Rice in her testimony on April 05, 2006 spelled out few of these objectives quite openly. While, referring to the economic benefits of this deal, she said, “The initiative will also create opportunities for American jobs. Nuclear cooperation will provide a new market for American nuclear firms as well as assist India’s economic development. The initiative could add a many as 3,000 to 5,000 new direct jobs and about 10 to 15,000 indirect jobs as we engage in nuclear commerce

175 Ibid, Sec 103 (b.4).
176 Ibid, Sec.104 (c. G).
177 “US may pull out of N-Deal if India backs Iran”, The News, (January 26, 2006).
with India”. She further added, “By helping India’s economy to grow, we would help our own”.

A member of India’s Lok Sabha in his comments on the deal raised this issue quite comprehensively. He said,

“Why is America, both economically and politically, so enthusiastic about it? Since 1979, after an accident in Pennsylvania, the US power industry has been paralyzed. In order to rejuvenate the power sector there, they had made a calculation. The calculation is that over the years they would be getting an opportunity to exploit at least 40 per cent of the nuclear energy sector here in India. It will create employment to the extent of 2,70,000 and there will be to the extent of 20 billion dollars of trade. Politically, they want to just have a new policy framework to get India with its known concept of alignment against the contentions of China”.

Yet, it is another fact that these are the expectations of the Bush Administration and they might not necessarily work out. The suspicions within the US are well conceived and spelled out. There are some like Gary Milhollin in the US who do not even buy the argument that this deal is going to help the US sell big number of its reactors to India.

Possibility of such a big business is negated by quoting the example of China. It is said that the doors of nuclear co-operation were open to China in 1980’s on a similar pretext of increased sale of reactors but the matter resulted in opening up markets for Russia, France and Canada. Gary Milhollin for instance in his testimony argued that the US might have to face in this case, what it did in 1980’s by China. Opening lids of NSG, MTCR and the new legislation might give others like Russia, France and Canada to exploit the Indian markets with comparatively lower rates. These are the concerns that the US shall have to face intense competition

179 Opening Remarks by Secretary of State Condoleezza Rice before the House International Relations Committee on the US-India Civil Nuclear Cooperation initiative, (April 05, 2006). Also see Opening Remarks by Secretary of State Condoleezza Rice before the Senate Foreign Relations Committee on the same subject, the same day.
180 Ibid.
where chances to win are bleak.\textsuperscript{182}

\textbf{Concerns in Muslim states/De-hyphenation:} Another mild concern within few circles in the US is the possibility of growing distance between the US and an already grieved Muslim world. Gary Milhollin has articulated these possible concerns resonating in the Muslim countries. He says that though difficult to admit, yet when this deal is placed against Iran and Pakistan, the factor of “religion” echoes high. And that this kind of deal is going to convince the Muslim countries that the US is deliberately delineating “The Muslim World”. He further adds that the issues of proliferation are dealt with on the basis of US’ liking and disliking and not on any principled stance. This selectivity may cause damage to the cause of non-proliferation.\textsuperscript{183} Board statement also says that, “The argument creates a double-standard in the international community. Especially the US dealings with Iran and North Korea come in sharp contrast with the deal offered to India.”\textsuperscript{184}

For instance, Leonard S. Spector, Deputy Director of Center for Non-Proliferation, International Relations and Security Network has been quoted as saying, “if you open the door for India, a lot of other countries are likely to step through it. China is already thinking of selling additional reactors to Pakistan.”\textsuperscript{185}

Another issue of concern is extension of preferential treatment to India over Pakistan. Some groups in the US strongly believe that Pakistan is more significant than India in the present scenario. It is therefore not a rational policy to annoy a well-needed ally for a less-relevant state. Gary Milhollin claims that Pakistan figures in much higher than India in strategic calculations given its tremendous need to counter Al-Qaeda and Taliban in Afghanistan as well as its significance in the Muslim World. He says that this deal is “a blow to General Musharraf’s prestige at best, and at worst a public humiliation. We should not give General Musharraf more trouble

\textsuperscript{182} Gary Milhollin, op.cit.
\textsuperscript{183} Ibid.
\textsuperscript{184} “Board Statement”, op.cit.
\textsuperscript{185} See Anand Giridharadas & Steven R. Weisman, “India sees value, and drawbacks, of accord”, \textit{The New York Times}, (July 20, 2005).
than he already has.”

But the fact of the matter stands that despite resistance from the opposition parties mostly the hyphenates and the moderates of the US, the safe passage of Hyde Act has established that the US foreign policy is institution driven and not party driven.

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186 Gary Milhollin, op.cit.
PART TWO
RESPONSE & REPERCUSSIONS
Global response to the Indo-US Nuclear deal has been a mixed one, given that the nature of its implications varies from state to state. Apparently, implications are both in terms of challenges and opportunities. These are the particular circumstances of states and their likely perceptions of challenges and opportunities that have shaped their reaction worldwide. Picture is different and complicated within the South Asian Region and on its periphery, while the deal has entirely different dynamics for the rest of the world. Essentially, the difference is marked by the kind of proximity shared within the region as well as the issues and stakes involved.

In context of the regional states, the issue cannot be assessed in isolation. One needs to calculate the implications by having a close look at the overall scenario in which the deal has been signed. For instance, it is the deal signed in the backdrop of a ten-year defence agreement with the US along with increasing bilateral ties between the two sides that could potentially bring critically meaningful repercussions.

On contrary, implications of this deal for the rest of the globe can be possibly assessed as a singular event driving its own kind of impacts. Here the response of some key global players would be assessed separately. To begin with the global responses in general; there are states that have quite warmly endorsed the deal, others who have shown a lukewarm response and a third category of those who are unhappy with this development.

Certainly states comprising each of these categories have their own reasons and stakes. Prominent amongst the states that have welcomed this deal are UK, France, Italy, Spain and Russia etc. Middle category includes those like South Africa and Germany. While those who have shown either an overt or tacit disapproval of the Indo-US deal include, Japan, China, Canada, Australia, Pakistan
etc. Each of these states has her own way of viewing this deal and the related developments.

The UK, implying her policy of supporting the initiatives taken by the US has nonetheless shown positive response to this deal.\textsuperscript{187} As far as the case of France is concerned, it provides a unique example. France is the only country amongst major Powers that showed mildest reaction to India’s nuclear tests in 1998.\textsuperscript{188} Since then France has always supported the idea of engaging India. One of the main reasons has been France’s immediate realization of the fact that it was not possible for India to completely roll back her nuclear weapons program. France therefore professed idea of continuing the policy of engagement with India. Another reason has been France’s highly big and advanced industry of nuclear reactors. France was quick to understand the potential of India’s growing market.\textsuperscript{189} These were the institutional constraints that kept France away from reaping the benefits out of Indian market. The deal therefore has come as a breakthrough for France.

This deal is going to open profitable avenues for France. France has already started exploring the new vistas. Certain significant developments have also been made in this regard. Most recent of them is a joint “Declaration by India and France on the Development of Nuclear Energy for Peaceful purposes”.\textsuperscript{190} This declaration was issued on the eve of President Chirac’s visit to New Delhi in February 2006. The focus of this declaration lies in expanding Indo-France cooperation in nuclear energy sector. There is an equal emphasis on the need to contain nuclear proliferation.\textsuperscript{191}

\textsuperscript{188} International herald Tribune reported on May 14, 1998 that “France has criticized India but said it opposed US sanctions and will not apply its own”. For France’s reaction also see http://cns.miis.edu/research/india/reaction.htm#france.
\textsuperscript{189} Federico Bordonaro, “French kisses and hisses for India”, Asia Times Online, (June 07, 2006), see at http://www.atimes.com/atimes/South_Asia/HF07Df03.html. (Add more if possible).
\textsuperscript{191} Ibid.
France considers India as a responsible state and therefore expects her to garner the benefits of nuclear energy and also contribute to the greater cause of nonproliferation. The only hurdle in the way of materializing this cooperation framework is NSG’s approval. France has committed to push India’s case really hard in NSG. Chirac has been quoted as saying, “recognition of a special status for India in the Nuclear Suppliers Group is a ‘priority’ for France”.192

Some strategists even assume that France is going to be the biggest beneficiary of this deal. It is widely speculated that India, after getting the door to international market unlocked, would prefer to deal with France due to her less strict trading conditions, and suitable reactor technology on comparatively lesser prices.

Case of Russia, though, shares some similarities with France, its politico-strategic dynamics are entirely different. Given the record of Indo-Russian relations during the Cold War, growing Indo-US nexus cannot expected to be much welcomed. Though, presently India is sharing healthy ties with Russia, Indo-US strategic partnership has the potential to distance the two. Already growing US presence in South and Central Asia is seen with suspicion by Russia.193 A nexus with one of the big regional states could only add more to her worries.

Areas of divergence between India and Russia have already begun to emerge. India’s support for the US BMD program and a zealous participation to develop one for India with the help of the US is fundamentally not in Russia’s interest. Russia has been and still is a staunch opponent of the US BMD program. Even the recent developments and deployments by the US have been openly

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192 “India, France “close” to nuclear deal, says Chirac”, *The Hindu*, (February 17, 2006).

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criticized by Russia. 194 In such a scenario, an Indo-US deal, in its political connotation has the character to bring unease to Russia. In this situation, Russia got two ways to react.

i. Overtly oppose the deal.

ii. Win a Cold War ally back by offering more conducive terms of cooperation.

So far, Russia has banked on capitalizing the opportunity. Russia’s overt response has been quite positive. Firstly it gives Russia a chance to enhance collaboration with India in the same arena on easy terms to offset threats of growing Indo-US nexus. Secondly, like France, Russia also has high material stakes in nuclear cooperation with India. Russia also has a big reactor’s industry. Russia has been a reliable partner of India in the development of her nuclear energy program. 195

It was only after the NSG’s decision in 2004 that Russia had to cutoff supplies to India and the trade in this sector broke away. 196 It is highly likely that once passed through NSG, the Indo-US deal will help Russia and India to enhance collaboration in this sector. Process has already begun in this regard. Russia has committed to resume the supplies of fuel for the Tarapur plant. 197 Also Russia and India have started negotiations for further cooperation in civil nuclear technology. The two have also signed a Memorandum of Intent (MoI) to build four additional reactors at Koondankulam. 198


Russia has officially endorsed the deal. However concrete steps on this MoI are subject to approval of India’s exceptional status by NSG members.

States falling in the middle category like South Africa and Germany had some reservations and the response was not positive initially. However, given India’s successful diplomatic maneuvering, both have assured support at NSG. Germany showed a relative unease over the deal due to her concerns regarding the Nonproliferation regime.

Germany was of the view that offering civil-nuclear cooperation to a Non-NPT member would encourage states to pursue proliferation. PM Singh himself made a visit to Germany and convinced the establishment of India’s nonproliferation record and responsible behavior. He reiterated that the only reason behind this deal is India’s energy requirement. Germany hinted at backing India at NSG.

South Africa, having a history of rolling back her nuclear weapons program also shared somewhat similar concerns. However, PM Manmohan Singh successfully mobilized the opinion of South Africa’s establishment in India’s favor during his visit in October 2006.

As far as the last category is concerned, it has states with varying apprehensions. There are those like Japan, Australia, and Canada who share serious reservations due to India’s nuclear weapons potential and sanctity of NPT. All these states have highly advanced nuclear energy programs but none of them has opted for nuclear weapons program. In their calculations, offering such a deal to India means rewarding her for staying out of NPT. A tacit recognition of

199 C. Raja Mohan, “India, Russia join hands on n-deal, put foot down on Iran”, Indian Express, (January 26, 2007).
201 Ibid.
203 “PM seeks South African help to push N-pact”, Hindustan Times, (October 01, 2006).
India as a NWS-that this deal implies- is not acceptable for any of these states.\textsuperscript{204}

However there are others like China, Pakistan and Iran who are uncomfortable with this deal for their own reasons. Publicly, these states have also shown mixed response. Their uneasiness is primarily a result of a number of those factors that go far beyond Nonproliferation. Each one of these states, in their own capacities face numerous challenges due to this deal, whereas, the opportunities are very few. Given the extremely critical nature of the possible ramifications, case of each one of these states is being assessed here individually.

\textsuperscript{204} For Australia see, “UK, Italy support Nuclear Deal, Australia guarded”, op.cit. For the reaction of Japan, Italy, & Canada see, Ahmed Rashid Malik, “Japan’s reaction to Indo-US N-Deal”, \textit{The Nation}, April 06, 2006).
Case of Iran

Case of Iran is highly significant. Though Iran, in this case forms a part of the peripheral zone, yet it has a direct connection with this deal for a couple of reasons. First of all, many in India, the US and in other parts of the world believe that Iran is one of the important factors behind US offer of this deal to India. The evidence is there not only in the Hyde Act but a number of statements issued by some highly influential politicians within the US congress. For instance, on the issue of passing a resolution against Iran at the IAEA, the US ambassador to India David Mulford was reported saying that the landmark Indo-US deal would die, if India does not back the resolution against Iran. He said, “I think Congress will stop considering the matter. I think the initiative will die in the Congress…”

US State Department Spokesman Sean McCormack, though, put the thrust of this stance on Mulford’s shoulders, he asserted that the US was willing to have India’s vote against a state that is pursuing nuclear weapons proliferation. He further admitted that the deal and the vote on Iranian issue are linked. He said, “Well, we deal with the Indian government on these two issues as separate issues…Certainly, they come up in the same conversation”.

The reason is quite obvious. At a time when the US is weary of a consistent resistance in Iraq and tired of Iran for a number of factors e.g. the current regime, its support to Hamas and HizbAllah, its suspected support to fighting guerillas in Iraq and those in Afghanistan, the US is strongly willing to isolate Iran. The biggest problem that the US faces in this whole scenario is the failure of economic sanctions. The US does not share trade relations with

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205 “US may pull out of N-Deal if India backs Iran”, The News, (January 26, 2006).
Iran. The major contributors to Iran’s oil income are Russia, China, India and few European states. China, Russia and India lie in the same region as is Iran.

It is therefore important to delineate these trade partners to isolate Iran. China and Russia sharing strategic interests with Iran are not prepared to play the willing partners for the US. India leaning closely towards the US for her own stature is seen as a plausible candidate by the US. Iran nonetheless appears prominently in the US strategic calculations; her position in the present Indian strategic milieu is quite ambiguous. It is India’s level of willingness to respond to the US expectations that is going to determine the implications of this deal for Iran.

Iran and India have enjoyed cordial relations in the past. They share a huge volume of trade. Previously India has been involved in assisting Iran in its nuclear program and finally they also shared common interests in some significant areas. These things brought India and Iran quite closer but the analysis about the present situation needs to be carried out in context of new realities that are either on ground or brewing up.

It is an accepted fact that many in India value Iran very high. There are political parties like BJP and Left Parties that strongly oppose any foreign policy shifts on Iran. And there are men on streets that support Indo-Iran ties strongly. However the present regime has its own way of weighing realities. Though the government publicly maintains that it is not going to make any shifts in its foreign policy under the US pressure and whatever decision the government shall take will be its own. The prudent decision making on Iran has been kept quite ambiguous so far.


Case of Iran

There were two occasions on September 24, 2005 and February 05, 2006, when India was to decide on vote, either in favor of Iran or against it, on nuclear issue. Both times the Indian vote went against Iran.209 This caused huge hue and cry in India. Masses protested on streets and the political parties also showed intense resentment.210 It was commonly asserted that the government did so under US command despite the fact that the government strongly denied this charge and proposed that it was basically in line with India’s goal of disarmament.

The possibility of such a diversion remains there for future. India may provide support to the US, simply on the pretext of pursuing higher goal of non-proliferation. Situation is not so simple. The US is serious about Iran. It has high hopes from India. Many analysts believe that the condition “of co-operation in joint military operations” laid in the Hyde Act may also mount the pressure against India in case of US decision to use force against Iran.211

As a matter of fact the government of India would not like to displease the US at one hand but it is not in a position to lose the vote bank either. In case of a policy shift the opposition parties would play on public’s pulse. Surrendering sovereignty is not easily acceptable for the Indian nationals however; there is an equal chance of molding public opinion.

In case the government itself desires, it may mould the common public’s opinion. Since the Indian public has a high level of liking for the US,212 given the two choices, they might possibly prefer the US. Some critics of the Indo-US deal spell out the fear of a backlash

209 C. Raja Mohan, “India votes to refer Iran’s nukes to UNSC”, The Indian Express, (September 25, 2005).
from the Muslims in India. Possibility of such a situation is also unclear.

However, it is important to calculate why and what could convince the government to shift its policy. First of all, in a given scenario of “either with the US or against US”, conveyed covertly by the US, India might prefer to side with the US having high faith in its towering clout, power potentials and material and technological benefits. Given the Kautaliyan dictums of foreign policy, it does not seem to be an impossible task.

Secondly, there is some divergence of interests between India and Iran. This is more clearly pronounced in an area where the convergence sounded too loud previously. It is about the interest game in Afghanistan. Previously both India and Iran were supportive of the Northern Alliance against the Taliban regime. Given the fact that Taliban had close association with Pakistan, India perceived them as a threat. Where as, Iran had an ideological clash which was more or less based on the ethnic distinction between the Sunni Taliban and the Shiite Iran.

In the present scenario Iran that opposes the US presence in Afghanistan is believed to be supportive of Gulbadeen Hikmatyar’s forces. It is no more a friend of the Northern Alliance. Evidently, Iran, a participant in the “great game” along with the US, UK, Pakistan, Turkey, China, Russia and India has her own interests in Afghanistan and Central Asian Republics.

India is playing safe with the Northern Alliance and is considerably increasing her influence in Afghanistan as well as Central Asia. A convergence of interest between the US and India and a divergence between Iran and India is therefore clearly visible in this equation. Finally, India might prefer to register its hyped commitment to non-proliferation and disarmament. In case, a pretext of alleging Iran over nuclear proliferation establishes, India might find it sound enough to legitimize her policy shift towards Iran on high moral principles.

Given the record of previous developments and the calculations of the possibilities discussed above, the prospects of India’s diversion from its policy over Iran cannot be entirely ruled out. Therefore it is
significant to calculate the implications of any such development. This may cause domestic unrest of a lower magnitude. The government may face severe criticism at home. Also the Muslim community of India in general and the Shiite community in particular may not support any such policy shift. At a broad level, the implications will be shaped by Iran’s reaction.

Any such developments undoubtedly shall not be welcomed by Iran. Iran that is striving hard to diversify its relations with states across the globe to prevent any kind of isolation attempt/chances of use of force by the US, would not find it easy to digest the loss of a big and friendly country so close to Iran.

Iran would definitely show some reaction. To top the possibilities, lays the likely cut off of oil supplies to energy-hungry India. IPI gas pipeline project may be one of the most likely targets. Any progress on that account may come to halt. This will have serious repercussions for India engaged in quick efforts to diversify her energy resources-base.

There might also arise a possibility of Iran’s involvement in covert intimidation of India, though not an easy task. However there are soft zones and loopholes where Iran may get a chance to play its cards and strike. One possible area could be to undermine Indian interests in Afghanistan, which is relatively easier for Iran to access due to its shared borders. Moreover, prevailing instability, fragmented society and the on-going insurgency creates the space for Iran to maneuver. Also the already growing Pak-Iran relations might get a further boost and develop into a nexus. This also will not be easily endorsed by India.

These things and others like the impact of Indo-US deal on China and Pakistan shall collectively contribute to shape unsettled strategic scenario. These developments have a potential to alter strategic alliances and shift balance of power.
While stating the significance of the deal the US has repeatedly emphasized on her security concerns and strategic objectives in Asia. This has been well-perceived by the strategic community in the US, India, China and Pakistan. However, high level of cautiousness has been observed so far within the official circles. Many believe (as discussed in detail in part 1) that this deal is primarily, meant to help India become strong enough to contain China. However both India and China have been quite careful in their diplomatic maneuvers.

India has out rightly rejected the possibility of US influence on her foreign policy. After the conclusion of deal in July 2005 and President Bush’s visit to India in March 2006, India assured both China and Pakistan that the deal is not meant against any of them.

However these kinds of statements are not substantive enough to be relied on. Even within India, there is a large group of academicians, analysts and strategists who are convinced that the China factor cannot be entirely ruled out of the equation, though, there is ambiguity even within India over how far India should and would be willing to go with the US over her policy towards China; there is no doubt on US motivations that have been quite vocally spelled out by the think tanks and newspapers within Washington as well as New Delhi.

Whether the US officials agree to this “China factor” or not, it certainly has to do much with the on going progress of Indo-US relations. Essentially in this case, as in the case of Pakistan, it is not all about the Nuclear Deal. It is rather a combination of developments including the NSSP, the Indo-US Defense Pact and the Nuclear Deal that help understand the complexity of the situation for China.
The deal along with the Defense Pact demonstrates the significance of India’s military modernization for the US. If it was just a civil nuclear deal, it might not have bothered China much, but the combination of events makes the process complex and critical. Under the Defense Pact\textsuperscript{213} India will get hold of the most modern military hardware and equipment in conventional field where as the Nuclear Deal shall give her a chance to rapidly develop nuclear weapons material and therefore add substantively to its nuclear weapons arsenal. The US willing to contain China would rather prefer to let India have a free hand thereby.

Moreover, Indo-US co-operation in space technology can bring a major set-back for China. India has a potential to develop missiles by transforming Space technology for civil purposes. India has already done so in the past.\textsuperscript{214} Its missile inventory has its origin in its civil-space technology venture with the US in 1960’s.\textsuperscript{215} An increased missile inventory with more accuracy and precision would surely be perceived as a threat by China.

Increased cooperation between the navies of the US and India is also noticeable. Both sides are holding joint Naval Exercises; also they are trying to enhance their influence in the Indian Ocean. This kind of cooperation along with anticipated joint actions under Proliferation Security Initiative (PSI) signals serious threats for the regional as well as peripheral states. PSI gives the two sides a right to interdict any ships or vassals passing through high seas on the basis of suspicion. This essentially gives India a higher political stature vis-à-vis other states including China. It also provides India with an instrument of coercion.

All these developments are not in China’s interest however, China has so far been calm. It has not shown an overt reaction. This is clearly in line with China’s conventional wisdom of “wait, watch


\textsuperscript{214} Sardar F S Lodhi, “India’s missile development with foreign assistance”, \textit{Defence Journal}, see at \url{http://www.defencejournal.com/aug98/indiamissiledevelop.htm}.

\textsuperscript{215} Ibid.
and calculate”. China is cautiously observing every movement, drawing her own strategic calculations. It is pursuing a policy of economic development by following peaceful coexistence. For all intents and purposes, China does not want to obstruct the process of her rapid growth.

Since the past few years China has been actively engaged in a policy of improving relations with India as well as the US. As far as the US is concerned, landmark achievements have been made in terms of bilateral trade. While, in case of India, lots of progress has been made on various contentious issues between the two sides. At the top of the list comes the negotiation process on the boundary issues. China has made sincere efforts to resolve the problem since she is committed to eradicate all impediments in the way of economic development.

Significant progress has also been made in terms of cooperation in military sphere. The two sides not only conduct joint military exercises but trade of military equipment also figures in the picture quite prominently. Apart from this past record of CBMs between India and China is also quite impressive. Presently, China on her part does not seem to be willing to spoil the progress made so far. China’s response to the Indo-US deal is also a clear reflection of this fact. Officially the only response that China has shown is that “China shall behave responsibly in NSG over the Indo-US deal”.217

The government of China has hardly made any statement. The only way to get a glimpse of how China is reading this deal is to assess the views reflected in Chinese electronic as well as print media. State controlled TV Channel and newspapers have shown cautiousness while attempting to address this issue. However, China’s People’s Daily, in one of its editorials wrote, “This would be a hard blow on America’s leading role in the global proliferation

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prevention system as well as the system itself”.218 It also pointed out that one of the major reasons behind the creation of NSG was India’s first nuclear test in 1974. The newspaper has not shown displeasure with India, however it has raised question on the US role in nonproliferation regime.219 Officially China has committed to show responsible behavior in NSG.220

However, it is not China’s but India’s way of valuing and weighting China that is going to determine the impacts of this deal for China. China’s response so far has only contributed to make India show an equal level of care and caution in her statements regarding China. Assessment of the ground realities is quite difficult here. India’s apparent position as well as the growing relations with China make one assume that India would not like to play against China. There are other reasons too.

For instance, some of the think tanks, scholars and analysts oppose the idea of playing for the US. It is believed that China being a neighbor is more significant for India than the US. Building up a hostile relation with China will hurt India’s domestic interests. An arms race in the region will squeeze India’s economy and the burden will fall on poor man’s shoulders. Given India’s present economic development, it is not in India’s interest to get engaged in any of those activities that are potentially destructive for her growing GDP.

Building up relations with China is also important because of the “Pakistan factor”. Previously the Sino-Indian hostility added a lot to help Pakistan knit closer ties with China that were not devoid of benefits. This is not in India’s interest. Growing bilateral ties between India and China have the potential to practically bring de-hyphenation in China’s policies towards India and Pakistan.

Government as well as scholars and analysts in India have been quite guarded. Though there is a common perception that the US is giving due importance to “China Factor”, most of the people in India do not want to follow this view. Even if the government has

218 People’s Daily, Beijing, (November, 2005).
219 Ibid.
220 Anil K. Joseph, op.cit.
got some under the cover clue from Washington, there is strong opposition to any such policy. One reason behind this opposition is India's urge to sustain her sovereignty. There are many who believe that endorsing any such policy under the US pressure will be equivalent to surrendering India's sovereignty and playing in the US hand.

However, India's interest in containing China cannot be so easily ruled out. The complexity of situation cannot be undermined. The growing bilateral trade between India and China, negotiations on boundary issues and military cooperation symbolize the truth of the day but the history of relations has never been so simple and positive. Beginning from the tensions over the boundaries in late 1950’s, the two sides fought a major war in 1962. A humiliating defeat of India at the hands of China left deep scars. During the phases of hostility China kept supporting Pakistan to strengthen her against India.

India in the backdrop of these events rejuvenated her military developments. The strain between the two remained very much there in the preceding decades. It was only in 1990s that efforts for improvement began. However mutual mistrust and suspicion could not be averted and the China Factor remained there in India's strategic calculations. India, when conducted nuclear tests in 1998, explained China factor as an instigating element behind this development.221

Given the changing circumstances and the politics of interdependence there had to be a shift in the policy making at both sides, however the apprehensions cannot be entirely ruled out, due to some potent reasons. For instance, undeniably China and India share economic interests, the two sides also have a clash over others. The agendas of both come in direct clash in South, East and Central Asia.222 Both are energy hungry growing economies. Both need to

221 “China is Threat No. 1, Says Fernandes”, Hindustan Times, (May 04, 1998).
enhance their influence in oil and gas rich regions of the world. This brings both in direct clash with each other.

Despite the official denial of any possibility of India’s involvement in China’s containment, chances cannot be left out of analysis. Opposition within India vis-à-vis containing China is on the ground of surrendering sovereignty and serving the US interest. But the question emerges, what if India finds it in her own interest to contain China? What if in India’s calculations it is perceived as convergence of interest and not as playing US stooge. These questions have the potential to translate the existing apprehensions into reality. The current of events is not in China’s favor.

Negotiations on boundary issue are over hailed to undermine the possibility of containment. India has failed to show the desired sincerity and commitment to resolve the lingering disputes so far. It is also argued that India’s economic priorities do not spare any space to get involved in these activities. The sanity of this argument is also questionable.

Presently, India might not be willing to get indulged in any such activity that has a potential to obstruct her economic development, it is yet another fact that India’s higher aims of playing a major power and more so of a hegemon might in the future dictate her to pursue this path. The government led by ManMohan Singh is weighing economy as most important but a new regime might not continue with the same policy. Also, India might be willing to apparently continue with her on-going policy towards China and covertly help the US extend her agenda of containment. China therefore has to be more cautious about the deal and the developments in the future to come.
The Pakistan Factor

Indo-US Nuclear Deal has no doubt direct impact on Pakistan for a number of reasons. Conversely, the official response from Pakistan was quite delayed rather passive.

Though the talk on Nuclear Cooperation between the US and India was visibly there even before the July Agreement, hardly any statement came up from the official circle in Pakistan. Also, the issue barely got any space in the print and electronic media. Moreover, whatsoever little response was there, it was quite positive.

Sensitivity of situation only gained momentum after the July Agreement. Though, Nicholas Burns recorded President Musharraf’s response to Condoleezza Rice’s call about the nuclear deal as “constructive and not overly problematic”. The newspapers began to give due attention to this issue. Pakistan officially took the position that a similar deal should be concluded by the US with Pakistan. This appeal was turned down by President Bush during his visit to Pakistan in March 2006. He negated the possibility of any such deal by referring to the A.Q.Khan’s proliferation saga. Cooperation was offered to Pakistan in many other areas but its denial in nuclear energy sector was perceived as humiliating, if not much officially but strongly at the domestic level.

Since then both the government and media are voicing their

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226 Ibid.
concerns in all possible manners. Ryan Crocker (the Ambassador of the US to Pakistan) was asked to comment on the denial of such a deal to Pakistan. He said that Pakistan’s energy need assessment and calculations, unlike India did not give due weightage to nuclear energy. He further added that cooperation has been extended to Pakistan in other areas - areas that were identified by Pakistan herself as potential ones. Crocker obviously sounded reasonable than President Bush. However none of the arguments were to the satisfaction of Pakistan’s concerns.

Pakistan started making efforts to negotiate an increased cooperation in nuclear energy sector with China. The issue was vividly taken up at the occasion of President Musharaf’s visit to China in early 2006 and reinforced on the eve of President Hu Jintao’s visit to Pakistan near the end of the same year. Developments are taking place in this regard. Also, the analysts believe that the approval of Indo-US deal by NSG will make it easy for China to conclude a similar deal with Pakistan.

In any such scenario, both Pakistan and China will get benefited. For instance, such a deal would help Pakistan meet her growing energy needs. It will give more strength to Pak-China bilateral relationship. In case India considerably adds to her nuclear weapons inventory, Pakistan also would have means at her disposal to avert the mounting pressure. China that might perceive a possible threat of containment from growing Indo-US nexus would get an outlet to offset any imbalance in the region.

However, it will need time as well as much serious calculations of all possible threats at both sides. Given the present circumstances and the ongoing developments, some of the ramifications for Pakistan are apparently conceivable, especially at political, military and strategic levels.

227 Joint Talk held at the National Defence College, Islamabad.
It is important to understand that the repercussions on Pakistan can only be properly assessed by having a look at the nuclear deal and the 10 year defence agreement signed between New Delhi and Washington in combination. Both the US and India are two among few of the most critical states in Pakistan’s foreign policy. Historically, Pak-US relationship has been a hostage to swings. The Cold War politics made Pakistan a strategically significant state for the US at a couple of occasions. However, the end of Cold War exposed that Pakistan figured in the US calculations for short term goals. The unreliability of the US as an ally was well-perceived by Pakistan but the significance of the US in a uni-polar world order rather enhanced.

In the post 9/11 scenario, when the US asked Pakistan for support, Pakistan had no other options but to agree. Again the bilateral co-operation between the two sides grew, this time with the assurances of consistency from the US. Pakistan hailed this partnership and reaped its benefits in the form of economic gains and getting hold of advance military technology.

This collaboration though brought some gains but also added a lot to Pakistan’s sufferings at the domestic scenario. Fragmentation within the state’s societal structure and intra-state terrorism has emerged as major challenges. Pakistan needs much more to meet these problems. In such a scenario, while coping up with the internal security and securing the western border with a heavy bulk of forces deployed there, Pakistan essentially needs security of the eastern borders to stay intact. In this situation, Pakistan cannot bear the threat posed by any kind of imbalance within the region especially vis-à-vis the eastern border.

Washington has claimed to pursue a policy of de-hyphenation in case of her relations with India and Pakistan, it is practically impossible to compartmentalize the implications in both cases. Although, a peace process is going on between Pakistan and India, it has so far failed to materialize in viable terms. A number of CBMs have been signed and Track I and Track II diplomacy is moving.

\textsuperscript{230} Nicholas Burns reported as saying so in “Pakistan unlikely to get N-accord similar to US-India deal”, \textit{Dawn}, (July 26, 2005).
ahead yet the pace is desperately slow. There has hardly been any success in terms of core issues so far. In such a situation mere peace process fails to provide sufficient guarantees to eradicate mistrust and mutual suspicion.

Given the hostile history, marked with three major wars, a near war, phases of high escalation periods and exhausted efforts of dialogue, there remains little to avoid apprehensions in unlikely circumstances. What adds more to it is India’s consistency in alleging Pakistan over cross border terrorism at the international forums.231

Having these kinds of fragile relations, it is but natural for Pakistan to keenly monitor all those developments that have the potential to upset the balance of power and bring instability in the region. In this situation the much pronounced de-hyphenation by the US becomes immaterial. Even if the US begins to take the two sides separately, ramifications of any such development are impossible to avert. Moreover, India herself cannot pursue this relation on the lines of de-hyphenation.

For instance, on the eve of the July Agreement 2005, Indian PM ManMohan Singh unnecessarily mentioned Pakistan in his statement and tried to malign Pakistan’s image by quoting the A.Q. Khan’s proliferation episode.232 This was a clear manifestation of the fact that India cannot keep “The Pakistan Factor” aside especially in her dealings with the US. One possible reason could be India’s insecurity during the high phases of Pak-US relations in history.

A de-hyphenation phenomenon is also flawed in Indo-Pak situation for another reason. Any gains made by either state, from political to military technology has a direct bearing on the other side. This mounts the pressure and adds to the existing problems between the two.

The US defines her co-operation with India as an outcome of

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232 See “Text of Indo-US Joint statement” issued after the delegation-level meeting between the Prime Minister, Dr. Manmohan Singh and the US President Mr. George W. Bush, in Washington DC on July 18, 2005.
“Strategic partnership” that the two are building up. While Pakistan, a Non-NATO ally is considered significant due to her well needed support in the war on terrorism. From the definition of the nature of these relations to the differences between the practical steps of cooperation extended to both sides, each factor has its implications.

Since the subject matter here is the Indo-US nuclear deal, therefore, the possible ramifications would be discussed particularly in this context along with brief reference to the 10 years defense agreement concluded between India and the US, as it has a connection with the overall calculations.

At the political level, this deal has reinforced the importance that the US confers on India. The official statements by Washington repeatedly refer to the US desire to make “India a major power”. Pakistan on the other hand is treated merely as a supporting channel. This kind of discrimination has enhanced India’s prestige manifold.

Though the significance of India in World politics cannot be singularly attributed to India’s bilateral relations with the US and it is an undeniable fact that India has always held a prestigious position on the international political stage due to her own active diplomacy. Yet it is an equally irrefutable fact that the growing relation with the US has added much more to India’s significance especially for the US allies.

Pakistan’s prestige has come at stake in this particular context. A direct outcome is a strained domestic environment where the pressure has considerably increased due to popular dissatisfaction over the US discriminatory policies towards Pakistan. Gary Milhollin in his testimony to the US Senate Foreign Committee sensed this quite vividly.233

Also the displeasure is apparent in public forums, reports issued by Pakistani think tanks and print & electronic media.234 However,

233 For the statement see ref no # 186.

these kinds of impacts can be disregarded if the substantive developments are not apparently visible. But the problem with the Indo-US nuclear deal along with the 10 years defense agreement is that its military implications are highly potent and potentially destructive for Pakistan’s basic stakes like security.

First of all, the concern over diversion of fuel from civilian facilities to the military ones is extremely serious and cannot be neglected merely on the assurances provided by India and the US. There are a number of reasons. Firstly, India’s previous record brings the credibility of any such assurances into question. India diverted fuel from CIRUS and Tarapur reactors both provided under the conditions of safeguards and assurances against diversion.\textsuperscript{235} Likelihood of these developments cannot be denied merely on the ground of commitment by states as well as IAEA’s role as a watchdog.

As far as the commitments are concerned, they become more questionable in case of India. Kautaliyan dictums dictate the message of real politics and the stature of Kautaliya in India’s Strategic thinking is very clear. Moreover, Indra Gandhi in one of her statements said that given the capabilities, intentions can change in moments. Policies driven by this psychology may not really bother about the assurances on “diversion”.

So far as the role of IAEA is concerned, again complete trust cannot be put in. It is not the intention of IAEA’s inspectors that is suspected but the limitations like limited resources become major constraints to work efficiently and affectively. IAEA is facing some serious problems in terms of shortage of personnel as well as money to carryout frequent visits in worldwide nuclear facilities. Moreover, the occurrence of special cases like the ongoing nuclear standoff in Iran and problems in North Korea, make the situation all the way even worse. In such circumstances it is implausible to expect that the IAEA inspectors would be able to give enough time to India.

In case India contributes to the IAEA’s finances to help her undertake these responsibilities, IAEA would directly get influenced

\textsuperscript{235} See ref no # 39.
by what is called “the Donor’s Pressure”. Therefore a thorough process of safeguards to prevent diversion seems highly impractical. This becomes more obvious by casting a look on the Hyde Act. Thorough reading of Hyde Act gives a fair idea of the fact that the US realizes the possibility of diversion and the credibility of IAEA safeguards is not trustworthy.\textsuperscript{236}

Another possibility arises because India has an open choice to declare some of her facilities as civil and others as military. On one hand the military facilities are not subject to safeguards on the other hand separation is planned in a phased manner and the time span decided by India gives her a fair opportunity to exploit leverages. But even if the diversion issue is taken out of the picture, the complexities are not easy to minimize.

India, for instance, by relying on the foreign supplied fuel and reactors for power generation would get a fair chance to spare her own potentials solely for military purposes. This would help India tremendously to add to her nuclear weapons arsenal.\textsuperscript{237} This along with the Indo-US space cooperation agreement will pave the way for India to develop more high quality and long range delivery means.

An inventory of huge number of nuclear weapons along with better delivery means is essentially destabilizing for Pakistan as well as the whole region. Pakistan, following the policy of minimum credible deterrence would be unwillingly dragged into an arms race, bearing the burden of which is not easy for Pakistan. Its growing economy cannot afford to face any kind of obstruction. Essentially a higher defence budget would not only hinder the economic growth, its repercussions would directly add to poor man’s burden.

An already fragile domestic scenario cannot afford these problems. Men on the street already have their grievances; an increased economic burden will raise their frustration and will cause

\textsuperscript{236} For details see ref.no # 142, P.53.

\textsuperscript{237} See, PM Shaukat Aziz’s views cited in “Indo-US N-deal gives Pak PM heebie jeebies”, \textit{The Times of India}, (January 31, 2007). Also see, Naem Ahmad Salik, former director of Arms Control and Disarmament Affairs at the Strategic Plans Division of Pakistan’s National Command Authority reported as saying so in a presentation made in the US, cited as “India wants to use indigenous uranium for mly purposes: Scholar’s presentation at US institute”, \textit{Dawn}, (March 14, 2006).
more instability resulting in intra-state security problems. Possible fall-outs are therefore much more expansive and exhaustive than anticipated.

Apart from this, the defence pact is going to help India add a lot to her already big conventional armory. This will also give India a chance to improve upon the quality of her existing equipment. Pakistan that has a comparatively much smaller force has so far relied on quality and minimum nuclear deterrence. An India having superior technology, conventional disparity, large number of nukes and high-tech delivery means will be better placed to pose serious threats to Pakistan's security. India's growing potentials will encourage her pursue aggressive policies like “Cold Start”\textsuperscript{238}.

A vulnerable Pakistan, left with no other choice will bank completely on her nuclear weapons for security and strategic purposes. This will lower down the threshold level to a highly fragile condition. Peace and stability in South Asia would come directly at stake and the threat of a nuclear war will loom larger.

Apart from the deal itself few of the conditions set in the Hyde Act for the implementation of this are highly upsetting for Pakistan. For instance, Hyde Act asks India to cooperate with the US in her Proliferation Security Initiative (PSI) that authorizes a state to interdict ships and sea-vassals on the basis of suspicion. This obstructs the free movement of ships and put undue pressure on states.

India pursuing her plans of establishing blue water navy once given the authority to interdict will pose serious challenges to the states that carryout trade via Indian Ocean. Pakistan being one such state will also come under undue stress. These developments along with the growing Indo-US bilateral ties and nuclear cooperation have already added a lot to India's confidence. Her bargaining position is strengthening vis-à-vis Pakistan which is potentially destructive for the ongoing peace process.

The impacts have already started brewing up. India is turning more and more rigid day by day. All proposals submitted by Pakistan

so far have been turned down. India’s insincerity with the peace process is becoming highly visible. One may argue that this has nothing to do with the Indo-US nuclear deal but the argument is not adequate. A clear connection becomes visible if one compares India’s response to the peace-process in early days and now.

Initially Pakistan-US nexus worked well in Pakistan’s favor. The change in US policies and the discrimination between India and Pakistan is contributing to India’s growing rigidity. Obviously, it is not the only reason behind the stalemate in Peace Process but it could be one of the many reasons contributing to the ongoing problems. The argument can neither be out rightly rejected nor fully accepted.

One final and most important possible implication for Pakistan is concerning the FMCT. While describing policy with respect to South Asia, the Hyde Act says, “Achieve at the earliest possible date, a moratorium on the production of fissile material for nuclear explosive purposes by India, Pakistan, and the People’s Republic of China”. This clearly indicates that the pressure is going to mount on Pakistan regarding the fissile material production. The US may place any such condition on India in return of the huge incentives offered to her, however bringing Pakistan in the same line without any benefits is unreasonable.

Pakistan needs to calculate the situation carefully. Getting a deal similar to the one negotiated between India and the US may not serve the interest of Pakistan well in the present situation. Pakistan needs to keep her focus on the ongoing policy of diversifying relations across the globe with special focus on regional as well as peripheral states. Pakistan should also pay more concentration to the expansion of her resource base.

A consistency in economic development shall help Pakistan raise her stature manifold. This will also attract the attention of investors across the globe. Pakistan also needs to stay diplomatically active at all international forums in general and those working on nonproliferation in particular. These steps may help Pakistan offset the growing pressure due to swings in regional situations.
Alterning Strategic Positioning & Shifting Balance of Power

Changes in geo-strategic positioning and inter-state tensions are the most consistent of all trends in international politics. Strategic positions alter due to a wide range of internal and external factors, mainly because of politico-economic interests, alongside foreign policy objectives. There exists, almost consistently, an unsettled phase that lies in between the actual shifts. Or in other words, there are incremental stages that warrant salient mention because they maneuver transitions, albeit gradually, towards forming alliances or confrontations.

Indo-US nuclear deal along with the growing Indo-US nexus offers one such set of events that has begun to illustrate unsettled and stressed inter-state relations, causing changes in strategic positioning as well as shifting balance of power.

Though, this region has witnessed major shifts in the regional political scenario since 9/11, beginning with the War against Afghanistan, succeeded by one against Iraq, now an increasing partnership between India and the US, followed by a controversial nuclear deal is unfolding new realities. A whole new picture has emerged resulting in a new set of policy arrangements for all states within the region.

Immediately after 9/11, Pakistan’s position for the US enhanced magnificently. Pakistan’s much needed support was sought by waiving all sanctions and pouring in huge amount of material support by the US. Status of major Non NATO Ally was also conferred to Pakistan. Pakistan’s concerns were well-heard and weighted in many quarters of Washington. Many speculate that the end to Indo-Pak military standoff (2001-02) and the initiation of peace-process between India and Pakistan has also to do much with the growing
Pak-US relations at that time. Moreover, US mild reaction in the immediate aftermath of the disclosure of A.Q.Khan Saga is thought to be a consequence of the same reason.

These developments were much to the unease of India. India kept playing her cards. The idea of diverting US attention to bring Pakistan into the ambit of “states sponsoring terrorism” failed to materialize in the early years. India worked out on active lobbying to expand her bilateral ties with Washington. Moreover, Northern Alliance’s coming into power in Afghanistan went to India’s advantage.

Pakistan, despite welcoming the regime, was never trusted by Karzai’s regime. Initially some cosmetic steps were taken to generate goodwill, the memories of Pakistan’s opposition to Northern Alliance and support for Taliban pre-9/11, however remained fresh in the minds of Northern Alliance’s leadership. This helped India get closer to Afghanistan thereby increasing her influence tremendously. A growing partnership with the US made the job easier.

On the other hand, presence of US forces in Central Asia raised serious concerns in Russia and China. Both these states began their own efforts to minimize the influence of the US in the region – that made a big part of their area of interest. Both these states got actively engaged in diplomatic maneuvering in South, Central and West Asia.

As far as the case of Iran is concerned, the war in Iraq was taken seriously in Iran’s strategic circles. The threat by the US was escalating and Iran had to build her defenses. Iran, facing pressure on the issue of nuclear proliferation, reassessed her needs and consequently tried to strengthen her relations with existing partners like China, Russia and India. An agreement on strategic cooperation was also signed between India and Iran in 2003.\(^{239}\)

All these developments were taken seriously in the policy-making

\(^{239}\) See “Memorandum of Understanding between the Government of the Republic of India and the Government of the Islamic Republic of Iran on Road Map to Strategic Cooperation”, President Mohammad Khatami’s Visit to India 24-28 January 2003 New Delhi, see at http://meaindia.nic.in/event/2003/01/25events01.htm#3.
quarters of Washington. The US had few priorities in her agenda. These included a continuous presence in Central Asia, growing influence in Indian Ocean, containment of China and isolating Iran. For all these reasons, previous policies were not paying enough. Though, the Indo-US bilateral relations were already growing, there is a possibility that the above discussed calculations added a lot to New Delhi’s existing significance for Washington.

First of all, the US agenda in Afghanistan was not materializing despite Pakistan’s all possible support. Karzai’s blame-game added more to spoil the mix for Pakistan. On China’s front, Pakistan was essentially not willing to play containment; India having a history of hostility was thought to be an appropriate candidate by the US. India’s growing political and economic clout was also perceived as useful to serve interests of the US in Indian Ocean. And finally US needed the support of at least one of Iran’s major partners to implement the policies of weakening and isolating Iran. China and Russia were not to side with the US, given their clash of interest in and outside the region. India was possibly considered as relatively flexible. Moreover, IPI gas pipeline also goes against the interest of the US. India being a major party state was therefore thought to be the most relevant state to hurt Iran at financial level.

These issues motivated the Neo-Cons to offer India with a lucrative deal. The deal offering India a break away from the decades old nuclear apartheid probably turned out to be the most suitable incentive. The deal though in progress, has already started affecting the strategic positioning across the region and its periphery.

The US now closer to India than ever before, has started exerting pressure on Pakistan. Acknowledgement of Pakistan’s support in War on Terrorism is fading out. It is replaced with new sets of allegations and accusations. Pakistan is being asked to do more – probably beyond her capacity. Security situation is turning fragile in the region. Pressure on Pakistan is mounting from both Eastern and Western borders. Peace process between India and Pakistan has come to an impasse. India is probably looking for a suitable window of opportunity to enhance her bargaining leverage vis-à-vis Pakistan.
There is also a major shift in Pakistan's foreign policy. Pakistan is vigorously pursuing policy of diversification. There are clear evidences of Pakistan building ties with few of those states that the US shares hostility with. Case of growing ties with Uzbekistan, Iran and Cuba are clear manifestation of this fact. Pakistan's relations with China are getting stronger and there is a tremendous growth of her relations with Russia. Previously hailed Indo-China-Russia Troika is not much on the cards these days and stronger Indo-Iran relations have also been affected badly by the deal. Though the two sides do not acknowledge this fact officially, there are visible signs of strain at both ends.

India enthusiastic about the nuclear deal foreseeing a fruitful strategic alliance with the US has shown deviation from previous policies regarding Iran. India's vote in favor of the US stance to send Iran's case to the UNSC is one of the most significant steps taken in this regard. Also, given the fact that the US administration severely opposed and criticized the presence of President Mehmoud Ahmeddinejad in the 10th SCO summit last year, neither the President nor the PM of India attended the conference. In the midst of the heads of states of all member and observer states, India's nominal representation was made by its Petroleum Minister. IPI gas pipeline negotiations have time and again become a hostage to India's growing rigidity. Finally, India has also endorsed the...


241 For China see, ref. no # 228 & 229. For Russia see, “Russia, Pakistan Agree To Promote Ties”, (November 16, 2006), see at [http://www.rferl.org/featuresarticle/2006/11/be34ee0c-b6e1-45f3-b5d5-cfe85967c85a.html](http://www.rferl.org/featuresarticle/2006/11/be34ee0c-b6e1-45f3-b5d5-cfe85967c85a.html).

resolution of UNSC on sanctions against Iran.\textsuperscript{243}

All these developments clearly indicate the growing rift between Indo-Iran relations actually led by a shift in India’s alliance. It is believed that the new convergence of interests between New Delhi and Washington is going to further enhance the gulf between India and Iran.

Though this convergence has distanced Iran and India it has made a rippling effect in the region by bringing Iran and Pakistan closer together. This emerging link is clearly reflected in a number of policy decisions taken by both states. For instance, Pakistan abstained from casting its vote over the issue of sending Iran’s case to UNSC.\textsuperscript{244} Also Pakistan openly condones the idea of “Use of Force” against Iran.\textsuperscript{245} Another visible sign of change was observed when Pakistan alongside China, Russia and others welcomed Ahmeddinejad’s presence at the SCO summit despite severe opposition of the US.\textsuperscript{246} Pakistan’s President Pervez Musharraf held a meeting with Ahmeddinejad on the sideline of the summit, to explore possibilities of strengthening Pak-Iranian ties. There seems a rise in diplomatic interactions between the two sides.\textsuperscript{247} Finally, Pakistan’s commitment to IPI pipeline project also signals growing seriousness in Pakistan’s relations with Iran.\textsuperscript{248}

Correspondingly, Iranian leadership is perhaps more enthusiastic

\textsuperscript{243} “India imposes ban on nuclear trade with Iran”, \textit{The Hindu}, (February 22, 2007).

\textsuperscript{244} Cited in Shireen M. Mazari, “India Locks into US Agenda”, see at http://www.pakistanlink.com/Commentary/2005/Oct05/07/01.HTM.

\textsuperscript{245} “Pakistan opposes use of force against Iran: PM”, \textit{The News}, (March 19, 2007), see at http://www.thenews.com.pk/daily_detail.asp?id=46324. Also see “Pakistan opposed to ‘use of power’ against Iran: Kasuri”, (September 27, 2006), \textit{Pakistan Link}, see at http://www.pakistanlink.com/Headlines/Sep06/27/09.htm.

\textsuperscript{246} “Shanghai summit opens with Iran crowding the agenda”, (June 15, 2006), \textit{Channel News Asia}, see at http://www.channelnewsasia.com/stories/afpasiapacific/view/213789/1.html.


about reshaping her relations with Pakistan. The Iranian first Vice President and Foreign Minister both visited Pakistan within one week last year,\textsuperscript{249} clearly reflective of the position Pakistan holds for Iran these days. The Foreign Minister of Iran Manoucher Mottaki during his visit to Pakistan categorically stated that Iran realizes that the gaps between the two states in the previous decades need to be necessarily bridged.\textsuperscript{250} For this purpose both states have agreed to cooperate at multiple forums. Though, these steps are more symbolic than substantive, the shifts can not be ignored. It seems as if there is a clear realization on the part of Tehran as well as Islamabad that both of them share a convergence of interests in certain areas and this might provide them the necessary push to build up a closer relationship.

These shifts clearly reflect the severity of situation. Also the deal is potentially strong enough to shift balance of power within this region. For instance, India's growing political stature, military capabilities and nuclear weapons have a direct bearing on Pakistan and China. As far as the case of Pakistan is concerned, India's growing capacities are potentially destabilizing. Pakistan has put a lot of effort to maintain nuclear deterrence in order to offset the pressure of India's conventional superiority. A quantitative and qualitative growth in India's nuclear inventory may make the existing equation of deterrence irrelevant. This will instigate Pakistan to develop her weapons capability causing an arms race. The balance of power so delicately maintained shall upset. As far as the case of China is concerned, the quantitative increase in India's existing arsenal may not make a big difference however, the qualitative up gradation of India's delivery means may upset the balance of power.

There is also an indirect effect which is potentially catastrophic.


\textsuperscript{250} Manoucher Mottaki, Iran's Foreign Minister during his visit to Pakistan said so in an interview telecasted on a state TV show “World View from Islamabad”, on May 29, 2006.
This deal may provoke Iran to quickly pursue a nuclear weapon option, since it enforces in the minds of many, the old dictum of “might is right”. Given this belief Iran may opt for a speedy acquisition of nukes. Any such development may have far-reaching impacts as already evident by the statement issued by Gulf Cooperation Council (GCC). GCC announced that it will work for the development of nuclear technology.251 This may have a spiraling effect causing instability and insecurity. All these things need to be taken into account before implementing the deal.

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**Conclusion**

This paper opts to draw conclusion in the direction of the questions raised in the introduction. It shall help sum up the details described and explored in this paper. This paper asserts that Indo-US nuclear deal does not indicate a sea-change in terms of bilateral relations between the US and India. Relations of these states are filled with internal contradictions therefore diversion is a pattern in this regard.

This deal has a strong connection with Atoms for peace program in a number of ways. It is not only the idea of cooperation in nuclear energy sphere that this deal has derived from the Atoms for peace; there are other common elements too. For instance, both ideas have a linkage with the foreign policy objectives. Though debatable and highly questionable the two also speak of Arms control and non-proliferation as one of the major objectives on the policy agenda behind this cooperation. Unites States, for instance, has build up a case of utilizing this deal to accommodate India in the formal structure of Nonproliferation regime. However, the very next question that follows this situation is “Why India” and Why exceptionalism for India?

This raises serious contradictions within the arguments propounded by the Bush Administration. These arguments list special goals in this regard, including, “helping India become a major power”, “assuring supply of clean energy to India, thereby reducing her dependence on oil”, “economic gains”, and “accommodating India in nonproliferation regime”. However, these answers are not satisfying enough for the opponents of the deal, the antagonists and stakeholders. Rationale behind these objectives is criticized by many.

The US officially maintains that these objectives are highly significant and that the Indo-US nuclear deal shall serve these
interests. However, two among these objectives have become subject to wide scrutiny and criticism. Firstly, critics argue, “Why to help India become a major power and against whom? Secondly, “Why to accommodate only India in such a privileged manner – a manner that is no less than a tacit recognition of India as a nuclear weapon state”?

The reasons explained by Bush regime are not convincing enough for many in Washington as well as South Asia. Many in South Asia believe that the US intends to build India serve her interests in South and East Asia. At the top of agenda presently lays gaining support of India vis-à-vis Iran and later to contain China too. Also the US aims to exert her influence in Indian Ocean with India's assistance.

As far as nonproliferation is concerned, it has always been a hostage to the political interests of major powers. The US is fully aware of India's capabilities to divert fuel for weapons purposes. Though, a mechanism of Separation Plan is already on the table and an India specific IAEA Safeguards Agreement has to come soon, it is still possible for India to divert her indigenous fuel to her weapons program.

Separation Plan tabled by India underlines a phased approach for the division of India's civil and military facilities. This plan spans over a time-table of more than seven years. This time is sufficient for India to accommodate her weapons program with the structural changes. This deal has invited wide criticism from various quarters within Washington and New Delhi. Essentially both sides have their own issues and concerns.

Within the US, severest of criticism has come from the opponents of nuclear proliferation. They do not put trust in the Bush Administration's claim to gain nonproliferation objectives through this deal. Supporters of nonproliferation argue that this deal over-writes NPT and therefore, may provide legitimate justification to all those who bear good record of nonproliferation. There are others who believe that this deal is against the US national security-contrary to a point well propagated by the Bush regime as an important reason behind the deal. Promoting national security
interest by committing such an expansive deal with India shows that the US connects India with some of her higher interests within South and East Asian region. This implies a number of things that have potential repercussions on relevant regional states.

Also, it is believed by many in the US that the US is not even going to win the economic benefits. It is widely speculated that India will get the doors opened to international markets and shall latter win the advantages of easily available less expensive technology from other states.

As far as India’s motivations and apprehensions are concerned, there are pockets of clarity and others of ambiguity. Few things for instance, are quite obvious in this regard. India has a shrewd diplomacy. The US, given her present position in the globe, stands higher in India’s calculations and it is critically significant for India to win the US support however, it is still unclear for how far is India going to be prepared to give away in her relations in other directions.

India has many reasons to be with the US. The US has a strong presence near Indian borders. Her military technology is essentially much superior to others. The US role in UNSC adds to her significance given India’s willingness to attain a permanent seat in Security Council. Also, India wants to keep herself politically and militarily stronger in comparison with Pakistan and China.

As far as “energy needs” are concerned, they cannot be undermined. India is expanding her resource base however; India’s previous record does not guarantee expected success in this field. India wants to bring an end to decade’s long nuclear apartheid possibly to have a chance to accumulate fuel in order to increase her weapons stock. India is not prepared to close options for further development in her weapons inventory. The proceedings in Lok Sabha and follow up by the government clearly enunciated the underlying spirit, prevalent in India’s calculations.

Another significant point is to look at the deal as an instrument of foreign policy for India. India is playing to win time in her favor and has done wisely so far. However the chances of obstacles and challenges in future can not be fully eradicated. Officially,
India states that she is not ready to compromise her foreign policy objectives. Nevertheless there are two possibilities in this case. India may find convergence of interest with the US in her objectives vis-à-vis China, East Asia and also in Indian Ocean (at least for the time being). Secondly, India may be miscalculating the situation. There is a strong perception in many of the Indian quarters that the US is so willing to get this deal done that India has a good bargaining leverage. India, on this account, may be planning to dodge the US in case of China.

It is a matter of fact that so far the US has shown much more flexibility than India. It is also highly likely that India won’t need to compromise her nuclear weapons capability (that probably the Bush regime does not even practically intend to). But there could be serious differences over foreign policy objectives and definitions of intricate terminologies. In any such case the situation may not be that easy for any of the contending parties. Here it is important to be noticed that the US is not a highly reliable partner. India may therefore face some difficulties in this regard.

One possible area is Iran and the IPI pipeline. India had to comply with the US demand on “voting issue” against Iran. Pressure would certainly stay there in case of a decision of use of force. At the domestic scene, situation is not going to be easy to handle. It shall also impact the internal political dynamics and the results of elections. India has been a strong chanter of high morals like “multilateralism”, “nonalignment”, “self reliance” and integrity of sovereignty.

It is though understandable that the real politik dictates the wisdom of manipulating every given situation in one’s own favor by all possible means, it is another issue that the deal has exposed internal contradictions in India’s policy. The government of India has faced severe criticism from the left wing parties for the same reason.

As far as the issue of nonproliferation is concerned, it may not really be significant in the Neo-Cons agenda; but a regime change may bring serious repercussions for India in this regard. India may have to face a situation similar to the culmination of Tarapur deal.
Issues that are resonating high in present regimes may not have an equal significance for its successors in both Washington and New Delhi. These things may have a serious bearing on Indo-US nuclear cooperation.

These assumptions may take some time to translate into reality. This essentially will give India a big chance to access international market for her required fuel. India may build up a reasonable quantity of reserves as already spelled out, under the pretext of assuring continuity of supplies. Any such situation will have its implications on the regional scenario. Already the growing Indo-US relationship has catalyzed the process of altering strategic positioning, it may add a lot to shift the balance of power.

Given these realities, the nonproliferation regime, China, Iran and Pakistan are likely to get affected to the most. Global reaction to this deal varies from state to state in accordance with the policy priorities and interests involved. States like, UK, France and Russia having a better option to exploit Indian market have welcomed the deal. Others like Japan, Italy and Netherlands etc have shown reservations. Pakistan, China and Iran have shown a guarded response. However calculations have been widely made to assess the possible effects of this deal in all these three cases.

Analysis of international politics via the prism of realpolitik shows that there is no dearth of contradictions in intra and inter state relations. The Indo-US nuclear deal is a manifestation of one such set of contradictions. Endorsed in the foundation of the promotion of not only the US strategic objectives within Asia but also the non proliferation agenda, this deal fails to provide a satisfying mechanism to achieve the latter objective. On contrary, it gives rise to some of the extremely controversial questions, satisfying answers to which are still awaited.
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