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GENERAL STUDIES 2: INTERNATIONAL RELATION

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TIME TO SEIZE THE PROMISE OF THE U.S.-INDIA NUCLEAR DEAL

1. Introduction

The U.S.-India civil nuclear deal, finalized in 2008, was a landmark agreement aimed at enhancing bilateral relations. It sought to end India's nuclear isolation, strengthen strategic ties, and promote civil nuclear energy cooperation. Despite its transformative potential, challenges related to liability, technology, and costs have hindered its full realization.

2. Background and Strategic Importance

- **End of Nuclear Isolation:** The deal marked a shift in U.S. policy, ending India's nuclear isolation since its 1974 nuclear tests.
- **NSG Waiver:** India received a unique waiver from the Nuclear Suppliers Group (NSG), enabling access to global civil nuclear trade despite not being a signatory to the Nuclear Non-Proliferation Treaty (NPT).
- **Strategic Benefits:** The agreement strengthened India-U.S. strategic ties, boosted India's energy security, and positioned India as a responsible nuclear power in the global arena.

3. Provisions of the Agreement

- **Fuel and Technology Supply:** The U.S. agreed to supply nuclear fuel, technology, and reactors for India's civilian nuclear program.
- **Separation of Nuclear Facilities:** India committed to separating its civil and military nuclear facilities, placing the former under International Atomic Energy Agency (IAEA) safeguards.
- **Technology Collaboration:** The deal fostered trust for handling advanced technologies and opened avenues for defense and intelligence cooperation.

4. Unrealized Promises

- **Energy and Commercial Gains:** The envisioned construction of nuclear plants using U.S. technology to create jobs and clean energy has not materialized.
- **Stalled Projects:** Westinghouse's plan to build six nuclear plants in India, announced in 2016, remains delayed.
- **Regulatory Barriers:** While most Indian entities were removed from the U.S. Entity List, technology leakage concerns continue to pose challenges.



5. Liability Risk Concerns

- **Supplier Liability:** India's Civil Liability for Nuclear Damage Act (2010) deviates from international norms by placing liability on suppliers rather than operators. This has deterred major U.S. companies like GE and Westinghouse from participating.
- **Insurance Mechanism:** India introduced an insurance scheme to address liability concerns, accepted by Russian companies but not by U.S. firms.

6. Challenges in Technology and Costs

- **Technological Advancements:** Rapid advancements in nuclear technology have increased India's expectations, creating a mismatch with U.S. offerings.
- **Cost Overruns:** U.S. nuclear projects face frequent cost overruns, raising concerns about affordability for Indian consumers.
- **Electricity Costs:** Indian officials remain cautious about high-cost projects that may lead to expensive electricity without proportionate benefits.

7. The Need for Joint Efforts

- **Collaborative Solutions:** Addressing the challenges of liability, technology, and costs requires joint efforts from U.S. companies, the U.S. government, and Indian authorities.
- **Potential Benefits:** If fully realized, the deal could lead to clean energy solutions, job creation, and a stronger U.S.-India partnership.

8. Conclusion

The U.S.-India civil nuclear deal remains a milestone in bilateral relations, symbolizing strategic trust and cooperation. However, resolving key issues related to liability, technology, and cost is essential to unlock its full potential. Both nations must work together to overcome these barriers, paving the way for cleaner energy and deeper strategic ties.

KNOW YOUR BASICS

Nuclear Suppliers Group (NSG)

Origins and Objectives:

- NSG is a multilateral export control regime to prevent nuclear proliferation by controlling the export of nuclear-related materials, equipment, and technology.
- Founded in response to India's 1974 nuclear test and first met in November 1975 in London (popularly known as the "London Club").



- Ensures peaceful nuclear trade does not contribute to nuclear weapon development.
- Membership: 48 countries; decisions made by consensus; guidelines are non-binding.

Membership Criteria:

1. Ability to supply items listed in NSG guidelines.
2. Adherence to NSG guidelines and domestic export control systems.
3. Compliance with non-proliferation agreements.
4. Support for international non-proliferation efforts.

Benefits of Membership:

- Access to state-of-the-art nuclear technology.
- Enhances trade transparency and global nuclear credentials.
- Strengthens nuclear cooperation and policy coordination.

India's Quest for NSG Membership:

- Began efforts in 2008; submitted application in May 2016.
- Blocked by China at Seoul (2016) and Nur-Sultan (2019) plenaries.

Importance for India:

1. Boosts access to advanced nuclear technology and equipment.
2. Strengthens the *Make in India* initiative.
3. Critical for achieving India's Paris Climate Agreement targets for clean energy.
4. Facilitates uranium imports (e.g., from Namibia despite Pelindaba Treaty constraints).
5. Provides a platform to influence future NSG guidelines.

Impediments:

1. India is not a signatory to the Nuclear Non-Proliferation Treaty (NPT).
2. China demands criteria-based membership, not waivers for India.
3. China links India's membership to Pakistan's inclusion.
4. Concerns about nuclear arms race in South Asia.



India's Stand:

- Membership of NPT is not mandatory for NSG inclusion.
- Impeccable track record of non-proliferation and adherence to NSG norms.
- Civilian and military nuclear programs separated under IAEA safeguards.
- Rejects Pakistan's inclusion due to its flawed proliferation record.

Other Export Control Regimes:

1. Missile Technology Control Regime (MTCR):

- Established in 1987 to limit the spread of ballistic missiles capable of carrying WMDs.
- Members: 35.

2. Wassenaar Arrangement:

- Established to prevent the acquisition of conventional arms and dual-use technologies by terrorists.

3. Australia Group:

- Formed in 1985 to prevent the development of chemical and biological weapons.
- Coordinates export controls aligned with the Chemical and Biological Weapons Conventions.

Way Forward for India:

- **Engage China:** Convince it of India's clean energy goals and peaceful intentions.
- **Strengthen Partnerships:** Continue diplomatic efforts with other NSG members.
- **Focus on Green Energy:** Invest in efficient renewable technologies to meet energy demands.
- **Global Recognition:** Advocate for India's growing role in global governance and its track record in non-proliferation.

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