

Canadian Policy Towards Nuclear Cooperation with India

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Introduction

We have been asked to consider whether or not Canada should support an exemption for India in the Nuclear Suppliers Group (NSG). Tangent to this is the question of a resumption of nuclear cooperation with India. Canadian policy since 1976 has been no cooperation with India in the nuclear field. This stems from Indian diversion of materials from reactors provided by Canada from peaceful to military purposes. The diversion, which resulted in a nuclear test in 1974, went against Indian commitments to Canada and is a blemish upon Canada's non-proliferation record.

'Canada's approach to nuclear disarmament is based on the view that the most viable and practicable way forward is by a continuous step-by-step process to reduce and eliminate nuclear weapons through steadily advocating national, bilateral and multilateral measures.'¹ In addition Canadian policy is to strengthen the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), and to encourage its universality. Currently there are only four nations outside of the NPT: the DPRK, India, Israel, and Pakistan.²

Background

In order to promote economic and social development in South and Southeast Asia, in 1956 Canada provided India with a CIRUS³ nuclear reactor for peaceful research purposes. In 1963 and 1966 Canada sold India two CANDU⁴ reactors that India has since cloned⁵. After India's nuclear test explosion⁶ of what they called the 'Smiling Buddha' in 1974 that used plutonium from the CIRUS reactor, Canada suspended shipments to India of nuclear equipment and material. Two years later Canada, after further review, severed all nuclear cooperation with India and revised its non-proliferation policy to restrict nuclear trade to only those countries that were party to the NPT. Canadian fears about Indian motives were substantiated in May of 1998 when India detonated nuclear weapons and declared itself a nuclear weapons wielding state.

The nuclear isolation, however, is not total. Canadian scientists are permitted to meet their Indian counterparts as part of the CANDU Owners Group, an informal club of CANDU operators, in order to share public information on safety. Canada has a policy of making public, non-proprietary information available to CANDU owners, including India, so that they can safely maintain the reactors. In effect this increases the longevity of the reactors and adds to India's plutonium production, and therefore weapons program.

The Nuclear Suppliers Group

Formed in 1975, partly in response to India's detonation of the 'Smiling Buddha', the NSG "seeks to contribute to the non-proliferation of nuclear weapons through the implementation of Guidelines for nuclear exports."⁷ The Guidelines "aim to ensure that nuclear trade for peaceful purposes does not contribute to the proliferation of nuclear weapons or other nuclear explosive devices which would not hinder international trade and cooperation in the nuclear field."⁸

Part I of the NSG Guidelines is a result of India's diversion of Canadian materials for use in its 1974 nuclear test. It covers nuclear materials and equipment, and seeks to strengthen export control systems. Part II, developed after the 1991 Persian Gulf War, attempts to identify and limit the export of equipment and materials that have both peaceful and military uses. Materials exported from NSG members must end up under International Atomic Energy Agency (IAEA) safeguards. Those safeguards are meant to prevent nuclear material or technology from being diverted to weapons and include such activities as inspections, remote monitoring, and the sealing of reactors, fuel and sites.

Canadian views on this topic and in this venue are salient --- we were the first nation with a considerable nuclear capability to reject nuclear weapons, are actively involved in non-proliferation and are strong proponents of the peaceful uses of nuclear energy under the NPT. In addition it was under Canadian leadership at Kananaskis that the Global Partnership against the Spread of Weapons and Materials of Mass Destruction was instigated.⁹

Exemption

States may be given an exemption to some or all of the Guidelines of the NSG. India is hoping to be given an exemption from the group's rule that a non-nuclear-weapon state must accept full-scope safeguards on all of its nuclear facilities in order to be eligible for nuclear imports. The Bush administration is seeking India-specific exemptions to U.S. law and international rules to permit nuclear commerce with India's declared civilian nuclear entities and facilities. India is keeping eight of 22 thermal reactors and two fast-breeder reactors outside of international supervision. If an exemption is approved it would permit an NSG member to export nuclear goods to India if that particular government was satisfied that India was abiding by its non-proliferation commitments. India is seeking such an exemption even though it is not a non-nuclear weapon state; neither is it a nuclear weapon state according to the definition in the NPT.

There are some benefits to an exemption. For example an exemption would require India to divide its nuclear complex into military and civilian sectors and open the civilian side to international oversight, including inspections and safeguards. Another benefit to the exemption is that it would result in a continued voluntary moratorium on Indian nuclear testing. It would also reward India for its strong non-proliferation credentials.

The United States has suggested that it would support such a move provided that a consensus can be reached amongst the NSG's participant states. Countries such as France, the United Kingdom, and the United States are proponents of an exemption since they stand to gain economically and politically from further developing ties with a rising India. On the other hand, countries such as Austria, China, Pakistan, South Africa, and Sweden do not support an exemption because they recognize that such a move would strengthen India's capacity to produce nuclear weapons in greater quantity and in essence provide benefits that are reserved for states parties to the NPT to a non-NPT member. This would erode the NPT and encourage other nations to exist outside of its obligations.

An exemption would facilitate nuclear trade, which might aid India's nuclear weapons program. Because not all of India's reactors would be under Safeguards, India would still be able to produce fissile material. An exemption would allow India to reserve the right to classify future reactors as military and off-limits to outsiders. Supplying nuclear fuel to India would add to its nuclear weapons capabilities by freeing-up its existing but limited domestic capacity to produce highly enriched uranium and plutonium exclusively for weapons.

Analysis

The case for Canada supporting an exemption is based on economic advantage and the fact that not supporting an exemption would place us out of step with our key allies and trading partners. There has been a dramatic reversal in attitudes towards nuclear power around the globe. In Europe, France and Finland are building new stations, and Sweden and the Netherlands are reconsidering the nuclear option. Russia is re-invigorating its nuclear program, as are nations in South America, and Asia. This nuclear renaissance will necessitate new nuclear power plants and a constant supply of fuel to run them. Canada is the world's largest producer of uranium and sells about \$500 million dollars worth of uranium per year of which 85% is exported. This employs 30,000 Canadians, who work for the 100 Canadian companies involved in uranium mining.¹⁰ Canada has mature, safe, and proven reactor designs, which represents a great opportunity to expand its nuclear industry within this nuclear revival.

With many of our key allies such as the United States and United Kingdom already supporting an exemption for India, not doing so could upset our international relations. Economic ties with India could also suffer --- India is one of the fastest growing economies in the world and the largest democracy.

However, supporting an exemption challenges the founding principles of both the NSG and the NPT. Granting an exemption for India would weaken non-proliferation norms, mechanisms, and standards, while undermining the NPT. The 188 states parties to the NPT will inevitably question the value of NPT membership when non-parties such as India are entitled to the same benefits. There is a great value in calling for universal adherence to the NPT. India has already diverted aid meant for peaceful purposes to build a nuclear arsenal, and any further aid would have a similar effect.

We must also take into consideration the ancillary effects of an exemption for India --- mainly the fueling of an arms race in South Asia. Pakistan has already expressed that an exemption for India would be discriminatory since both countries are nuclear weapons states that remain outside of the NPT. Given the complex relationship between India and Pakistan, there is no doubt that developments in Indian nuclear technology will be perceived by Pakistan as an attempt by India to expand its nuclear arsenal in order to undermine the deterrence value of the Pakistani arsenal. Such a perception would propel Pakistan to increase its own nuclear capability, triggering a nuclear arms race in the region.

In addition, granting an exemption to India opens the door for other suppliers of nuclear technology, such as China, to seek exemptions for their allies. An exemption would encourage countries such as the DPRK and Israel to seek similar arrangements and suggest to Iran that leaving the NPT would have few downsides, as the benefits of membership are available to non-parties as well. Granting an exemption to India sends a poor message to states that remain outside the NPT, indicating that eventually their possession of nuclear weapons will gain international acceptance.

Recommendation

Even if Canada is the only party not to join consensus within the NSG, it should stand up for the principles of the NPT and vote against an exemption for India. Political and economic advantages aside, Canada should not change its longstanding policy to restrict nuclear trade to only those countries that are party to the NPT. India has already taken advantage of our goodwill, and any concessions given now would essentially reward that affront. A nuclear renaissance will still represent an opportunity for Canadian business, just not in India. An exemption sends the wrong message to nations about our belief in the viability of the NPT, and will encourage countries like Iran and the DPRK to seek NPT benefits bilaterally. This would undermine the treaty as well as detract from the possibility of universality.

¹ Canadian Policy available online at <http://www.dfait-maeci.gc.ca/arms/nuclear2-en.asp>

² Whether or not the DPRK successfully withdrew from the treaty is beyond the scope of this discussion

³ CIRUS – Canadian Indian Reactor United States – the US provided the heavy water for this 40 MW plutonium-fed research reactor

⁴ CANDU - Canada Deuterium Uranium

⁵ India now operates seven CANDU clones, and plans to add 10,000 more megawatts of nuclear power by 2010

⁶ While India claims that the test was for peaceful purposes only, Canada believes that it violated both the spirit and letter of their agreements with India

⁷ See the NSG's website at <http://www.nuclearsuppliersgroup.org/>

⁸ Ibid

⁹ "Canada joins effort to stem flow of WMD expertise to terrorist" Inside The Pentagon, March 2004. Available online at <http://geo.international.gc.ca/cip-pic/library/18march2004-en.asp>

¹⁰ The Canadian Nuclear Association. *Nuclear Facts : Why is Uranium Important to Canada?* Available online at http://cna.ca/english/Nuclear_Facts/04-Nuclear%20Facts-uranium.pdf