

**Thorium Power, Ltd. – News Update
October 31, 2007**

Letter from Seth Grae, CEO

Dear Stockholders:

We are pleased to share this latest news update, which includes company news as well as industry-related developments.

Company News

We achieved two major, corporate-level milestones in the last month. Firstly, we welcomed Jim Guerra as our new Chief Financial Officer. Having served as a senior financial executive at Exelon, the largest producer of nuclear energy in the United States, we believe that Jim's addition to Thorium Power marks a milestone in the Company's development. We also participated in the International Atomic Energy Agency's (IAEA) global conference on "Thorium-based fuels and fuel cycle options for PHWR, LWR and HTGR," which was hosted by the Turkish Atomic Energy Authority (TAEK), and Cekmece Nuclear Research & Training Center. I delivered the keynote address and led two sessions with leading international experts on thorium fuel. Dr. Andrey Mushakov, our Executive Vice President, International Nuclear Operations, also addressed the conference and participated in expert panel discussions. As the inaugural conference on thorium, the IAEA event illustrated the emergence of thorium as the nuclear fuel of the future.

Industry Developments

The nuclear renaissance continues to generate considerable interest and support: According to the IAEA's latest projections, global nuclear generation will grow to between 447 and 679 GWe by 2030, from the current level of 370 GWe. This favorable outlook was further echoed in a leading European Union report, which concluded that nuclear energy is an "indispensable" energy source. Meanwhile, in a report titled *Facing the Hard Truths About Energy*, the National Petroleum Council concluded that all economic energy sources, including nuclear, will be needed in the period to 2030. Finally, the InterAcademy Council, a leading scientific think tank, released a landmark report which noted that nuclear energy should be embraced as a "science, technology and policy roadmap for developing energy resources to drive economic growth in both industrialized and developing countries while also securing climate protection and global development goals." The Council also noted that Nuclear's potential is currently limited by concerns related to cost, waste management, proliferation and plant safety. It further recommended that "a transparent and objective re-examination of the issues that surround nuclear power and their potential solutions" should be carried out as soon as possible, and its findings used to educate both the public and policy makers. With regard to the US-India nuclear deal, the administration continues to encourage the Indian government and we remain confident in a satisfactory outcome.

Once again, these latest developments support our unique positioning as a source of solutions to address the major industry concerns – how to solve proliferation, reduce waste and improve profitability.

Very Truly Yours,

Seth Grae

Chief Executive Officer

General Industry News

Reuters – US wants India to move forward on nuclear deal (10.29.2007) – The article reports on US State Department comments concerning the civilian nuclear deal with India. The article quotes State Department spokesperson Sean McCormack as saying that “[the administration continues] to urge the Indian government to move forward with this deal. And we are prepared to move forward with it as well.”

World Nuclear News – Nuclear energy “indispensable” says EU report (10.25.2007) – The publication reports that Members of the European Parliament overwhelmingly voted in favor of the *Conventional Energy Sources and Energy Technology* report that states that nuclear energy will be indispensable if the EU is to meet its basic energy needs in the medium term. The article notes that the report was adopted with 509 votes in favor, 153 against and 30 abstentions.

Reuters – Paulson sees India as key to Doha trade deals (10.24.2007) – The newswire reports on US Treasury Secretary Henry Paulson’s comments as he prepared for a four day trip to India. The article notes Paulson’s comments concerning the civilian nuclear deal which he said had US commitment and would benefit both India and the US.

World Nuclear News – Sustainable energy roadmap gives nuclear directions (10.23.2007) – The new service covers a report by Netherlands-based InterAcademy Council which concludes the fundamental challenges facing nuclear power are as much political and social as they are technological and scientific, and calls for a transparent and scientifically driven re-examination of nuclear energy issues as a matter of urgency.

World Nuclear News – Expand nuclear power capability, says oil and gas group (10.17.2007) – Reporting on recent findings by the National Petroleum Council, the news service details US energy secretary Sam Bodman’s requested study on the ability of global oil and natural gas supply to keep pace with growing demand. Entitled *Facing the Hard Truths about Energy*, the study looks at the period to 2030 and concludes that while the world is not running out of energy resources, a concerted expansion of all economic energy sources will be required, including coal, nuclear, renewables, and unconventional oil and natural gas resources.

World Nuclear News – New UK nuclear “in nation’s best interests” (10.10.07) – Reporting on the UK Nuclear Industry Association’s government submission on UK efforts to retain nuclear power, the publication quotes NIA chief executive Keith Parker as follows: “Nuclear is low-carbon and helps maintain diversity, and hence security of the UK’s electricity supply. We firmly believe this is in the nation’s best interests.”

World Nuclear News – EU commissioner: Nuclear key to CO2 reduction (10.09.07) – The publication reports on statements made by Matthias Ruete, director general of the European Commission’s Transport and Energy directorate, while speaking to independent media portal *EurActiv*. The article notes that Ruete highlighted concerns that an increase in renewable energy use alone would struggle to help reduce carbon emissions.

World Nuclear News – EU must face nuclear energy question (10.02.07) – The article reports on EU European Commission president Jose Manuel Barroso’s comments at “European Energy Challenges,” a meeting of the main leaders of the European energy sector where he called for a “total and frank debate” amongst EU member states on nuclear energy.

Indo-US Civilian Nuclear Agreement

Press Trust of India – India minister tells US envoy nuclear deal to be pursued later (10.16.07) – The paper reports on US Ambassador to India David C. Mulford's October 15 meeting with India's External Affairs Minister Pranab Mukherjee concerning India's outlook on the future of the civil nuclear agreement. The article notes that Mukherjee was understood to have conveyed to Mulford the political compulsions the UPA [United Progressive Alliance] government has in not going ahead with the deal for now, but expressed the determination to push it through at later stage.

Financial Times – IAEA Visits India Amid Nuclear Deal Worries (10.11.07) – The paper reports on growing concerns that Indian communists could scupper a nuclear deal with the United States or spark snap elections as IAEA chief Mohamed ElBaradei arrived for a meeting between top government officials. The article notes that El Baradei commented, "I have always had fruitful discussions with the Indian government and it will be so in the future as well."

Financial Times – Step up reforms, India told by OECD (10.10.07) – The paper reports that India was warned by the Organization for Economic Co-operation and Development to push through further reforms if it is to achieve the government's objective of double-digit economic growth by 2011. Noted reforms included fewer employment protection laws, opening the economy more rapidly to international trade and to foreign direct investment in tightly protected service sectors, such as insurance and retailing, more investment in physical and social infrastructure, cutting fuel and food subsidies, financial sector reform, privatization of public sector businesses and fiscal consolidation.

Press Trust of India – India may buy six nuclear reactors from France (09.29.07) – The paper reports on Nuclear Power Corporation of India Limited (NPCIL) plans to buy six nuclear power reactors from France at an Indo-French nuclear business meet starting on October 15. The paper notes that the meeting is organized by the French embassy in collaboration with NPCIL in order to "strengthen the bilateral cooperation in the nuclear power sector and also to improve the relationship between the industries of both India and France."

Press Trust of India – UN nuclear body meeting was "successful" for India (09.23.07) – The paper reports that the IAEA recognized India as the most advanced nation in nuclear fuel cycle technology and notes that Atomic Energy Commission Chairman Anil Kakodkar commented that he favored a closed fuel cycle to reduce the risk of proliferation of fissile material.

US wants India to move forward on nuclear deal

Reuters

October 29, 2007

WASHINGTON (Reuters) - Secretary of State Condoleezza Rice emphasized U.S. support for a stalled civil nuclear deal with India in a conversation with Indian Foreign Minister Pranab Mukherjee on Monday, the State Department said.

The agreement aims to give India access to U.S. nuclear fuel and equipment, overturning a three-decade ban imposed after New Delhi, which has not signed the Non-Proliferation Treaty, conducted a nuclear test in 1974.

The accord has become entangled in Indian domestic politics because the communist coalition allies of Indian Prime Minister Mahmoan Singh have threatened to withdraw their parliamentary support for his government if it goes ahead.

U.S. Treasury Secretary Henry Paulson, who was in India this week, also has encouraged the Indian government to resolve its political differences and sanction the nuclear deal with the United States.

On October 12, Singh said he hoped to complete his five-year term and avoid early elections, suggesting this was a higher priority to him than forcing through the nuclear deal.

"The Indian people and the Indian political system are going to have to work out whatever resolution of that debate there will be," State Department spokesman Sean McCormack told reporters in Washington.

"But we continue to urge the Indian government to move forward with this deal. And we are prepared to move forward with it as well," he said, saying Rice had spoken to Mukherjee to underline U.S. support for the agreement.

The agreement is also subject to three further hurdles.

India must reach an agreement with the International Atomic Energy Agency to place its civilian nuclear reactors under U.N. safeguards. It must get clearance from the 45-nation Nuclear Suppliers Group that governs global civilian nuclear trade.

After those steps, the agreement must be approved again by the U.S. Congress, which the Indian government hopes will happen in time for the agreement to be completed before President George W. Bush leaves office in January 2009.

But that schedule now looks threatened by the political impasse in India.

Asked about the possibility of renegotiating the agreement, McCormack said: "I don't believe that there's any consideration of that or any discussion of that on either side at this point."

Nuclear energy "indispensable" says EU report

World Nuclear News

October 25, 2007

Members of the European Parliament have overwhelmingly voted in favour of a report that states that nuclear energy will be indispensable if the EU is to meet its basic energy needs in the medium term.

The report, *Conventional Energy Sources and Energy Technology* was adopted with 509 votes in favour, 153 against and 30 abstentions. It was drafted by Herbert Reul of the EPP-ED group (Group of the European People's Party (Christian Democrats) and European Democrats in the European Parliament).

Acknowledging that nuclear energy is a key component of power supply in most EU member states, providing one third of the EU's electricity supply, MEPs said that nuclear energy would be "indispensable if basic energy needs are to be met in Europe in the medium term." Given that "nuclear energy is currently the largest low-carbon dioxide energy source in Europe," they added, "the renunciation of nuclear power will make it impossible to achieve the objectives set regarding reductions in greenhouse gas emissions and the combating of climate change".

The report predicted that on current trends, the EU would rely on imports to meet 65% of its energy needs by 2030. Yet, the report said, gas and oil supplies are dogged by uncertainty due to geopolitical risks and growing demand elsewhere.

European energy commissioner Andris Piebalgs said that "It will be difficult... to achieve our climate change goals without the use of nuclear energy." Foratom, the trade body for the European nuclear power industry, said in a release that the acceptance of the report was "highly significant" as it was the first explicit endorsement of nuclear power as "the largest low-carbon energy source in Europe."

The need to produce and use energy more safely, efficiently and sustainably across the EU was also underlined in an own-initiative report on "conventional energy sources" adopted by the European Parliament.

MEPs underlined that conventional sources will remain highly important in ensuring the EU's security of energy supply. However, MEPs stressed that the EU and its member states should redouble their research and development efforts towards "enhancing the efficiency of energy production and supply, reducing environmental consequences, improving the safety of existing technologies, developing storage techniques for renewables and developing new generations of nuclear reactors."

MEPs called on the Commission to quickly table legislative proposals on carbon capture and storage (CCS) technology "so as to respond to the legal issues surrounding the storage and transportation of carbon dioxide." They underlined "that CCS should be fitted to fossil fuel plants at the earliest practical opportunity." The committee nonetheless acknowledged that CCS technology is linked to losses of efficiency in power stations and called for research to address the issue.

Members also stressed the significant potential of energy generation from biomass, the need for the EU to support synthetic fuels technology and, with a view to the diversification of gas imports, the importance of liquefied natural gas (LNG).

Paulson sees India as key to Doha trade deals

By David Lawder and Glenn Somerville

Reuters

October 24, 2007

WASHINGTON (Reuters) - India could play a key role in bringing stalled global trade talks to a successful conclusion if it showed willingness to provide more access to its markets, U.S. Treasury Secretary Henry Paulson said on Wednesday.

"I think Doha is within reach and I think India can play a leadership role in helping us get there," Paulson told Reuters Television ahead of a four-day trip to India.

Paulson said access to the services and other non-agricultural sectors in India and other major emerging economies was important for a deal in the Doha round of global trade talks.

"The positive thing, as I look at India, is in those industries where they haven't been as regulated or they have been liberalized, they've competed very, very well -- software, airlines and certain manufacturing areas," he said.

Paulson also said a controversial deal that would provide India access to civilian nuclear technology would benefit both countries and had U.S. commitment, but he acknowledged domestic political pressure in India against it.

A failure of that deal, which would also bring India into the nuclear nonproliferation treaty, would not likely deter foreign investment in India or hurt U.S. relations with the country, he said.

"India's got a lot of good things going for it right now. There's a lot of people that want to do business in India. Our relationship with India is broader than any particular transaction," he said.

CHINA, INDIA "VERY DIFFERENT"

Paulson lauded India's flexible currency exchange rate regime, adding that China and India are "two very different nations."

"India has got balanced growth, they don't have big imbalances, their economy relies on internal consumption (and) services. There's a significant need in infrastructure, there's room for more reform in the capital markets area," Paulson said. "They've made real progress in terms of their capital markets and that's been reflected in their economy and I think further changes and liberalization will also bear fruit."

Paulson has been pressing China to allow the yuan to strengthen more quickly and to make its economy less dependent on exports.

But he said both India and China needed to increase the pace of their reform in order to counter rising protectionist sentiment around the world.

Paulson praised India for allowing the rupee to appreciate, adding that the trend reflected underlying economics, has not hurt growth and has helped them control inflation.

In his visit to Kolkata, Mumbai and Delhi, where he will meet with Indian Finance Minister Palaniappan Chidambaram, Paulson said he would make clear his views against capital controls and other barriers to investment.

"In terms of capital controls, I'm not going to lecture anyone. I've got my own views and I believe capital controls are a blunt instrument. They create unforeseen obstacles and distortions so I'm just not a big fan of capital controls".

Turning to the broader issue of rebalancing global growth, Paulson said it would take time and would require structural changes in Asia as well as in the United States, such as reduction of its budget deficit.

"Japan (and) China, are very reliant on high levels of international savings and exports of manufactured products and they need to move more toward domestic consumption," Paulson said.

Paulson also said there were structural changes needed in Europe, adding, "I think we're making progress."

Paulson also reiterated his backing of a strong dollar, saying it was in U.S. interests. "We've said from the beginning that we're for a strong dollar and believe the currency's value should be determined in a competitive marketplace based upon underlying economic fundamentals."

Sustainable energy roadmap gives nuclear directions
World Nuclear News
October 23, 2007

A new report aimed at directing global energy development says the fundamental challenges facing nuclear power are as much political and social as they are technological and scientific, and calls for a transparent and scientifically driven re-examination of nuclear energy issues as a matter of urgency.

The InterAcademy Council describes its report, *Lighting the way: Toward a sustainable energy future*, as a "science, technology and policy roadmap for developing energy resources to drive economic growth in both industrialized and developing countries while also securing climate protection and global development goals."

One of the report's nine conclusions is devoted to nuclear energy, which the report says can continue to make a significant contribution to the world's energy as a low-carbon resource. However, nuclear's potential is currently limited by concerns related to cost, waste management, proliferation and plant safety. It recommends that "a transparent and objective re-examination of the issues that surround nuclear power and their potential solutions" should be carried out as soon as possible, and its findings used to educate both the public and policy makers.

A global renaissance of nuclear power is unlikely to materialize over the next few decades, the report says, without substantial governmental support; international collaboration to address safety, waste, and proliferation concerns; changes in public perception; and the imposition of greenhouse gas constraints that would make low- or non-carbon energy technologies more cost-competitive with their currently cheaper fossil-fuel counterparts.

More specifically, the report recommends replacing the world's current fleet of ageing reactors with plants incorporating improved passive safety features; addressing cost issues by the development of standardized reactor designs; improving the understanding of the impacts of long-term ageing on nuclear reactor systems, such as neutron damage to materials; developing safe, retrievable waste management solutions based on dry-cask storage; and addressing the risk that civilian nuclear materials and knowledge could be diverted to weapons use by continued research on proliferation-resistant fuel cycle technology, including fast neutron reactors to burn down the waste from thermal neutron reactors, and efforts to strengthen existing international frameworks and mechanisms.

The report's writers say its nine conclusions, each with associated recommendations, have been formulated as a holistic approach towards a secure energy future - no single recommendation can be fully successful without implementing the others. However, it calls for immediate and simultaneous action in three areas: improving energy efficiency and reducing carbon intensity of the world economy including the world wide introduction of price signals for carbon emissions; the development of technologies to capture and sequester carbon from fossil fuels, especially coal; and acceleration of the development and deployment of renewable energy technologies in an "environmentally responsible" way.

"The 'business as usual' energy path we are on today is not sustainable and is counter to the long-term prosperity of every nation," said Steven Chu, co-chair of the *Lighting the Way* study panel and director of the Lawrence Berkeley National Laboratory in the USA.

The Netherlands-based InterAcademy Council was founded in 2000 by science academies from around the world to provide high quality advice to international bodies - such as the United Nations and the World Bank - as well as to other institutions. It prides itself on the scientific

quality of its reports, the policy-relevance of its recommendations and the absence of regional or national bias. *Lighting the way* was commissioned by the governments of China and Brazil.

Expand nuclear power capability, says oil and gas group
World Nuclear News
October 17, 2007

All economic energy sources, including nuclear, will be needed in the period to 2030, according to a committee representing the US oil and natural gas industries.

The National Petroleum Council (NPC) says that the US should support work on advanced nuclear reactors and fulfill existing federal commitments on waste management to ensure the technical and industrial capabilities of its nuclear industry are expanded.

Facing the Hard Truths about Energy looks at the period to 2030 and was prepared by the NPC after US energy secretary Sam Bodman requested a study on the ability of global oil and natural gas supply to keep pace with growing demand. NPC is a federally chartered and privately funded advisory committee representing the views of the oil and natural gas industries to the US Secretary of Energy. It is not involved with what it describes as "trade association activities".

Drawing heavily on statistics and forecasts from the US Energy Information Administration (EIA) and the International Energy Agency (IEA), the report concludes that the world is not running out of energy resources, but that expansion of all economic energy sources will be required, including coal, nuclear, renewables, and unconventional oil and natural gas resources.

Unsurprisingly, the main thrust of the report focuses on fossil fuels. However, the NPC points to the likelihood of nuclear playing an expanded future role if carbon dioxide emission constraints come to figure in energy policy decisions. With that in mind, NPC said, nuclear energy must remain viable over the 25 years considered in its study, both to meet projected demand and to reduce emissions.

It recommends that the technical and industrial capabilities of the USA nuclear energy industry be expanded and specifically calls for \$2 billion of funding over ten years for "demonstration of one to two new advanced nuclear facilities," as set out in the National Commission on Energy Policy, to be implemented. It also recommends that existing federal commitments on nuclear waste management be fulfilled. This would have the potential to increase US leadership capability, according to the NPC report, which goes on to note that "maintaining a viable nuclear energy option will increase policy choices in future carbon constrained circumstances."

The report also identifies what it calls a "severe human resource challenge" facing the entire energy industry as people are not entering the workforce at a sufficient rate to balance upcoming retirements. It makes a number of recommendations to address the looming skills gap, including extra support for students studying engineering and technical subjects, making it easier for retirees to continue in employment, and increasing student and immigration quotas for trained energy and technical professionals.

New UK nuclear "in nation's best interests"
World Nuclear News
October 10, 2007

Today was the last opportunity for the UK public to comment on the government's 'provisional view' that nuclear power should remain a viable option.

The country's Nuclear Industry Association made its submission today on behalf of its 140 members most of whom would have also offered their own views. The NIA's chief executive, Keith Parker, said "We strongly believe new nuclear is essential to helping to deliver ambitious carbon reduction targets and ensure affordable, stably-priced supply. Nuclear must be part of that solution."

Building a new nuclear plant has never been prohibited by UK law, but would be impractical under old planning procedures and without clear political support, which has been lacking for many years. In 2006 then prime minister Tony Blair said he wished to amend procedures to 'facilitate' new nuclear power in the interests of energy security and climate change concerns. Blair's successor, Gordon Brown, holds the same view.

The last plant to be built in the country was the Sizewell B pressurized water reactor, commissioned in 1995. If no new nuclear power plants are built before 2023 it will be the last in operation with some 32 retired gas-cooled units at various stages of decommissioning. Since 1956 nuclear power has provided up to 25% of UK electricity, the figure today is 19%.

In addition, several large coal-fired power stations are to be shut down on environmental grounds. In all, about one third of the UK's power plants need to be replaced, with supplies expected to fall short from around 2016. The NIA, as well as the generating companies that want to build like EdF and EOn say a new UK nuclear plant could operate by 2017.

Parker concluded his statement by saying, "Nuclear is low-carbon and helps maintain diversity, and hence security of the UK's electricity supply. We firmly believe this is in the nation's best interests."

New streamlined planning processes for all power plants, and improved methods for licensing nuclear plants were proposed in the energy white paper of 23 May, together with the separate consultation on it and the subject of nuclear power. The consultation was the second in a series, the first having been challenged by *Greenpeace* and subsequently ruled to be flawed.

The government is expected to respond to the public comments before the end of the year.

EU commissioner: Nuclear key to CO2 reduction
World Nuclear News
October 9, 2007

Nuclear power will be a key part of the future energy mix if the European Union's ambitious 2020 carbon dioxide reduction targets are to be met, according to Matthias Ruete, director general of the European Commission's Transport and Energy directorate.

Speaking to independent media portal *EurActiv*, Ruete departed from the traditional reticence of the European Commission (EC) on nuclear power as a viable low-carbon energy source. Describing nuclear as one of three legs - along with "clean" fossil fuels and carbon sequestration and storage - supporting future CO₂-free energy production in the European Union (EU), Ruete highlighted concerns that an increase in renewable energy use alone would struggle to help reduce carbon emissions. "If we phase out nuclear, we may in the end only be compensating the phasing-out of nuclear by renewables, so we will not actually make the gains we want to in terms of CO₂," he said.

Increasing costs and public scepticism were making it doubtful whether carbon capture and storage (CCS) would be commercially viable in time to help meet emissions reduction targets. "The more we work on CCS the more we realise it is actually very expensive," Ruete said.

Other high-ranking EU commissioners have recently spoken out in favour of nuclear energy. Competition commissioner Neelie Kroes' declaration of her personal support for nuclear energy drew criticism from Greens within the European Parliament, who questioned her impartiality.

The EC's January 2007 Strategic Energy Review concluded that a diverse portfolio of low-emission energy technologies will be needed to meet CO₂ reduction challenges. Renewables were identified as central to the portfolio, but support for "clean" fossil fuels and the continued use of nuclear also featured. In March 2007, EU leaders agreed to reduce the bloc's CO₂ emissions by at least 20% by 2020.

Meanwhile, a panel of experts from the UN International Panel on Climate Change (IPCC) told European Parliament members that to avoid catastrophic climate change, world temperature must not be allowed to increase by more than 2 degrees C, which would mean carbon emission increases would need to be halted by 2015. This would mean a 50% global reduction of emissions - 85% for industrialized countries - below 1990 levels by 2050.

The meeting was held in advance of a United Nations meeting due to take place in December, when the parties to the 1997 Kyoto Protocol, which sets out emissions reduction commitments up to 2012, are to meet. Keynote speaker John Ashton, of the UK Foreign Office, said looking beyond 2012, the world economy should be zero-carbon by the end of the century. The key problem, said Ashton, was not a lack of wisdom, but a lack of political will to build the policies needed to tackle climate change.

EU must face nuclear energy question, says EC president
World Nuclear News
October 2, 2007

European Union (EU) member states cannot avoid the question of nuclear energy, according to European Commission president Jose Manuel Barroso. Meanwhile, environment ministers from some European countries have re-emphasized their opposition to nuclear.

Speaking at "European Energy Challenges", a meeting of the main leaders of the European energy sector held in Madrid, Barroso called for a "total and frank debate" amongst EU member states on nuclear energy. Another speaker, EU Competition Commissioner Neelie Kroes, said that she was personally "completely in favour of nuclear power", according to press reports.

Energy executives at the Madrid conference were keen to urge EU governments to address public attitudes to nuclear. "Nuclear's not the devil any more. The devil is coal," Areva CEO Anne Lauvergeon told the conference. However, Wulf Bernotat, CEO of Germany's E.ON, described nuclear as "almost a religious issue" in his country, which obtains nearly a third of its electricity from nuclear power plants but currently has a policy to phase out nuclear. "Public opinion has to be changed before it can enjoy any revival," Bernotat said.

Separately, environment ministers from Austria, Germany, Ireland, Italy, Latvia and Norway, supported by Luxembourg and Iceland, held their own meeting in Vienna "to enhance cooperation and contribute further to the discussions on the role of nuclear power in the climate change and energy efficiency debates." In a statement released by the German Ministry for the Environment, Nature Conservation and Nuclear Safety after the meeting, the ministers claimed that nuclear energy has associated "inherent safety, environmental and proliferation risks". In their view, they said, nuclear power is not compatible with the concept of sustainable development and they are convinced that it "does not provide a viable option to combat climate change", and that measures such as energy saving and efficiency plus a switch to renewable energy and concerted efforts to reduce deforestation would be a more sustainable path to meet climate and energy challenges.

The European Commission recently launched a new nuclear energy research forum to bring together European researchers and industry to allow a fully integrated approach to nuclear research in Europe. It remains the sovereign right of each EU country to decide its own energy mix.

India minister tells US envoy nuclear deal to be pursued later

Press Trust of India

October 16, 2007

New Delhi, 15 October: With uncertainty over Indo-US nuclear deal, US Ambassador to India David C. Mulford Monday night [15 October, local time] met External Affairs Minister Pranab Mukherjee here and is understood to have sought to know India's mind on the future of the agreement.

During the 45-minute meeting, Mukherjee is understood to have conveyed to Mulford the political compulsions the UPA [United Progressive Alliance] government have in not going ahead with the deal for now, but expressed the determination to push it through at later stage.

The US envoy articulated his country's main concern about the future of the deal in the wake of Prime Minister Manmohan Singh's remark at the Hindustan Times Leadership summit here that non-implementation of the agreement was not the end of life.

The meeting between Mukherjee and Mulford came on a day when US President George W. Bush spoke to Singh, now in Nigeria, over telephone and heard the prime minister talking of "certain difficulties" in respect of operationalization of the nuclear deal.

Seeking to put a lid on widespread speculation that an early poll was imminent, given the confrontation between the government and the left over the deal, the prime minister and Congress [party] chief Sonia Gandhi had left little doubt that the UPA leadership was unwilling to sacrifice the government at the altar of the nuclear agreement.

The prime minister had said if the deal did not come through it would be a disappointment, but significantly added: "In life one has to live with certain disappointments and move on".

"Elections are still far away. The government has still one and half years to go to complete its term. I hope and expect we will stay the course," the prime minister said.

For her part, Gandhi had said the left parties, which were opposing the deal, were not being "unreasonable" and that the government was not looking for a confrontation with them.

IAEA Visits India Amid Nuclear Deal Worries

Financial Times

October 11, 2007

NEW DELHI: The UN nuclear watchdog's head arrived in India's capital yesterday, as concern grew that a prolonged government row with the communists could scupper a nuclear deal with the United States or spark snap elections.

Mohamed ElBaradei, International Atomic Energy Agency (IAEA) chief, is visiting top government officials in a long-scheduled trip, which coincides with threats from the leftists to withdraw crucial parliamentary support if the deal moves ahead.

Both sides pulled back from the brink in talks on Tuesday, easing fears of imminent elections but raising worries the government was endangering the nuclear accord with prolonged debate.

"No pause but go slow" said The Indian Express while the Times of India wrote "Survival instinct beats deal", after the two sides agreed to postpone further talks until October 22.

"Yesterday we saw the first sign that the election was not inevitable," political analyst Mahesh Rangarajan said. "The government may decide to go slow, which could put the deal in a coma." Underscoring warmer ties with Washington, the deal would allow India to import US nuclear fuel and reactors, despite having tested nuclear weapons and not signing the Non-Proliferation Treaty.

But the communists have warned the government against talking to the IAEA about placing civilian nuclear reactors under UN safeguards, a first step in making the deal operational.

That led to a face-off with the government, which faces an informal end of October deadline to begin securing clearances from the IAEA and others.

Local media reported that ElBaradei would meet Prime Minister Manmohan Singh in New Delhi, but a government spokesman said "nothing had been scheduled as yet". He was also likely to meet Indian Foreign Minister Pranab Mukherjee.

A meeting between top government officials and ElBaradei could infuriate the communists further, commentators say, if there were any reports there was discussion of IAEA safeguards.

The communists insist the deal would make India subservient to US interests, but the government has seemed determined to seal the accord, potentially its biggest foreign policy achievement. Many analysts still see a snap vote ugly.

Always ready for talks ElBaradei was careful in his words at the start of his trip on Tuesday, when he visited Mumbai.

"The IAEA is ready for talks whenever India approaches me for the talks," the IAEA chief told reporters. "I have always had fruitful discussions with the Indian government and it will be so in the future as well." A snap election could also put the nuclear deal at risk by throwing the country into political limbo, but would not necessarily kill it. The government can still move ahead with the agreement without parliamentary approval.

But supporters say the deal must be reached before the Bush administration comes to the end of its office. India still needs clearance from the IAEA, the 45-nation Nuclear Suppliers Group and final approval from the US Congress.

There were signs that smaller coalition parties - facing possible losses in a snap vote - were uneasy at the Congress party, which leads the ruling coalition, risking their political future on a deal surveys show is a low priority for most Indians.

"Some ministers and coalition partners are now asking: 'Do we really want an election?'" political analyst C. Raja Mohan said.

Indian markets are worried the government may pass populist measures that would widen the fiscal deficit and that polls would lead to an unstable coalition.

Stocks rose more than 4 percent to a record high on Tuesday, helped by news the two sides would meet again.

The pact has been criticized by many outside India, including some members of the US Congress who say it undercuts a US-led campaign to curtail the nuclear ambitions of nations like Iran.

Step up reforms, India told by OECD

By Jo Johnson
Financial Times

October 10, 2007

India must push through further reforms if it is to achieve the government's objective of double-digit economic growth by 2011, the Organisation for Economic Co-operation and Development warned yesterday.

In its first economic survey of India, the Paris-based think-tank said the country's gradual shift towards a more market-based economy had yielded benefits.

India's economic growth per capita was now rising annually by 7.5 per cent versus the 1.25 per cent seen between 1950 and 1980.

The faster growth, the OECD said, had resulted in India becoming the third-largest economy in the world in purchasing power parity terms behind only the US and China and slightly ahead of Japan.

But it warned India was not fully exploiting its advantage as a labour-abundant economy because of high levels of employment protection that particularly deterred larger manufacturing companies from hiring workers.

Work in companies with more than 10 employees accounts for 3.75 per cent of employment in India, a much smaller proportion than any OECD country. India has stricter job protection laws than China, Brazil and all but two OECD countries.

It echoed longstanding calls for reform of the Industrial Disputes Act that requires businesses to obtain government permission to lay off even a single worker from manufacturing plants with more than 100 employees. "Reduction in the stringency of employment protection is needed and could be balanced by an increase in the extent of accrual-based severance payments," said the OECD report. Reform would help shift rural labour to productive areas.

It also urged the government to open the economy more rapidly to international trade and to foreign direct investment in tightly protected service sectors, such as insurance and retailing.

Small traders have been holding regular protests against the inroads being made into the fragmented retail sector by big business houses such as Reliance Industries, which plans a Dollars 5bn-7bn investment in a farm-to-fork supply chain.

The Congress party-led coalition government has shied away from "neo-liberal reforms" since coming to power in May 2004, partly because it depends on the backing of four allied Communist parties for its majority in parliament.

The BSE's main Sensex index, up 50 per cent in 12 months, yesterday rose 4.9 per cent to 18,280, at news the government and the left were to meet to discuss Indo-US nuclear deal differences.

The OECD report also recommended more investment in physical and social infrastructure, cutting fuel and food subsidies, financial sector reform, privatisation of public sector businesses and fiscal consolidation.

Separately, the credit rating agency Standard & Poor's yesterday forecasted 8.6 per cent growth for India's gross domestic product in the current fiscal year to March 2008; a slowdown from last year's 9.4 per cent.

India may buy six nuclear reactors from France; talks on 15, 16 October

Press Trust of India

September 29, 2007

Mumbai [western Indian city], 28 September: In the backdrop of Nuclear Power Corporation of India Limited (NPCIL) planning to buy six nuclear power reactors from France, an Indo-French nuclear business meet will begin here from 15 October.

The meeting is organized by the French embassy in collaboration with NPCIL, a top scientist said.

"The two-day meet is to strengthen the bilateral cooperation in the nuclear power sector and also to improve the relationship between the industries of both India and France," S.K. Agrawal, director (projects) of NPCIL told PTI Friday [28 September].

"We are expecting the participation of over 20 French nuclear companies, including Areva, and an equal number from India," he said.

NPCIL plans to buy six nuclear power reactors from France, Agrawal said.

Areva could be one of the biggest suppliers for its Jaitapur site in the Ratnagiri district of Maharashtra [western Indian state], which is one of the four coastal sites selected by NPCIL for imported reactors, he said.

Also, NPCIL can enter into business with the French only after the completion of the Indo-US deal, he said.

On that front, US has a time frame for the entire process, including India's discussion with the International Atomic Energy Agency (IAEA) on safeguards and US negotiations with the Nuclear Suppliers' Group (NSG) countries.

Asked whether other members of Nuclear Suppliers' Group were also in touch with NPCIL officials, Agrawal said the Japanese were interested and Mitsubishi had held talks with the NPCIL officials. Hitachi and Toshiba already have collaboration with the US power majors General Electric and Westinghouse, and they are already in touch with NPCIL for the last one year, he said.

"We will also have our joint coordination meeting with Russian industries on 12 October in Kudankulam in Tamil Nadu [southern Indian state], where two Russian plants of 1,000 MW(e) each are being constructed," he said.

India is also in the process of reviewing its Atomic Energy Act to accommodate Indian private industries, the Department of Atomic Energy sources said. The revised draft is ready and is under circulation for experts' opinion from across the country, they added.

UN nuclear body meeting was "successful" for India- official

**Press Trust of India
September 23, 2007**

Vienna, 23 September: India received recognition as the most advanced nation in nuclear fuel cycle technology at the IAEA [International Atomic Energy Agency] meet and there was greater awareness of the "larger role" of nuclear power in meeting global energy needs, Atomic Energy Commission Chairman Anil Kakodkar said on Sunday [23 September].

Kakodkar, who attended the UN atomic watchdog's 51st General Conference, remained mum on whether there were any discussions with the IAEA on the India-specific safeguards agreement, a pre-requisite for the operationalisation of the Indo-US civil nuclear deal.

"I will not say anything on that," Kakodkar said shortly before his departure when asked about his informal discussions with IAEA Director General Mohammed Al-Baradi'i.

India also has to secure changes in the guidelines of the Nuclear Suppliers' Group (NSG) to gain access to nuclear commerce.

Left parties, which have been stoutly opposing the deal, have demanded that its operationalisation be put on hold for six months failing which the UPA [United Progressive Alliance] government will have to face "grave" consequences.

Describing the week-long IAEA meet as "successful", Kakodkar told PTI it was so particularly this year because of the "greater awareness of the larger role of nuclear energy in meeting the global energy needs".

He said the meet was important for several reasons "particularly India's recognition as the most advanced nation in nuclear fuel cycle technology by the world leaders".

During the two-day scientific meet, an integral part of the General Conference of the International Atomic Energy Agency (IAEA) that was attended by about 500 participants, the importance of "closed nuclear fuel cycle" was widely discussed by scientists as also India's expertise in the field.

Experts were curious to know about India's thorium-based power plant and fast-breeder reactors.

"We were also the first to pilot a resolution on the development and deployment of Small and medium reactors (SMR) supported by several countries and passed unanimously at the general conference," Kakodkar said.

Making a strong pitch for international nuclear energy cooperation with India at the forum, Kakodkar while addressing the forum had made it clear that nuclear power was an "inevitable option" and pressed for "reformation" of global thinking on it.

Kakodkar favoured a closed fuel cycle to reduce the risk of proliferation of fissile material, a proposal backed by several countries.

Currently, the spent fuel from atomic power plants is stocked in high security facilities. This fuel can be reprocessed to extract plutonium, which can be used to create nuclear weapons.

"We cannot put future security at risk through the once-through cycle," he had argued.

The one time use of uranium fuel should not be promoted as it is important for the world to make use of the spent fuel to maximise the energy production and minimise the radioactive waste, he had contended.