

Fact Sheet on the India US Civil Nuclear energy Co-operation: Conclusion of the '123' Agreement

27/07/2007

Joint Statement of July 18, 2005

India and the US announced that they would co-operate in civil nuclear energy in the Joint Statement of July 18, 2005 by PM and President Bush during the visit of PM to Washington.

Understanding

It was envisaged that the United States would adjust its laws and policies and work with friends and allies to adjust international regimes to enable full civil nuclear energy cooperation and trade with India. Reciprocally, India committed itself to identifying and separating civilian and military nuclear facilities in a phased manner, placing voluntarily its civilian nuclear facilities under IAEA safeguards, signing an Additional Protocol and continuing India's voluntary and unilateral moratorium on nuclear testing.

Separation Plan and Passage of Enabling Legislation by the US

To implement this, several important steps have been completed already: a Separation Plan was agreed to at the time of President Bush's visit to India in March 2006. This was followed by the passage of the enabling legislation in the US Congress, exempting the requirement, vide Section 123(a) (2) of the US Atomic Energy Act of full-scope safeguards as a condition for civil nuclear cooperation with India. The US Congress passed the legislation with bipartisan majority support. This cleared the way for the next important step – of concluding a bilateral agreement on peaceful uses of nuclear energy to implement the understandings of July 2005 and March 2006.

Negotiations

Five rounds of negotiations took place between June 2006 and July, 2007. The objective of the negotiations was to incorporate into a legal agreement the political understandings and commitments of July 2005 and March 2006 and the terms and basic principles listed out in the statement of Prime Minister in Parliament on August 17, 2006.

Features of the Agreement

- The Agreement is “between two States possessing advanced nuclear technology, both parties having the same benefits and advantages”.
- The purpose of the agreement is to enable full civil nuclear energy cooperation between India and the United States. The Agreement provides for full civil nuclear energy cooperation covering nuclear reactors and aspects of the associated nuclear fuel cycle including enrichment and reprocessing.
- The Agreement contains a full reflection of the March 2, 2006 supply assurances,

and the provision for corrective measures. The Agreement provides for the development of a strategic reserve of nuclear fuel to guard against any disruption of supply over the lifetime of India's reactors.

- The Agreement provides for nuclear trade, transfer of nuclear material, equipment, components, and related technologies and for cooperation in nuclear fuel cycle activities.
- The Agreement provides for the application of IAEA safeguards to transferred material and equipment.
- The Agreement grants prior consent to reprocess nuclear material, transfer nuclear material and its products. To bring this into effect, India will establish a national reprocessing facility to reprocess IAEA safeguarded nuclear material and the parties will agree on arrangements and procedures within one year.

Significance

As finalized the Agreement meets the concerns of both sides and fulfils all the assurances made by Prime Minister to Parliament on August 17, 2006 including three basic principles - that the Agreement will specifically provide that India's strategic nuclear programme, three-stage Nuclear Programme and R&D activities will remain unhindered and unaffected.

The conclusion of the Agreement to the mutual satisfaction of both governments is symbolic of the transformed nature of the India-US bilateral relationship and an indication of a more intensified engagement in the wide ranging areas that have been identified for our bilateral co-operation including high technology, agriculture, science and technology, space, defence, and global issues of common concern related to the environment, climate change, disaster relief, HIV/AIDS and Avian influenza.

It would help to address the problem of energy deficit that has emerged as one of the primary constraints on accelerating India's growth rate. Presently, only 3% of India's energy needs are met from the nuclear sources. India plans to produce 20,000 MWe from the nuclear sector by 2020, an increase from the current 3,700 MWe.

Increased share of nuclear power in the Indian energy mix will diminish the reliance on fossil fuels and reduce emissions from India. We envisage technology solutions to check growth of emissions (e.g. our membership of the Asia Pacific Clean Development Partnership) and the nuclear industry offers value in that respect.

Next Steps

India will now negotiate an India-specific safeguards agreement with the IAEA. The US will also work with friends and allies in the Nuclear Suppliers' Group (NSG) for an adjustment of their Guidelines to enable the NSG to enter into nuclear co-operation and trade with India as an equal partner.

New Delhi
July 27, 2007

