

TO THE CONGRESS OF THE UNITED STATES;

I am pleased to transmit to the Congress, pursuant to section 123 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2153) (AEA), the text of a proposed Agreement for Cooperation Between the Government of the United States of America and the Government of India Concerning Peaceful Uses of Nuclear Energy. I am also pleased to transmit my written determination concerning the Agreement, including my approval of the Agreement and my authorization to execute the Agreement, and an unclassified Nuclear Proliferation Assessment Statement (NPAS) concerning the Agreement. (In accordance with section 123 of the AEA, as amended by title XII of the Foreign Affairs Reform and Restructuring Act of 1998 (Public Law 105-277), a classified annex to the NPAS, prepared by the Secretary of State in consultation with the Director of National Intelligence, summarizing relevant classified information, will be submitted to the Congress separately.) The joint memorandum submitted to me by the Secretary of State and the Secretary of Energy and a letter from the Chairman of the Nuclear Regulatory Commission stating the views of the Commission are also enclosed.

The proposed Agreement has been negotiated in accordance with the AEA and other applicable law. In my judgment, it meets all applicable statutory requirements except for section 123 a.(2) of the AEA, from which I have exempted it as described below.

The proposed Agreement provides a comprehensive framework for U.S. peaceful nuclear cooperation with India. It permits the transfer of information, non-nuclear material, nuclear material, equipment (including reactors) and components for nuclear research and nuclear power production. It does not permit transfers of any restricted data. Sensitive nuclear technology, heavy-water production technology and production facilities, sensitive nuclear

facilities, and major critical components of such facilities may not be transferred under the Agreement unless the Agreement is amended. The Agreement permits the enrichment of uranium subject to it up to 20 percent in the isotope 235. It permits reprocessing and other alterations in form or content of nuclear material subject to it; however, in the case of such activities in India, these rights will not come into effect until India establishes a new national reprocessing facility dedicated to reprocessing under IAEA safeguards and both parties agree on arrangements and procedures under which the reprocessing or other alteration in form or content will take place.

In Article 5(6) the Agreement records certain political commitments concerning reliable supply of nuclear fuel given to India by the United States in March 2006. The text of the Agreement does not, however, transform these political commitments into legally binding commitments because the Agreement, like other U.S. agreements of its type, is intended as a framework agreement.

The Agreement will remain in force for a period of 40 years and will continue in force thereafter for additional periods of 10 years each unless either party gives notice to terminate it 6 months before the end of a period. Moreover, either party has the right to terminate the Agreement prior to its expiration on 1 year's written notice to the other party. A party seeking early termination of the Agreement has the right immediately to cease cooperation under the Agreement, prior to termination, if it determines that a mutually acceptable resolution of outstanding issues cannot be achieved through consultations. In any case the Agreement, as noted, is a framework or enabling agreement that does not compel any specific nuclear cooperative activity.

In the event of termination of the Agreement, key nonproliferation conditions and controls would continue with respect to material and equipment subject to the Agreement.

An extensive discussion of India's civil nuclear program, military nuclear program, and nuclear nonproliferation policies and practices is provided in the Nuclear Proliferation Assessment Statement (NPAS) and in a classified annex to the NPAS submitted to the Congress separately.

The AEA establishes the requirements for agreements for nuclear cooperation, some of which apply only to non-nuclear-weapon states (see AEA, section 123 a.). The AEA incorporates the definition of "nuclear-weapon state" from the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), which defines it to mean a state that has manufactured and exploded a nuclear weapon or other nuclear explosive device prior to January 1, 1967. Therefore India is a non-nuclear-weapon state for NPT and AEA purposes, even though it possesses nuclear weapons. The Agreement satisfies all requirements set forth in section 123 a. of the AEA except the requirement of section 123 a.(2) that, as a condition of continued U.S. nuclear supply under the Agreement, IAEA safeguards be maintained in India with respect to all nuclear materials in all peaceful nuclear activities within its territory, under its jurisdiction, or carried out under its control anywhere (i.e., "full-scope" or "comprehensive" safeguards).

The Henry J. Hyde United States-India Peaceful Atomic Energy Cooperation Act of 2006 (the "Hyde Act") established authority to exempt the Agreement from the full-scope safeguards requirement of section 123 a.(2) of the AEA, as well as certain other provisions of the AEA relating to supply under such an agreement, provided that the President makes certain determinations and transmits them to the Congress together with a report detailing the basis for

the determinations. I have made those determinations, and I am submitting them together with the required report as an enclosure to this transmittal.

Approval of the Agreement, followed by its signature and entry into force, will permit the United States and India to move forward on the U.S.-India Civil Nuclear Cooperation Initiative, which Indian Prime Minister Manmohan Singh and I announced on July 18, 2005, and reaffirmed on March 2, 2006. Civil nuclear cooperation between the United States and India pursuant to the Agreement will offer major strategic and economic benefits to both countries, including enhanced energy security, an ability to rely more extensively on an environmentally friendly energy source, greater economic opportunities, and more robust nonproliferation efforts.

The Agreement will reinforce the growing bilateral relationship between two vibrant democracies. The United States is committed to a strategic partnership with India, the Agreement promises to be a major milestone in achieving and sustaining that goal.

In reviewing the proposed Agreement I have considered the views and recommendations of interested agencies. I have determined that its performance will promote, and will not constitute an unreasonable risk to, the common defense and security. Accordingly, I have approved it and I urge that the Congress also approve it this year.

