

**Statement of John C. Rood
Acting Under Secretary of State for Arms Control and International Security**

September 18, 2008

Senate Foreign Relations Committee

Hearing on “The U.S.-India Civil Nuclear Cooperation Initiative”

Mr. Chairman:

Thank you for the opportunity to testify in support of the U.S.-India Civil Nuclear Cooperation Initiative.

As you know, the President recently submitted a package of documents to the Congress with the determinations required by the Hyde Act. The Administration believes this package meets the criteria established by the Congress in 2006 in the Hyde Act. We therefore urge the Congress to act this session to bring into force the U.S.-India Agreement for Peaceful Nuclear Cooperation or so-called 123 Agreement, pursuant to section 123 of the Atomic Energy Act of 1954, as amended.

The U.S.-India Civil Nuclear Cooperation Initiative provides substantial political, economic, nonproliferation, and security benefits. I will focus on the nonproliferation and security aspects of the Initiative in my remarks.

Since the outset of this Initiative, we have sought to build a strategic partnership with India, and to advance our nonproliferation objectives by bringing India into the international nonproliferation mainstream. In the July 18, 2005 Joint Statement by President Bush and Prime Minister Singh, India made a number of important nonproliferation commitments. Many of these commitments were incorporated into the Hyde Act. They were reiterated by India's External Affairs Minister Mukherjee in a statement on September 5, 2008.

These important nonproliferation commitments provide a foundation upon which we have continued to build over the past three years with the completion of India's Separation Plan, the 123 Agreement, the India-IAEA Safeguards Agreement, and, most recently, the Nuclear Suppliers Group decision to allow civilian nuclear trade with India.

Mr. Chairman, allow me to address some of the issues that have been raised during briefings for the Committee staff by Administration officials.

Regarding India's May 2006 Separation Plan, we believe its implementation will produce a significant nonproliferation gain. Once implemented, the

percentage of India's total installed nuclear power capacity under IAEA safeguards will increase from 19 percent today to 65 percent by 2014. A further increase up to 80 percent is possible if India expands its civil nuclear infrastructure through foreign supply and indigenous development as it currently plans.

The nonproliferation implications of placing such facilities under IAEA safeguards are clear. Every existing or new facility placed under safeguards will be designated as a civilian facility and will not be available to potentially contribute to India's nuclear weapons program. Furthermore, the Civil Nuclear Cooperation Initiative creates an incentive for India to declare as many facilities as possible as "civil" in order to enjoy the benefits of international cooperation.

India's Safeguards Agreement with the International Atomic Energy Agency (IAEA) provides for effective safeguards on Indian facilities and material. As IAEA Director General Mohammed ElBaradei told the IAEA Board of Governors "...the agreement is of indefinite duration. There are no conditions for the discontinuation of safeguards, other than those provided by the safeguards agreement itself". In addition, once concluded, an Additional Protocol, will provide additional nonproliferation benefits and greater monitoring of materials, equipment, and technologies. IAEA Director General ElBaradei reports that the

IAEA and India are making substantial progress on an Additional Protocol and we continue to urge a speedy and successful conclusion to these negotiations.

Beyond the Safeguards Agreement and the Additional Protocol, India has made strong progress in the areas of export controls. India is taking the necessary steps to secure nuclear and other sensitive materials and technology, including through the enactment and effective enforcement of comprehensive export control legislation and regulations, as well as harmonization of its export control laws, regulations, policies, and practices with the guidelines and practices of the Missile Technology Control Regime and the Nuclear Suppliers Group, as it committed to do in the July 2005 Joint Statement.

Let me also address some aspects of the recently-approved Nuclear Suppliers Group Statement on Civil Nuclear Cooperation with India. This Statement creates the exception that permits international civil nuclear trade with India by NSG members. An initial U.S. draft exception text was first discussed at an NSG meeting on August 21-22. NSG Participating Governments met again from September 4-6, and after intensive discussions, the NSG reached consensus on September 6 to allow for civil nuclear cooperation with India.

Let me be clear that during these negotiations no side deals were made by the United States to achieve consensus at the Nuclear Suppliers Group. We achieved consensus because there was a strong desire among Participating Governments to find a way to enable civil nuclear trade with India while reinforcing the global nonproliferation regime. We were able to do both.

The text of the statement adopted by the NSG is fully consistent with the Hyde Act. The same Indian nonproliferation commitments made in the July 2005 Joint Statement between President Bush and Prime Minister Singh, which were also incorporated in the Hyde Act, are included in the NSG statement. In fact, the NSG explicitly granted the exception based on these commitments and actions by India. The exception provides for ongoing dialogue and cooperation between the NSG and India through outreach by the NSG Chairman and permits the NSG to periodically consider implementation of the exception and hold consultations to address any circumstances of concern.

India's voluntary, unilateral moratorium on nuclear testing is important. We have been very clear on this subject with the Indian Government. Just as India has maintained its sovereign right to conduct a test, so too have we maintained our right to take action in response. As Secretary Rice said before this committee in

April 2006, “We've been very clear with the Indians...should India test, as it has agreed not to do, or should India in any way violate the IAEA safeguards agreements to which it would be adhering, the deal, from our point of view, would at that point be off.” In the 123 Agreement, for example, either Party has the right to terminate the agreement and seek the return of any transferred materials and technology if it determines that circumstances demand such action. Likewise, the NSG exception permits any Participating Government, including the United States, to request a meeting of the Group to consider actions if “circumstances have arisen which require consultations.”

Mr. Chairman, we believe that this Initiative will have a lasting strategic impact in building a new strategic partnership with India, reducing India's dependency on fossil fuels and resulting greenhouse gas emissions, and will help lift millions of Indian citizens out of poverty, while at the same time strengthening the nuclear nonproliferation regime.

Mr. Chairman, thank you again for the opportunity to testify today. I look forward to answering your questions.