

Interview with Siddharth Varadarajan (The Hindu) on the Meeting of the Nuclear Suppliers Group (NSG) on 21 August 2008 in Vienna

The India specific safeguard agreement has been approved by the International Atomic Energy Agency (IAEA) on 1 August 2008, and India and the USA have now approached the NSG to ask for a waiver for India from the NSG guidelines. In the forefront of the meeting of the NSG on 21 August 2008 in Vienna, hbf has conducted an interview with Siddharth Varadajan.

Siddharth is an Indian journalist who works for national daily *The Hindu* as their Strategic Affairs editor. He has reported on the wars in Yugoslavia, Iraq and Afghanistan and the crisis in Kashmir. Siddharth has taught journalism at the University of New York and the University of California at Berkely. In November 2005, the United Nations Correspondents Association awarded him the Elizabeth Neuffer Memorial Prize Silver Medal for Print Journalism for a series of articles, *Persian Puzzle* on Iran and the International Atomic Energy Agency. In March 2006, he was awarded the Bernardo O'Higgins Order by the President of Chile - that country's highest civilian honor for a foreign citizen - for his contributions to journalism and to the promotion of India's relations with Latin America and Chile.

hbf:

Do you expect resistance within the NSG? Will those countries such as Switzerland, Austria or Ireland that have raised concerns veto the deal or ask for special conditions for India?

Varadarajan:

It is natural that some countries of the NSG would have questions and concerns about the nuclear deal with India. We know from the Board of Governors meeting at the International Atomic Energy Agency that these countries include Austria, Ireland, New Zealand, Switzerland, the Netherlands, and even Japan and Brazil. However, serious opposition will come mainly from the first five, plus, perhaps Norway and Sweden as well. All of these countries have a theological position on the sanctity of the "non-proliferation regime", forgetting, in the process that neither the Nuclear Non-proliferation Treaty nor the NSG's pre-1992 guidelines barred nuclear commerce with India, a non-party to the NPT.

Proceeding on the anachronistic assumption that India is a "non-nuclear weapons state", these countries want the NSG to continue to apply the requirement of "full-scope safeguards" which was adopted in 1992 as a condition of supply for nuclear material to New Delhi. And they are only willing to relax this requirement if India accepts certain conditions, including signing the Comprehensive Test Ban Treaty. These conditions are unacceptable to India, as are those which propose arbitrarily to limit the scope of nuclear cooperation to only some elements of the fuel cycle.

I do not know how seriously these countries will press their case, but my hunch is that the NSG will grant India the exemption the United States has sought for it, and will do so without adding extraneous conditions. The arguments in favour of doing so are just too compelling.

It is important to remember that the NPT never banned nuclear trade with non-NPT members. Much as attempts have been made recently to read full-scope safeguards (FSS) as a condition of supply (COS) for all states, Article III.2 of the NPT, the treaty's *travaux préparatoires* and supplier state practice make it clear it was perfectly legitimate for a state to remain outside the NPT and get the benefit of nuclear commerce as well. The fact that all countries barring three signed up was not because they were giving up the nuclear weapons 'option' in exchange for nuclear commerce. They signed up because they did not believe nuclear weapons were necessary for their security. For better or worse, India, Pakistan and Israel do believe they need nuclear weapons for their security. One can disagree with them, but that is reality. And after 40 years, it is time to recognise that reality and find creative ways of dealing with the three hold-outs based on their record of behaviour, their need for an expanded nuclear power industry and the regional repercussions of asking the NSG to amend its 1992 rule change. In the case of Israel, such a change is not warranted (a) because of the lack of a compelling energy requirement argument and (b) because doing anything which is seen as favouring Israel when it possesses nuclear weapons will put strains on NPT adherents elsewhere in West Asia. In the case of Pakistan, its record on proliferation and export control does not warrant any relaxation of NSG rules. Perhaps 10-15 years later, the picture may change. But the case of India is clearly much more compelling.

hbf:

Some say this would be tantamount to 'rewarding' India for having gone nuclear

Varadarajan:

What NSG members need to do is think through the relevance of full-scope safeguards (FSS) as a condition of supply (COS) today on the basis of first principles rather than theology.

Until 1998, there was a hope among the N-5 and the European and other non-nuclear weapon states (NNWS) that India might be pressurised to rollback since it had not yet weaponised. So you have the NSG guideline of 1992, the 1995 NPT review and extension conference suggesting FSS as a guiding principle and, finally, Article XIV of the CTBT (which said India had to be among the 44 countries whose ratification was required in order for the treaty to enter into force), all of which was aimed directly and indirectly at getting India to give up its nuclear option. While those were all legitimate tactics in a strategic sense, the 1998 Indian tests

altered the terrain. Just so that there is no misunderstanding about where I am coming from, I was a critic of the 1998 tests. But they — and the nuclear weaponised status they generated — are a fact of life. Now one can be theological and say we are going to continue to insist that India pay for its sin. Actually, we knew from the mid-1960s that the Indians were going to do this but, what the hell, they have sinned and the must pay. So that's one option, which is what the U.S. followed till 2004-5 and the non-proliferation community is still pushing for. Or one can say, well, India is not going to roll back. And you know what, it doesn't matter if they don't, because their possessing nuclear weapons isn't really going to lead to anyone else going nuclear other than Pakistan (which already has, and that's another fact of life we will have to also accept say in another 10-15 years), and so what is the merit of insisting that we will not trade with her unless she accepts full-scope safeguards as a condition of supply? I think the latter approach is the sensible one, especially if you consider all the collateral benefits. And I believe that is what the NSG will decide to do, perhaps as soon as the 22nd, in giving a clean and unconditional exemption from its guidelines' FSS requirement. FSS are meant for states who don't have (or who shouldn't ever get) nuclear weapons. India is not in that category. She is voluntarily bringing six additional PHWRs under safeguards provided you supply the fuel for them, which means so much more potential bomb making material is voluntarily being foregone by her as a concession in order to engage in international nuclear cooperation. Future civilian reactors will also be safeguarded. That is a huge gain from a non-proliferation perspective.

hbf:

As many countries demand India to sign the Comprehensive Test Ban Treaty (CTBT) and the Non-Proliferation Treaty (NPT), do you think India will integrate into the international nuclear regime in the future?

Varadarajan:

It seems to be me that the nuclear agreement with India is premised on the country integrating itself into the international non-proliferation regime in a realistic and pragmatic manner. India will not give up its nuclear weapons except as part of a concerted effort by all nuclear weapon states to disarm. Therefore, the question of it acceding to the NPT simply does not arise. I am saying so not as an advocate or opponent of such weapons but as a dispassionate observer. As for the CTBT, the Government of India already has in place a voluntary, unilateral moratorium, as do the other major nuclear weapon states. Moreover, there is no political or military compulsion for India to break its moratorium, except if there is a general breakdown of this moratorium worldwide, leading to one or more nuclear test explosions and a scaling up of nuclear weapon design and capability by the other nuclear weapon states.

This point bears elaboration. A sober examination of the nuclear testing

issue will tell us that the weakest link in the moratorium chain is not India but the United States. The U.S. is the one country most likely to test a nuclear weapon in the foreseeable future. Were the U.S. to do so, a Chinese resumption of testing would seem absolutely certain. And that would revive pressures within India, now dormant, for further testing of nuclear weapon devices, especially thermonuclear ones. Conversely, if the U.S. were to ratify the CTBT, as Senator Obama has promised to do were he to become President, China would almost certainly follow suit, and then India would be much more likely to accede to the treaty. Thus, the sequence of CTBT accession/ratification must logically run from Washington to Beijing to Delhi (to Islamabad). Expecting that this sequence will run the other way is counter-productive. It is also dangerous, because maximum European and worldwide pressure is surely needed on the U.S. to ensure it ratifies the treaty without further delay. To sum up what I am saying, the NSG needs to ask four questions about the impact on the non-proliferation regime of any possible relaxation of its guidelines for India:

1. Will this increase the danger of outward proliferation? The answer is no.
2. Will this lead to existing members of the NPT wishing to break away? The answer is no. Iran is considered by some to be the only likely regional breakout (though I don't think even this is so) and its decision will be based much more on what Israel does and how the U.S.-led pressure on Tehran's civil nuclear programme escalates, including the threat of force. So if the NSG is concerned about Iran breaking out — the way North Korea did — they should encourage the Americans to talk with the Iranians (the way they should have to the North Koreans).
3. Will this lead to India testing? The answer is no. We need to understand that India's security will be degraded, not enhanced, by any round of testing it sets off since there will be a good chance that Pakistan will enhance its arsenal by testing again and the Chinese may too, given their current pre-occupation with MIRVing and miniaturising. In other words, even without taking into account the economic costs that an "unprovoked" Indian test would impose, there are good military reasons for not testing. And as for economic costs, regardless of how the NSG waiver is worded, if the rest of the world, including the French and the Russians, feel an Indian-initiated round of testing will set off a chain of tests which degrade their own security, they will impose sanctions on India despite a clean NSG waiver making no provision for this.

After all, the NSG still has Para 16 c of its guidelines calling for consultations "in the event that one or more suppliers believe that there has been a violation of supplier/recipient understanding resulting from

these Guidelines, particularly in the case of an explosion of a nuclear device". So if members feel India should be punished for violating any commitment it may have given bilaterally, they are presumably free to consult and press for action. So any notion that NSG clearance will give India an incentive to test is just not true. India will still have the right to test as long as the CTBT has not entered into force and it is not a signatory to it but any decision it takes in this direction will be driven primarily by its security perception following testing by others and not because its leaders will wake one day and say, "Oh, look, these gullible NSG people have sold me 40 GWe of reactors, now let me stockpile all the LEU I need to run these reactors for the next 40 years and quickly go in for a series of tests." It is precisely because India is not that kind of state that the world is today on the verge of making one of the most dramatic reversals in policy we've seen for decades.

hbf:

If the deal passes the NSG, do you think the U.S. Congress will ratify it before the Bush administration leaves office?

Varadarajan:

There are practical difficulties, even if the 123 Agreement is placed before Congress on September 8, as the White House has indicated. But the securing of NSG clearance, especially if it is clean and unconditional in the manner India says it must be, will make speedy Congressional approval of the 123 a near certainty, either before President Bush demits office or soon after the next President is sworn in. Otherwise, U.S. firms will be placed at a disadvantage vis-à-vis their Russian and French competitors who, in any case, have a built-in edge because their domestic regulations and laws will allow them to offer more attractive terms to the Indians than American vendors will be able to do.

hbf:

What do you expect from Germany as chair of the NSG regarding the deal? What role does Germany play?

Varadarajan:

As chair of the NSG, Germany has one of the most crucial roles. My expectation is that Berlin's efforts will be instrumental in producing the kind of consensus needed to allow India and the NSG countries to engage in nuclear commerce with each other. This means convincing and persuading those member states with reservations to come out in favour of granting a clean and unconditional waiver for India. Such a waiver will strengthen the international non-proliferation regime because it will pave the way for six additional Indian pressurised heavy water reactors to come under IAEA safeguards (provided they receive fuel from abroad), thereby removing them from the purview of India's nuclear weapons programme. In addition, all future civilian reactors will also come under safeguards. This is a major concession the Indian side is prepared to make and it

doesn't make sense for the NSG to spurn it.

hbf:

How do you assess the U.S.' strategic aims in connection with the nuclear deal, and what do you see as possible consequences of that deal for the regional power structure and a potential arms race in the region?

Varadarajan:

Let me be very clear here. The U.S. is pushing for the nuclear deal because it believes this is what is needed in order for it to more effectively shape the foreign policy choices India will make in the next few years. India is at a strategic cross-roads and the U.S. would like to make sure the path New Delhi chooses is one which will facilitate and strengthen the extension and preservation of American hegemony in Asia and the world and not one which will obstruct or even oppose that hegemonic role. Washington believes the nuclear deal will negate the residual reticence in India for entering into a strategic alliance with it. But it is by no means certain that this belief will prove well-founded.

While many Indians oppose a strategic alliance with the U.S., and they are right in doing so, one must be careful in not picking the wrong target for one's opposition. Instead of zeroing in on the June 30, 2005 Defence Framework Agreement, the Left has erred in assuming the nuclear deal was the centrepiece of this alliance rather than a sop for the Indian elite to make sure they make the right decisions. Refusing the sop provides no guarantee that the elite won't make those decisions anyway. And accepting the sop does not automatically mean the "alliance" will not remain an area of contestation within the country and within the ruling elites themselves. In other words, the deal is not like a Monopoly card which sends India into a U.S. straitjacket forever. And rejecting the deal does not mean Indians can be complacent about having avoided that straitjacket.

The international system, and India's and America's own relative strength within it, will also undergo change. I think we need to better understand the emerging trends in Indian capital and its global ambitions. These are all factors which make for a much more complicated set of scenarios than either the "polycentric world with no danger of conflict between major powers" optimism of the strategic analyst K. Subrahmanyam or the "India will become a lackey of U.S. Imperialism" pessimism of the Left.

The keys to the future of this dangerous strategic alliance with the U.S. lie in three linkages:

1. Between US. military vendors and the Indian armed forces and private Indian industry.
2. Between the U.S. armed forces and Indian armed forces.

3. Between U.S. capital and Indian big business.

I should add that in each of these cases, the progression is not linear, nor is Left opposition the only source of friction. Indeed, the Left has been largely irrelevant in blocking (1) and (2). Interoperability between the U.S. and Indian armed forces is proceeding apace (and the Logistics Support Agreement which the Pentagon wants has not been signed mainly because of opposition from within the MoD and Indian armed forces), military acquisitions are booming and if there is a block it is because sections of the Indian elite and the military caste as well as big capital are not sure about things like end-use clauses and the involvement of India in U.S.-led military entanglements in the region. Of course, the left was an irritant for Washington on all fronts, and especially (3). But even though they are out of the ruling arrangement in Delhi, the government is not in a position abjectly to capitulate to American pressure. The collapse of the World Trade Organisation talks in Geneva is one example and there will be others too, depending on how the balance of political and social forces in India gets established.

hbf:

What is your assessment of possible impacts the nuclear deal could have on India's strive for energy independence, given the fact that the current nuclear energy programme in India is facing severe difficulties?

Varadarajan:

The nuclear deal offers India little solution to its energy shortage in the short term and perhaps not much more in the medium term either, though the Department of Atomic Energy and the Nuclear Power Corporation of India are talking of installing 40 GWe of additional nuclear power capacity by 2020. It is my belief that in the short and medium term, India needs to pursue gas imports much more vigorously and really needs to push for the proposed Iran-Pakistan-India gas pipeline. It is regrettable, and even shocking, that the Manmohan Singh government has given in to U.S. pressure on this front and needlessly prolonged the pipeline negotiations with Tehran. One can only hope that New Delhi's attitude is temporary and tactical and that soon after the U.S. has ensured the NSG waiver, India will seek to finalise arrangements for the IPI pipeline on a priority basis. The fact that the U.S. and Europe are trying to isolate Iran means India has a good opportunity to develop strong energy links with the Islamic Republic. The pipeline will also introduce an element of trust and confidence in India's relations with Pakistan. Finally, given Iran's geographical position as a bridge between Central Asia and South Asia, pushing for energy-related trans-border infrastructure will help India and Asia realise the dream of a pan-Asian energy grid linking energy deficient and energy surplus regions of the continent with each other without the mediation of outside powers and their companies.

hbf:

Do you believe the "nuclear renaissance" will take place in India as Prime Minister Manmohan Singh reiterated at several occasions?

Varadarajan:

The Prime Minister has overblown this. He has even gone to the extent of calling nuclear power a "renewable" source of energy in his Independence Day speech on August 15 when uranium – the basic fuel for nuclear power – is not a renewable resource by any stretch of the imagination! In my view, the nuclear deal should be seen mainly as a mechanism which removes most of the sanctions that have unfairly been imposed on Indian industry over the years and which thereby widens the menu of energy options facing the country. What it must not be seen as is a carte blanche to proceed with the uncritical 'nuclearisation' of the Indian power sector. Each proposed nuclear power project needs to be validated on a case by case basis in terms of its economics, and there must be a factoring in of waste disposal and eventual entombment of reactors in the per unit cost of electricity when our planners make this evaluation.