



CARNEGIE ENDOWMENT
for International Peace

POLICY OUTLOOK

Carnegie Nonproliferation/South Asia

September 2005

Faulty Promises

The U.S.-India Nuclear Deal

By George Perkovich

At their July summit meeting in Washington, D.C., U.S. President George W. Bush and Indian Prime Minister Manmohan Singh announced potentially major departures in U.S. and Indian nuclear policies. President Bush promised to win congressional approval to change U.S. nonproliferation and export control laws and policies that heretofore have blocked full nuclear cooperation with India. In seeking to end restrictions on such cooperation, the United States wants India to be accepted globally as a responsible possessor of nuclear weapons even though India will not join the Nuclear Non-Proliferation Treaty (NPT). For its part, India committed to “assume the same responsibilities and practices” as the acknowledged nuclear weapons states. This includes distinguishing India’s military nuclear facilities from civilian ones and putting all civilian facilities under International Atomic Energy Agency (IAEA) safeguards. India also agreed to extend its moratorium on nuclear testing.

The nuclear deal was hatched by a handful of top officials from both governments. The key U.S. officials involved—Secretary of State Condoleezza Rice, Undersecretary Nicholas Burns, and counselor Philip Zelikow—minimized interagency review, congressional briefings and international consultations. Rice, Burns, Zelikow, and, ultimately, President Bush had made up their minds to lead a bold departure from long-standing policies toward India and toward U.S. and international rules governing nuclear technology commerce. They knew that extended vetting would suck the boldness out of their strategy. They wanted to move quickly to herald their new initiative during Singh’s state visit to Washington and to enable implementation to begin in time for President Bush’s expected visit to India in early 2006.

The authors based the new U.S. strategy on six fundamental premises, which may or may not be widely shared throughout the U.S. government:

1. To dissuade or prevent China from competing harmfully with it, the United States must mobilize states on China’s periphery to balance Chinese power.

2. India is a rising power with great intrinsic merits, including its attachment to democracy, and is a natural partner with the United States in the global system. The United States should cultivate a partnership with India and enhance India's international power. A more powerful and collegial India will balance China's power in Asia.
3. To win over India, the United States should change national and international laws and rules that bar technology cooperation with India due to India's nuclear-weapons and ballistic missile programs. Changing these rules is necessary to cement the partnership, and such changes also will help India bolster its strategic capabilities, including nuclear weapons and ballistic missiles, which will further balance China's strategic power.
4. India will have to increase its use of nuclear energy in order to fuel economic growth and reduce its rate of greenhouse gas emissions.
5. India never has been a threat to the United States or the liberal international system. India's possession of nuclear weapons breaks no international treaty. India has been a responsible steward of nuclear technology, material, and know-how. India is not a proliferation threat that a smart counterproliferation strategy must combat; rather it is a partner to cultivate in isolating terrorists and "rogue" states that are proliferation threats. India's exclusion as an accepted nuclear- weapons power is a historical anomaly that should be corrected.
6. The established global nonproliferation regime is predicated on rules that do not sufficiently discriminate between bad actors and good actors. Universal equal compliance with rules will never happen because bad guys will always exist and cheat. The objective should be not to constrain or burden good actors, including the United States and India, but rather to concentrate power on removing or nullifying bad actors. If negotiation and enforcement processes are hung up on equal treatment and mutual obligations, they are a waste of time and political capital.

The lack of extended review and consultation within the U.S. executive branch and between the executive and the Congress and nongovernmental experts, and with foreign governments has created a circumstance whereby analysis is following rather than preceding policy. It makes analysis appear critical of the administration rather than objectively motivated. Criticism of the administration in turn is seen as partisan. All of this is politically clever. The chances of amending the proposed initiative are much weaker now than they would have been if review had occurred prior to the negotiation and announcement of the deal. President Bush and Prime Minister Singh now have their credibility and that of their governments on the line, making it unlikely that actors with divergent views will be able to alter the terms significantly.

Still, the consequences of the proposed deal are so far reaching that they deserve to be assessed fully, either with a distant hope of altering the terms or with a view to mitigating undesirable effects. This paper offers comments in three categories and then proposes an alternative approach to U.S.–Indian nuclear cooperation.

The first comments identify errors in the administration's three related strategic assumptions: that the top priority should be balancing Chinese power, that strengthening U.S.–India relations is a promising way to do this, and that both of these objectives are more important than maintaining a rule-based nonproliferation regime. The second set of comments is based on the administration's insistence that even if geostrategic considerations

are more important than the global nonproliferation regime, the proposed deal with India enhances nonproliferation. I suggest that unless problems are corrected in implementation, the United States will not achieve even its minimal nonproliferation objectives. The third set of comments comes from the opposite direction and suggests that critics of the Bush administration's initiative fail to fully appreciate the legitimacy crisis afflicting the nonproliferation regime or the irony that the administration's proposal will be welcomed by most non-nuclear weapons states, which are tired of being denied technology.

Taking these conflicting perspectives into account, I conclude that two central thrusts of the administration's initiative deserve support, and two others should be reversed. The administration should be applauded for recognizing India's global importance and seeking to elevate U.S. relations with it. And the administration is correct to try to adjust the global nuclear nonproliferation regime so that it does not stifle India's economic development. But the administration is unwise to conceive or frame U.S. partnership with India in terms of balancing China's power. This frame is unnecessary and will channel cooperation away from areas that are most important for India's development, leading to long-term disappointments. The second major problem is the looseness of the nuclear "deal," which if not tightened in the implementation phase, will undermine important nonproliferation objectives without corresponding gains in Indian good will or containment of Chinese influence.

This analysis leads me to suggest a modestly scaled-back alternative: Instead of casting all nonproliferation restrictions aside in return for relatively little adjustment in Indian policies, the United States should focus on changing international rules to allow sale of nuclear fuel to Indian civilian installations, which would accommodate India's most pressing interests without undermining the international nonproliferation system. Indeed, an adaptation of rules to allow such transfers of nuclear fuel to India (and other countries) could demonstrate the wise resiliency of the international nonproliferation regime.

Problems with the U.S. Strategy

The proposed U.S.–India nuclear deal contravenes the Bush administration's own assessments that nuclear proliferation is the greatest threat to U.S. and international security.

President Bush repeatedly has said that proliferation of nuclear and biological weapons and the possibility that terrorists will acquire them is the gravest threat to U.S. and global security. If states weaken their commitments to enforce rules preventing such proliferation, the threat will grow. Neither President Bush nor other leaders have said that China poses a comparably grave threat to the United States for the foreseeable future. Thus, if policies to balance China by bolstering India's nuclear-weapons capabilities will have the effect of weakening the nonproliferation regime, U.S. security, on balance, will be damaged. The administration has not made a persuasive case that the proposed nuclear deal with India will strengthen nonproliferation rules and their enforcement—that the deal will reduce the greatest threat to U.S. security.

A nuclear deal with India that sets precedents for China to seek similar rule changes or exemptions in the future could undermine U.S. efforts to contain Chinese power.

Pakistan would not have acquired nuclear weapons without significant assistance from China, including provision of a tested nuclear-weapons design, which A.Q. Khan then

famously redistributed to Libya and perhaps other countries. In the 1990s China provided significant assistance to Iran's nuclear program, including blueprints and equipment for the uranium conversion facility at Isfahan, which Iran has recently reactivated amid great international outcry. In the future, China and the United States may find themselves competing intensely in the Middle East and Northeast Asia. Sharing of nuclear technology and know-how can be a major inducement for partnership building, as the U.S.–India proposal suggests. But if nuclear weapons are the great equalizer, why would not China seek to use similar inducements to balance U.S. power? The United States can muster power and facts to rebuff Pakistani and Iranian “demands” to be treated like India, but China is more powerful than these countries. China can use its positions in the UN Security Council and the Nuclear Suppliers Group to block Washington's attempt to change the rules only as the United States prefers and instead to open ways for China to sell nuclear favors to its friends, too.

The U.S. government undervalues the necessity of a rule-based system to prevent or roll back proliferation and therefore underestimates the downside of the proposed U.S.-India deal.

Key Bush administration officials and advisors believe that the international nuclear nonproliferation regime is not an effective bulwark against proliferation, and therefore even if the proposed deal with India were to weaken this regime, this cost would be outweighed by the strategic gains of balancing Chinese power. In this view, proliferation is not prevented by treaties and rules, and nuclear weapons per se are not a problem. Rather, nuclear weapons in the hands of evil states and terrorists are the threat, and these actors will not be deterred or blocked by nonproliferation rules. The only way to negate the nuclear threats posed by terrorists and “rogue” states is to remove evil regimes and eradicate terrorists.

In this view, the United States is the only country that can be relied upon to rid the world of evil doers and this mission requires that the United States accept few (if any) limitations on its military power. The United States needs the military ability to deny others the capacity to deter it from projecting power anywhere in the world. Arms control and disarmament treaties constrain U.S. military power and therefore should not be major instruments of U.S. strategy. Because China is perhaps the leading potential competitor for geopolitical primacy, the United States should build partnerships and take other actions to constrain China's capacity to project *its* power or to deter the United States from power projection. The result, ultimately, will produce greater security than will the mutual constraints on nuclear capabilities, which are a price for strengthening international nonproliferation rules. Other states will be reluctant to enforce these rules against evil doers in any case.

Unfortunately, the self-proclaimed “realist” approach to proliferation sketched above is unrealistic. Without internationally agreed and enforceable rules, nuclear materials cannot be kept out of the hands of terrorists. Nuclear black marketers cannot be detected, deterred, and punished. Iran cannot not be blocked from building nuclear bombs. Egypt, Saudi Arabia, and other countries cannot be dissuaded from developing nuclear options. Without a rule-based system, many states—not only rogues—might seek nuclear weapons. This would destabilize an international system that currently benefits the United States above all other states.

Of course, nonproliferation rules are not self-enforcing. Too many countries and international agencies focus more on the negotiation of rules than on their enforcement. As a result, malintentioned actors can acquire capabilities that violate their commitments not to seek nuclear weapons. Yet the proper response to inadequate enforcement is not to abandon

laws and resort to vigilantism. The only sustainable long-term solution is to engage in the give-and-take, persuasion, and arm-twisting needed to persuade other states to make the rule-based system work. The United States seems to have given up on this approach in part because it rejects weaker countries' demands for reciprocity and steps that would limit U.S. power, as in fulfilling disarmament commitments negotiated under NPT review processes. This disposition predates the Bush Administration, and is shared by most if not all other nuclear weapons states. If the behavior and attitude of the United States (and other nuclear weapons states) weaken international support for rule enforcement, the proper conclusion is not that a rule-based nonproliferation system cannot work. Rather, the conclusion should be that the United States (and perhaps other states) are unwilling to consider the trade-offs that a rule-based system may require and instead prefer a more targeted, coercive strategy.

However, the Bush administration's strategy to defeat proliferation by removing evil regimes, or by forming coalitions of the willing to interdict *detected* proliferation activities, is patently insufficient. One or two evil regimes are not the end of proliferation threats or even the major sources of proliferation dangers. And the process of regime change itself can cause turmoil and loss of state control over fissile materials, sensitive equipment, and know-how, exacerbating proliferation until new responsible authorities are put in place.¹

Governments come and go, and their policies may change. Ultimately, proliferation dangers arise from *all* stockpiles of fissile materials and all states that contain such materials and related technical expertise. (Even if all stockpiles were perfectly secured and protected—which they are not—stocks of nuclear weapons and bomb materials in one country will beget interest in other countries to acquire them.) Without nonproliferation rules, the diverse state and nonstate actors whose cooperation is required to protect sensitive materials and know-how would not have standards against which they can be held accountable. Even if “regime change” were a sound core of U.S. strategy, rules are necessary to enable the United States to isolate and, in extreme, sanction or attack threatening actors.

Changing rules to benefit India would not *necessarily* undermine the rule-based system and U.S. security, but if changes are not effected through *sound process*, the viability of the rule-based system will be undermined. The administration says it recognizes this need and will seek international support for the changes it proposes. Much will depend on whether this support can be mustered without excessive U.S. bullying and at what cost.

Strategic priorities are inverted. Economic development is the most important determinant of Indian power and stability (as it is of Chinese power). However, the U.S.–Indian strategic framework emphasizes weapons sales, co-production, and military-to-military cooperation and offers little that would significantly augment India's economic prospects.

Most observers feel that economic competition, rather than military, is the most pressing political-economic challenge China poses to the United States, India, and other developing countries. Thus, the greatest strategic support the United States could provide India should be economic. Energy generation, distribution, and efficiency are vital in this regard. Nuclear power is an important element in India's long-term energy strategy and may or may not merit the value Indians put on it. But developing nuclear energy will be a slow, expensive and uncertain challenge at best. Foreign involvement in nuclear power plant construction will depend on administrative, pricing, and infrastructural reforms that must come first in India. Much more attention and assistance should be channeled to quicker and more efficient means to meet India's energy needs. Perversely, the United States is trying to block

a highly cost-effective way to get natural gas to India, via an overland pipeline from Iran through Pakistan.

Given that more than 60 percent of Indians derive their livelihoods from agriculture, the most important way for the United States to bolster India's development, and therefore its long-term power, would be to support trade rules and assistance specifically designed to foster rural development and the creation of social infrastructure to protect poor people as they move off the land into urban economies that currently lack jobs, housing, and other resources to sustain them. Electricity grids do not reach many rural Indians and the best way to provide electricity to them will be through off-grid, distributed technologies. But, rural Indian interests lack the well-paid and powerful lobbyists that defense contractors and nuclear industrial interests have mobilized in Washington and New Delhi to put military sales and nuclear cooperation at the top of the U.S.–India agenda.

India's capacity and willingness to cooperate with the United States in balancing Chinese power are too uncertain to form the foundation of a strategic partnership. The United States should base its partnership on the intrinsic value of augmenting the political-economic development of democratic India's one billion people.

India is too vital a country for the United States to regard as an instrument against another country. Population alone makes India hugely important in a world where per capita use of fossil fuels affects global climate, where spread of communicable disease is a growing threat, and where technology and market openness mean that each individual is potentially a valued customer or a job competitor. India's democratic governance makes it an historical marvel and a model of the democratic values that the United States champions globally. India's location would make it important whether or not China becomes a strategic threat to the United States. The point is that India's importance should not be subordinated to a strategy of containing China.

Some advocates of the new U.S. policy understand this; others are motivated primarily by the desire to counter China. Both groups agree on the new strategy, then, for different reasons. Problems will arise, however, when India inevitably chooses not to accede to a particular U.S. preference, as when New Delhi refused to send troops to Iraq. For example, one of the most challenging contingencies for U.S. military planners is a war with China over Taiwan. Were such a conflict to erupt, it would be natural for the United States to seek assistance from the Indian Navy (not in a combat role, however). Yet, it is very difficult to imagine an Indian Parliament supporting direct Indian military involvement in a U.S.–Taiwan war against China. India has clear strategic interests in improving relations with China, and these interests are more likely to be satisfied if India is close to Washington but not too close. New Delhi for the foreseeable future will see the benefit of good relations with *both* the United States and China. India's history of nonalignment reflects its political culture and its strategic interests. Some American strategists understand this, even those who are inclined to hedge now against a potential Chinese threat. But others, particularly in the U.S. Congress, have already jumped to “contain-China mode” and will be less likely to appreciate India's autonomous and sometimes “anti-American” behavior.

U.S. accommodation of the Indian government's preoccupation with nuclear power will not buy lasting Indian partnership.

Indian officials and pundits insisted for decades that the United States' preoccupation with pressing India to sign the NPT and give up nuclear-weapons capabilities was a mistake. The

United States does not understand India's interests, they argued, and has let its preoccupation with nonproliferation impede progress in other areas of U.S.–Indian relations. The Indians held out and in 1998 conducted nuclear-weapons tests. Subsequently, India has deftly improved its relations not only with the United States, but also with China and Europe. Indians want still more—that is, removal of all nuclear fuel and technology restrictions and full recognition as a nuclear weapons state—but they have fulfilled many of their interests by standing firm all these years.

Ironically, India's role-reversed preoccupation with winning nuclear energy cooperation resembles the earlier U.S. obsession on nonproliferation—except the Bush administration is willing to accommodate Indian demands and subordinate U.S. nonproliferation interests in ways that Indian officials never were when the positions were reversed. The Indians do not regret sticking to their interests as they perceived them. There is little evidence to think that the United States would regret keeping a balanced approach in accommodating India and preserving a fundamental distinction in benefits between states that accept safeguards on all of their nuclear facilities and those that do not. (Another distinction is also worth making and preserving between states that fully and constantly apply the highest possible standards for securing nuclear materials and know-how, controlling sensitive exports, protecting human health and the environment around nuclear facilities, and safely operating nuclear facilities. Some NPT-member states no doubt fall short of these standards.)

The Bush administration has not made a strong case that U.S. interests would suffer significantly if Washington did not accommodate *all* of India's nuclear demands and end *all* nonproliferation restrictions on nuclear commerce with India. It is strange and unexplained why an administration known for being exceptionally unaccommodating to most countries in most international discussions—climate change, Iraq, International Criminal Court, nuclear test ban, and others—finds it wise to completely accommodate India in this case. If the only thing that will motivate India to act in concert with U.S. and international interests, or to not act against those interests, is an end to restrictions on nuclear cooperation, then the foundation of this relationship is so thin its construction should be reassessed.

Allowing the Indian nuclear establishment to set the priorities of U.S. engagement with India will backfire because this establishment has never delivered on its promises to the Indian people and most likely never will. In 1954, India's Atomic Energy Commission declared that nuclear plants would provide 8,000 megawatts of electricity by 1980-81. Yet, by 1970, only 420 megawatts of electricity were coming from nuclear plants, and that from the two U.S.-supplied reactors at Tarapur. In 1971, Vikram Sarabhai, the chairman of the Atomic Energy Committee sought to bring Indian nuclear planning down to earth and scaled back projections, saying that by 1980-81, India would be producing 2,700 megawatts of electricity from nuclear plants. Thirty-five years later (!) Indian nuclear plants are producing roughly 2,700 megawatts of electricity. But undaunted Indian officials proclaim that India will produce 10,000 megawatts of nuclear power by 2010 and 20,000 megawatts of electricity from nuclear plants by the year 2020. These same officials—the Indian nuclear establishment and its acolytes in the prime minister's office—failed to tell the Indian people that they were running out of fuel for the nation's existing nuclear plants and that the only way to build and operate new plants would be to rely on imported fuel that existing nonproliferation rules prevent from being exported to India.

Given this stark history of false promises, deception, and mismanagement, it is unreasonable to think that nuclear plants, with all of the unanswered problems of spent-fuel management

and disposal and all of the cost uncertainties, are going to be such an unmitigated blessing that their provision will leave the Indian people feeling grateful to the U.S.

Problems with Particular Elements of the Proposed Nuclear Deal

From a nonproliferation point of view, perhaps the most important practice of the five nuclear weapons states today is their cessation of production of highly enriched uranium and plutonium for weapons purposes. The five acknowledged nuclear weapons states have a de facto moratorium on such production, though China has not articulated this as a policy. India and the United States contradict the basic principle and promise of their own agreement by failing to obtain an Indian commitment to join the moratorium.

In the joint statement between President Bush and Prime Minister Singh, India stated its readiness “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.”

Yet, the five recognized nuclear weapons states have all unilaterally ceased producing fissile materials for weapons purposes. This brings them physically if not formally into compliance with a key benchmark of progress toward the goal of nuclear disarmament. Progress toward this goal is politically important to maintaining the global nonproliferation regime.

The U.S.–India joint statement hides India’s divergence from the responsibilities and practices it has committed to uphold. Instead of ceasing production of bomb materials, the statement pledges India’s cooperation in “working with the United States for the conclusion of a multilateral Fissile Material Cut Off Treaty.” It is no secret that the Bush administration has an approach to such a treaty that eschews verification measures, which others do not accept. Offering the false promise of a treaty, as opposed to a moratorium, is so cynical that even administration officials laugh about it privately. A moratorium could be agreed now without prejudicing the negotiation and completion of a treaty in the future.

This major nonproliferation failing of the agreement flows directly from the administration’s priority of balancing Chinese military power. As one well-placed observer explained, administration officials did not forget to ask India to stop producing bomb material; they want India to build a bigger strategic arsenal to balance China’s power.

Ending production of bomb materials globally will help cap the challenge of securing these materials from terrorists. It will reduce dangers of nuclear arms racing and will build political support among non-nuclear weapons states for strengthening rules of civilian nuclear fuel production. Champions of the U.S.–India deal should explain whether and how there is greater benefit in the marginal growth of India’s nuclear arsenal.

The Bush–Singh statement that India will assume the same responsibilities and practices as the established nuclear-weapon states should mean that India will sign the Comprehensive Test Ban Treaty, as the United States and the other four nuclear weapons states have.

India says it will continue its unilateral moratorium on nuclear testing, which is welcome, but the advanced nuclear states whose practices India pledges to follow have made a more solemn commitment by signing the treaty, and India should too. The United States and China have not ratified the treaty, and the Bush administration disdains it, but the normative and political weight of adherence to a treaty chastens even bold actors like the Bush

administration. India should join the rest of the world in signing this treaty if it expects to persuade the rest of the world to change rules of nuclear commerce to benefit it.

Champions of the proposed U.S.–India nuclear deal argue that provision of heretofore-barred nuclear fuel and technology is required to cement India’s compliance with export controls and other nonproliferation policies and practices of responsible states. This is legally incorrect, politically risible, and morally objectionable.

UN Security Council Resolution 1540 obligates all states to “adopt and enforce appropriate effective laws which prohibit any non-State actor to manufacture, acquire, possess, develop, transport, transfer or use nuclear, chemical or biological weapons and their means of delivery.” The resolution also details, under threat of Chapter VII enforcement, measures that all states should take to establish domestic controls preventing proliferation both to nonstate and state actors. Thus, India is already committed to the strongest possible nonproliferation practices. This commitment (under Resolution 1540) is not conditional.

Politically, India bases its demand for greater power and recognition in the international system partly on its virtue—its durable democracy, its management of ethnic and religious diversity, its history of nonaggression, its contribution to international peacekeeping, and its responsible stewardship of nuclear technology, material, and know-how (often contrasted with Pakistan and China). This claim has great merit. Yet it is grossly devalued if India then threatens (explicitly or not) to violate international nonproliferation norms if its demands for changes in existing rules of nuclear cooperation are not met wholly.

Morally, the consequences of nuclear-weapons capability spreading to more states and terrorists are so severe and so threatening to innocent people who could be killed by the use of nuclear weapons that all decent possessors of nuclear weapons, fissile material and know-how should voluntarily take every step possible to keep these capabilities from proliferating. To equivocate on this is indecent. This indecency is not lessened by the fact that China proliferated to Pakistan and Pakistan proliferated to Libya, Iran, and North Korea. Nor does proliferation that occurred before the NPT was negotiated justify promiscuous proliferation behavior today. India, of all states, should appreciate this moral obligation, as it has consciously and publicly debated the moral problems posed by these weapons more fully than any state with nuclear weapons.

A major nonproliferation benefit of the proposed deal is that India will put all of its civilian nuclear facilities under IAEA safeguards. Yet, this benefit depends on implementation details that have not been worked out.

India will choose which of its nuclear facilities to designate as civilian and therefore to move under international safeguards and monitoring. It is understood that India will designate some facilities as military and that these will remain free of international safeguards or monitoring. This distinction between civilian and military facilities follows the practice of the U.S. and other nuclear weapons states. The retention of unsafeguarded military facilities means that this arrangement is *not* full-scope safeguards, contrary to statements by uninformed experts and even top U.S. officials.²

The problem is not that India will keep unsafeguarded military facilities—this is a reality that the nonproliferation regime must adjust to, and which U.S. policy is seeking to recognize. Rather the problem is that there are no agreed criteria by which India will choose which facilities to safeguard. India presumably will have the same option that the recognized nuclear-weapon states do of removing facilities from international safeguards if it wishes to,

or of withdrawing nuclear material, such as plutonium, from safeguards if national security reasons are invoked. Obviously the flaw in such an arrangement does not lie with India, but rather with the standards and practices of the existing nuclear-weapon states that India is now being asked (selectively) to uphold.

One major test of India's intentions and U.S. seriousness will be when the Indian nuclear establishment proposes to exclude India's prototype Fast Breeder Reactor and all other research and development facilities from safeguards, as the Chairman of the Atomic Energy Commission, Anil Kakodkar, insists.³ Not deeming the breeder program a civilian enterprise, and therefore a safeguardable one, would mock every Indian claim about its nuclear program and by itself should warn all international actors away from cooperating with India. If the United States fails to insist on meaningful criteria for designating Indian facilities, it will negate any claimed nonproliferation benefits of this proposed deal.

Problems with the Nonproliferation Critique of the Proposed U.S.–India Deal

An effective rule-based international security regime must be adaptable over time. Knee-jerk rejection of the U.S.–India proposal undermines both the domestic (U.S.) and the international credibility and legitimacy of the nonproliferation community.

Champions of the international nonproliferation regime must be open to changing this regime's rules if states are going to be willing to bear the costs (direct and opportunity) of tightening and enforcing nonproliferation rules. Openness to change does not require embracing the specific changes proposed in the U.S.–India deal, but nonproliferation advocates would make their case stronger if they acknowledged the potential value of adapting the rules and focused on defining objectives that such changes should serve.

As the Bush administration recognizes, it makes sense to find an accommodation between India's global importance and interests, on the one hand, and the interests of non-nuclear weapons states on the other hand. India is an anomalous state in the nuclear universe. Like Israel and Pakistan, it never committed itself not to build nuclear weapons. But India alone has a major peaceful nuclear establishment and has a population of more than one billion people whose standard of living (and fossil fuel consumption) will affect the well-being of the entire planet. Unlike Japan, South Korea, and Germany, for example, India has never had a great-power nuclear deterrent extended over it. And unlike Japan, South Korea, Germany, and Pakistan, India has a long tradition of foreign policy nonalignment and security independence. It is not in India's nature, nor arguably in the security interests of the international community, for India to seek a formal military alignment to hedge against Chinese power. Each of these Indian singularities suggests some basis at least for considering changes in nuclear rules to achieve a more balanced accommodation of India's economic and security interests with the nonproliferation interests of the international community.

To much of the world, especially non-nuclear weapons states and developing countries, the five acknowledged nuclear-weapon states already have changed the rules of the nonproliferation regime. Thus, defending the sanctity of NPT-related rules to deny nuclear technology to a developing country—India—while doing little to defend the sanctity of disarmament commitments by the world's most powerful states seems the height of hypocrisy.

The nuclear weapons states patently have no real intention to genuinely seek the total elimination of their nuclear arsenals, as they promised in 2000. The rest of the world perceives this reality. The Bush administration's disavowal of the Thirteen Steps that were negotiated by NPT parties in 2000 as benchmarks of the nuclear weapons states' fulfillment of their Article VI obligations confirms what was already suspected. (Only the United Kingdom, among the five nuclear weapons states displays serious interest in meaningful steps toward nuclear disarmament).

To be sure, many nonproliferation advocates seek to rectify failures to implement the Comprehensive Test Ban Treaty and others of the Thirteen Steps agreed in 2000. Yet, their inability to influence the U.S. government on this score makes much of the world wish them no greater success in holding the nonproliferation line against India.

No developing countries have denounced the U.S. intention to open foreign supply of nuclear fuel and technology to India! This is profoundly telling. It should be a loud warning. All of these are non-nuclear weapons states—except Pakistan and North Korea. If nonproliferation fundamentalists were correct that these states care a lot about maintaining rules to punish states that have not joined the NPT as non-nuclear weapons states, these states should be protesting the proposed U.S.–India deal. The fact that they are silent suggests that what matters most to them is the divide between the rich and poor world, the technological “haves” and “have nots.” The fact that the United States is seeking to make an exception to allow “advanced” technology to go to a poor, dark-skinned country is so unusual and welcome that it outweighs the detail that India has nuclear weapons. If the nuclear weapons states are not going to comply with their Article VI obligations, then why should non-nuclear weapons states uphold technology-denial rules that only hurt developing countries? Much of the world perceives the nuclear nonproliferation regime as a form of “nuclear apartheid,” the term Indian leaders coined in opposing the NPT in 1967. Failure by nonproliferation advocates to recognize and act on this perception will endanger the regime they so rightly defend.

Nonproliferation advocates must not merely try to block this nuclear deal, they must propose a better alternative that conveys great sensitivity for India's development needs.

Most people in the world are poor and live in poor countries. To South Africans and others living on that continent, the prospect of destruction by a nuclear terrorist attack is inconceivably distant compared with the real and present danger of widespread death from HIV-AIDS. To hundreds of millions of rural dwellers in South Asia, nuclear weapons are an unknown abstraction, but miserable poverty is real. How many people in South America should reasonably be expected to urge their governments to expend political capital strengthening the nuclear nonproliferation regime—are there not much more real threats and priorities in these people's lives? Most of the world thinks the international system unfairly benefits the countries that happen to be rich and to possess nuclear weapons, led by the United States. If the nonproliferation regime is to be sustained and strengthened, poor countries must perceive that it serves their interests too. Otherwise nonproliferation rules will seem like the preoccupation of an advantaged global minority and not worthy of broader support.

Developing countries have empathy for India's need to receive advanced technology. The Bush administration proposal represents a positive move toward technology transfer from rich to poor. If nonproliferation considerations block this transfer, the nonproliferation regime will be seen more sharply as an antidevelopment regime, which will undermine it.

A Better Option?

On balance, the U.S.–India nuclear deal as proposed will accomplish less lasting good than its champions hail and less lasting harm than its detractors bemoan. It will result in many unforeseen frustrations and dashed expectations, a bit of temporary good will, and new fissures in an already fracturing global nonproliferation regime.

This raises the question whether an alternative deal would yield a better ratio of benefits to costs, even if the values of both are less than under the current proposal.

If India is not willing to join the United States and other formally acknowledged nuclear weapons states in halting production of fissile materials for weapons, then international interests in strengthening the nonproliferation regime will not be advanced significantly beyond what is achieved under UN Security Council Resolution 1540. More accurately, the gains are not significant enough to warrant the complete change in existing technology control rules in a total accommodation to Indian wishes. Specifically, a line should be maintained barring transfer of new nuclear reactors.

But India's record, international importance, and willingness *in principle* to put its civilian nuclear assets under safeguards warrant some adjustment of the rules that have deprived it of normal opportunities for nuclear cooperation. Thus, if nuclear energy is necessary to help fuel this development, the international community should find ways to cooperate in this development while still preserving the greatest benefits for states that eschew nuclear weapons.

Today, the managers of Indian nuclear industry have been forced to lower the power production of on-line reactors because the country does not have enough natural uranium fuel to run the reactors at full capacity. Not only are India's (wildly) ambitious plans for nuclear power in the future unobtainable, but even the status quo is unsustainable without an influx of natural uranium fuel from international sources. (Indian sources are extremely limited, and the quality of natural uranium ores in India is so low that the cost of producing fuel from it is six to seven times greater than from internationally supplied uranium).⁴

Obviously, then, the most important and direct way to support India's nuclear development would be for the United States and others to endorse international supply of nuclear fuel to Indian power plants. Interestingly, this is the only detailed nuclear promise made by the United States to India in the Bush–Singh statement. The United States should keep this promise and make the necessary adjustments to U.S. law and international rules.

Adapting international rules to allow provision of fuel to India could augment a generally important move toward internationalizing nuclear fuel cycles in ways that serve nonproliferation objectives. India's long-standing civilian nuclear plans call for extensive reprocessing of spent fuel from current reactors to harvest plutonium. The plutonium would then be used in a new generation of reactors to breed uranium-233 from blankets of thorium that would surround the plutonium fuel. Many decades into the future, the dream is to have a thorium-based fuel cycle that would ensure India's energy independence into the distant future. However, this long-term nuclear energy strategy is so technologically and economically dubious that no outside observers think it is viable. States have a sovereign right to waste their own money, so this would be only India's problem except that India's large-scale separation of plutonium from spent fuel poses proliferation risks.

Thus, global security interests would be served by providing Indian decision makers with alternatives to plutonium reprocessing. The promise of steady supplies of natural uranium

and low-enriched uranium fuel could serve this purpose. The economic benefits of buying fuel rather than investing in a still-highly-speculative breeder program would be unmistakable. The Indian nuclear establishment, like its brethren in Japan and other countries, would still fight hard to maintain their economically indefensible pet programs, but officials, more mindful of overall national interests, could gain leverage to resist such special pleading, especially if international partners artfully reinforced such messages.

Changing the rules that regulate fuel supply to India would reflect the United States' special regard for India, the international community's willingness to accommodate Indian interests, and the nonproliferation benefits of reducing demand for plutonium. It also would parallel (rather than diverge from) the approach the European Union is pursuing with Iran. In a world where one of the top nonproliferation objectives is to end further production of weapons-usable nuclear materials, or at least to stop the spread of such production capabilities to new lands, demonstrating the benefits of international supply of natural and low-enriched uranium fuel is worthwhile.

U.S. and Indian leaders, in their boldness, have identified premises that must be questioned and policies that should be rethought both in bilateral relations and in the international nonproliferation regime. It should not be surprising that the new premises and policies they have offered in their first attempt, with little open debate, require significant improvement. A less radical, more balanced alternative plan for adjusting nonproliferation rules to accommodate India's exceptional interests would serve the United States, India, and the world better and would have a better chance of being implemented without major disappointment. ■

George Perkovich is vice president for studies at the Carnegie Endowment for International Peace and co-author of *Universal Compliance: A Strategy for Nuclear Security* (Carnegie Endowment, 2005), and author of *India's Nuclear Bomb: The Impact on Global Proliferation* (University of California Press, 2001).

¹ See George Perkovich, "Bush's Nuclear Delusions," *Foreign Affairs*, vol. 82, no. 2 (March/April 2003).

² Sumit Ganguly, "Giving India a Pass," *Foreign Affairs*, August 17, 2005.

³ Anil Kakodkar interviewed by T. S. Subramanian, *The Hindu*, August 12, 2005, available at www.thehindu.com/2005/08/12/stories/200581204521100.htm.

⁴ A. Gopalakrishnan, "Indo-US Nuclear Cooperation: A Non-starter," *Economic and Political Weekly*, July 2, 2005, 4, available at www.epw.org.in.

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

1779 Massachusetts Avenue, NW

Washington, DC 20036

Phone 202-483-7600

Fax 202-483-1840

www.CarnegieEndowment.org

© 2005 Carnegie Endowment for International Peace

The Carnegie Endowment for International Peace is a private, nonprofit organization dedicated to advancing cooperation between nations and promoting active international engagement by the United States. Founded in 1910, Carnegie is nonpartisan and dedicated to achieving practical results.