



## **The Elusive India-Japan Nuclear Deal:**

### **It is time to bridge the differences to clinch the deal**

*Dr. Shamshad A. Khan\**

India-Japan nuclear cooperation has been one of the much talked about issues between the two governments, strategic circles and the media. Despite achieving new breakthroughs in their cooperation in the fields of trade, infrastructure, security and defence, the civilian nuclear cooperation issue remains an unfinished agenda. The inconclusive agreement, vital for India's energy security, has been passed over to the new government as a result of the regime change in India. This is one of the issues over which both the countries have had four rounds of negotiations, but they have been unable to clinch the nuclear agreement.

#### **Prospective India-Japan Civil Nuclear Agreement: Differing Perceptions**

There is a basic disagreement on the approaches of the two countries that has become a stumbling block in realizing this objective. Japan looks at the nuclear cooperation purely from strategic angle, while India sees it from an economic perspective and considers Japan's approval of a nuclear deal important for going ahead with the installation of new nuclear power plants. This is primarily because Japanese companies enjoy a monopoly over certain key components including "reactor vessels" required for nuclear reactors. India has signed agreements with General Electric, Areva SA and Westinghouse to set up nuclear power plants. Japanese companies have major stakes in these companies. If Japan does not sign an agreement with India, these companies cannot proceed with their installation plans.

There had been some headway, however, in this regard. The then Foreign Minister, Katsuya Okada, during his New Delhi visit, has agreed to launch negotiations on nuclear agreement. Okada, during his official visit in 2011, stated, “The decision to launch the negotiation for the nuclear cooperation agreement was probably one of the toughest decisions that I had to make as Foreign Minister.” It may be noted that Japan took almost five years to move from commitment to negotiation stage. It had made a commitment to India to enhance civil nuclear energy cooperation “through constructive approaches under appropriate IAEA safeguards” in a Joint Statement signed by the then Prime Minister, Manmohan Singh and the then Japanese Prime Minister, Shinzo Abe in 2006. Interestingly, Shinzo Abe is back at the helm of affairs in Japan and has been actively promoting the sale of Japanese technologies, including nuclear technologies abroad, as part of his agenda of economic revival of Japan, commonly known as “Abenomics.”

Though the Japanese government has swiftly concluded nuclear deals with Turkey, Vietnam and has been negotiating the sale of nuclear reactors to Saudi Arabia and the UAE, but even after the return of Abe, it has been unable to conclude the civil nuclear cooperation agreement with India. Japan’s slow approach in this regard suggests that Japan is finding it difficult to generate a consensus at home and convince its anti-nuclear lobby, which is against extending nuclear cooperation to non-NPT signatory countries including India.

### **India-Japan Civil nuclear Cooperation: Push and Pull factors**

On the other hand, there has been sustained pressure on Tokyo from certain business lobbies to go for the deal as Japanese nuclear enterprises are eyeing the nuclear energy potentials in India. It is being estimated that the Indian nuclear energy market alone offers USD 150 billion. If Japan bags a substantial number of contracts to install the nuclear reactors in India, it would be a big boost for Abenomics.

Despite the push from the business lobby, there is a pull factor also. The opposition to a prospective Indo-Japanese nuclear deal comes from the anti-nuclear lobbies and the Japanese media, which has openly expressed concerns about the deal. In 2011, opposition to nuclear deal with India also appeared in Nagasaki Peace declaration issued in the wake of commemoration

ceremony of nuclear bombing on Nagasaki. In the face of pressure on the Japanese government from the domestic constituencies, Tokyo has been treading very cautiously. The Japanese sources also suggest that a section of Japanese nuclear reactor exporting companies have lost interest in Indian nuclear market following India's adoption of nuclear liability bill. They have expressed unease over the bill and expect India to revisit the liability bill. India should not accede to these demands as the liability bill is the best insurance for the communities hosting nuclear power plants in case of an accident. India should also take cognizance of some internal developments in Japan including Tokyo's willingness to join the international Convention on Supplementary Compensation (CSC) for nuclear damages. CSC calls for setting international rules whereby compensation can be made smoothly in the event of a nuclear accident.

The CSC also stipulates that liability for damages should be shouldered by the companies concerned. Recently, Japan has called for ratification of the CSC and has submitted a draft bill to the Diet. If Japanese Diet ratifies the bill and Japan becomes signatory of this international convention, all the companies operating under nuclear plants domestically will fall in the ambit of the CSC. Indian can ask these companies to follow the similar safety, security and liability norms for Indian markets as well.

### **Why Japan wants a specific nullification clause in the nuclear agreement?**

To assuage Japanese nuclear allergic public, majority of whom remain unaware of India's "unilateral moratorium on nuclear testing", Japan has been asking to include a specific clause in the pact. The Japanese side wants that the nullification clause in the prospective nuclear agreement should stipulate that "Tokyo would halt nuclear energy cooperation if New Delhi conducts a nuclear test." They continued with this demand during the four rounds of negotiations held so far. It was expected that during the visit of Prime Minister Narendra Modi's Japan visit Prime Minister Abe who considers selling of technology, including nuclear technology abroad as one of the main pillars of Japan's economic revival will clinch the pending civilian nuclear cooperation agreement. But the joint statement signed during the two leaders merely noted that the two prime ministers "directed their officials to further accelerate the negotiations with a view to concluding the Agreement at an early date." Similar observations have been made about the nuclear cooperation in the joint statement signed between Prime

Minister Manmohan Singh and his Japanese counterparts during the last few years. The persisting stalemate between the two countries over the nuclear cooperation agreement suggests that they need to do more to bridge their perceptions.

A close look at Japanese thinking on nuclear cooperation with India suggests that Japan faces a dilemma. It is not able to decide which one to choose between economic gains and the ideal principle of not selling nuclear technology to a non-NPT member. The Fukushima incident has also acted as an impediment in the deal. Post Fukushima incident that led to the displacement of inhabitants closer to the Fukushima nuclear power generation site, a section of Japanese people believes that exporting nuclear reactors is likely to bring similar disasters abroad; thus, they oppose the government's move of using the nuclear reactor as a tool of trade.

### **How to bridge the differing perception over the nuclear accord?**

The conclusion of an Indo-Japan civilian nuclear accord would depend on how both the countries reconcile on an agreed position. Both need to moderate their positions to clinch the deal. Japan's demand for inclusion of a nullification clause in the prospective India-Japan nuclear cooperation agreement is not aimed at denying this technology to India, rather it is aimed at assuaging public concerns prevalent in a nuclear allergic and deeply pacifist society. It does not seem that Japan is using the specific clause as a tactics to delay the nuclear deal. However, the Japanese political elites should also understand that the Indian government also faces a similar dilemma. If they agree for the inclusion of the kind of phrase that Japan demands, a large section of the people would blame the present political dispensation for "compromising" India's long held interest and strategic autonomy.

India's repeated statements that India has a moratorium on nuclear testing adopted in 2008 and the inclusion of a nullification clause is not required, has not helped assuage the concern of Japanese nuclear allergic people. The common Japanese are not aware of the text of India's unilateral moratorium on nuclear testing. Since both Indian and Japanese governments have shown commitment for civil nuclear cooperation, they should jointly strive to make the text popular among the Japanese people. For example, the translated text of the oft-referred moratorium can be advertised in Japanese papers. It is a common practice in international

diplomacy to use media space to convey its stance to a local populace. Various governments have utilized these spaces to clear their position. Hopefully, a section of the statement made by the then External Affairs Minister, Mr. Pranab Mukherjee in Indian Parliament in 2008 would likely have a profound impact on Japanese thinking, which is as follows:

“We remain committed to a voluntary, unilateral moratorium on nuclear testing. We do not subscribe to any arms race, including a nuclear arms race. We have always tempered the exercise of our strategic autonomy with a sense of global responsibility. We affirm our policy of no-first-use of nuclear weapons.”

If Japan and India fail to find a common ground to clinch the deal and Japan still insists on the specific abrogation clause in the proposed nuclear deal, both the parties, as a last resort, should consider a special clause in the pact, conveying the essence of the above mentioned statement.

As various reports have suggested that India’s economic progress would depend upon the availability of sustainable energy, it becomes important to increase the share of nuclear energy in India’s total energy mix, which, at present, remains less than two per cent. And to increase the share of nuclear energy in India’s energy mix, Japan’s cooperation is necessary. Therefore, both the governments should accommodate each other’s concerns and pave the way for signing the long pending nuclear deal.

*\*Dr. Shamshad A. Khan is a Research Fellow at the Indian Council of World Affairs, New Delhi. Views expressed by the contributor are his personal views.*