



Relook at India-US Nuclear Deal

What is the issue?

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- It's been nearly a decade since the memoranda of understanding on India-US civil nuclear deal was inked.
- It calls for a reassessment of the deal in the context of the newly emerged global realities over the years.

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What is the deal on?

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- The U.S.-India Civil Nuclear Agreement or Indo-US nuclear deal or the 123 Agreement was signed between US and India in 2005.
- Under the agreement, India agreed to separate its civilian and military nuclear activities.
- It also agreed to open up the civilian part to inspection by the International Atomic Energy Agency (IAEA).
- In return, the US offered to resume full nuclear trade i.e selling of reactors, Transfer of Technology, Uranium sale with India.
- The deal went through several complex stages including:
 - i. amendment of U.S. domestic law (Atomic Energy Act of 1954)
 - ii. civil-military nuclear Separation Plan in India

iii. India-IAEA safeguards agreement

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- Around 3 years ago, during the then U.S. President Obama's visit, India-U.S. civil nuclear deal was announced.
- This finalised the agreement between India and the U.S. on supplier liability and tracking requirements.
- It enabled American companies to build nuclear power reactors in India.
- In 2016, during Indian PM's visit to US, 6 nuclear reactors were decided to be built in India by the American firm Westinghouse.
- Despite bilateral agreements, there is no sign yet of any contract between an American company and the Indian authorities.

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What are the challenges?

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- The U.S. sending the Westinghouse officials to India will reopen negotiations on the deal.
- Before deciding on a go ahead with the commercial contract, the Indian government should consider the following:
- **Liability** - Westinghouse went into major cost overruns leading to a financial crisis.
- It had to halt two of its reactors projects in the U.S, by when the construction was already 5 years over schedule.
- Amidst this, the Westinghouse's new buyers have already diluted the arrangement in India.
- They will not construct the nuclear power project in India, and will only supply reactors and components.
- Even if the India-U.S. techno-commercial contract gets finalised in 2019, it would take nearly another 10 years to construct a reactor.

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- Given this, in case of a Fukushima-type nuclear accident in India, the liability that U.S. companies would carry is highly uncertain.

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- **Trump effect** - Trump's US presidency has taken a sharp turn away from renewable energy.

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- There are increased calls for mining, exporting and encouraging oil, gas, coal and shale trade into its foreign outreach.

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- Notably, India recently, made orders for both oil and gas shipped from America.

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- India may stand to lose Obama era support in financing renewable energy projects and facilitating India-U.S. nuclear deals.

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- Also, the US has pulled out of the Paris climate change accord, coming as a shock for India.

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- Notably, Obama administration had promised to help India reduce its dependence on fossil fuels on India's entry into Paris accord.

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- **India's requirements** - India's own requirements from the India-U.S. civil nuclear deal have changed considerably.

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- The Cabinet recently approved the 7,000 MW construction plan for 10 Indian-made pressurised heavy water reactors (PHWRs).

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- With existing constructions and the current capacity of 6,780 MW, India hopes to have 14,600 MW of nuclear power by 2024.

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- Besides the nuclear power plants, the Department of Atomic Energy is advocating PHWRs in more inland sites.

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- This includes sites in Rajasthan, Haryana, Karnataka and Madhya Pradesh.

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- It comes in the backdrop of concerns on too many nuclear projects in the southern coastline lying along tsunami and earthquake faultlines.

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- India has also found much more comfort in its existing agreement with Russia's Atomstroyexport.

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- This began with the Intergovernmental Agreement for Kudankulam 1 and 2 in 1988.

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- It has kept a slow but steady pace in delivering reactors and operationalising power projects.

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- **Cost** - Another issue relates to the cost that India is prepared to pay for nuclear energy through foreign collaborations.

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- Indo-French negotiations for six 1,650 MW European Pressurised Reactors (EPRs) in Maharashtra's Jaitapur is delaying.

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- This is notably over the differences between Department of Atomic Energy and the French company Areva (now handed over to EDF Energy company, UK).

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- It pertains to arriving at the cost per unit.

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- **Besides** - India must consider the shifts in the world nuclear industry before getting into negotiations with new companies.

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- Many nuclear companies globally are facing with major losses over their nuclear businesses.

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- As the pressure to lower nuclear power tariffs increases, nuclear safety requirements have become more stringent.

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- More countries now see nuclear power as a "base-load" option.

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- It is only preferred as a back-up option for unstable, but infinitely less costly and eco-friendly, solar and hydroelectric power options.

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- All these signal that nuclear power is losing its primacy in the energy mix, which India must be aware of.

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Source: The Hindu

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