

**Thorium Power, Ltd. – News Update
September 28, 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.

Media Coverage

In an article titled “US firm offers India thorium reactor,” *The Economic Times* noted that Dauvergne Brothers Inc. has offered to build commercial nuclear power reactors and concluded that the “start up fuel could be a proliferation-resistant fuel, such as the denatured plutonium/thorium fuel recently developed by Thorium Power Inc, another US company.” Elsewhere, *The Hindu* reported on the recent speech by R. Chidambaram, Principal Scientific Adviser to the Government of India, given at the 7th Non-Fossil Energy Summit. Mr. Chidambaram stressed the importance of using thorium in India’s nuclear plants, and concluded that “thorium power is an inevitable option if the country is to meet its energy security needs.” Shashi Tharoor, the Former Under-Secretary-General of the United Nations, echoed this sentiment by asserting that PM Singh and his team pulled off “an astonishing diplomatic triumph” in negotiating the 123 civil nuclear agreement with the US.

Industry Developments

Last month, we also observed a number of encouraging developments on the international stage. The IAEA General Conference reportedly recognized India as “the most advanced nation in nuclear fuel cycle technology” based on its commitment to thorium-based and fast-breeder reactors. At a separate Vienna meeting, the Global Nuclear Energy Partnership noted that membership has tripled and the 16 member countries agreed to set up a nuclear fuel services working group to address nuclear fuel leasing and other considerations around comprehensive nuclear fuel supply goals. The pro-nuclear outlook was reiterated at the Asia-Pacific Economic Cooperation meeting in Sydney, in which several countries noted the importance of nuclear energy as a zero-emission energy source. In Britain, PM Brown called on the UK to become a leader on energy and the environment, and reinforced his support for nuclear power at the Labour Party’s Annual Conference. In the United States meanwhile, Californian Republicans introduced a resolution to end the state’s 31-year moratorium on nuclear power plant construction. Echoing the public’s rapid embrace of nuclear energy, *World Nuclear News* noted that 52% of Californian voters were reported as likely to favor the building of new nuclear power plants.

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

Thorium Power News

The Economic Times – US firm offers India thorium reactors (09.17.07) – The paper reports that California-based Dauvergne Brothers Inc (DBI) has offered to build its thorium breeder reactors in India, which use start up fuel that could be proliferation resistant. The article notes that DBI's reactors could use proliferation-resistant fuel, "such as the denatured plutonium/thorium fuel recently developed by Thorium Power Inc, another US company."

Nuclear News

World Nuclear News – Brown calls for UK to be a leader on nuclear and renewables (09.24.07) – Reporting on an address by British Prime Minister, Gordon Brown at this year's Labour Party Annual Conference, the news service notes that the new PM called on the UK to be a leader on energy and the environment, reinforcing his steadfast support for nuclear power.

Times of India – Bangladesh aims to set up a nuclear power plant by 2015 (09.24.07) – Citing an item in News Age newspaper, the paper reports Bangladesh Chief of Atomic Energy Commission's Shafiqul Islam Bhuiyan has announced that his country plans to have a nuclear power plant into production by 2015. The article notes that the IAEA has given Dhaka a "green signal" to explore places for establishment of the proposed nuclear power plant in northwestern Pabna two months ago.

The Economic Times – 'IAEA convinced of India's energy needs' (09.24.07) – Covering the IAEA General Conference in Vienna, the paper reports that the organization recognized India as "the most advanced nation in nuclear fuel cycle technology." The article also notes that experts attending the meeting were curious to know about India's thorium-based power plant and fast-breeder reactors.

World Nuclear News – Membership of GNEP has tripled (09.17.07) – The news service reports on the Global Nuclear Energy Partnership's (GNEP) recent meeting in Vienna, which was timed to occur immediately before the IAEA General Conference in the same location. The article notes the 16 GNEP member countries agreed to set up a nuclear fuel services working group to address nuclear fuel leasing and other considerations around comprehensive nuclear fuel supply goals.

The Hindu – 'Nuclear power must for energy security' (09.12.07) – The paper reports on a speech given by R. Chidambaram, Principal Scientific Adviser to the Government of India, given at the 7th Non-Fossil Energy Summit organized by the India Energy Forum. Stressing the importance of using thorium which involves a 'closed fuel cycle' in operating India's nuclear plants, Chidambaram said that "thorium power is an inevitable option if the country is to meet its energy security needs."

World Nuclear News – Californian Republicans battle against the ban (09.11.07) – Reporting on California State Assemblyman Chuck DeVore's resolution to end the state's 31-year moratorium on nuclear power plant construction, the news service notes around 52% of Californian voters are reported as likely to favor the building of new nuclear power plants.

World Nuclear News – APEC supports nuclear, agrees climate targets (09.10.07) – The news service reports on this month's Asia-Pacific Economic Cooperation (APEC) meeting in Sydney, Australia at which parties agreed to an "aspirational goal" of a 25% reduction of energy intensity, relative to economic development. The article also notes that the agreement statement included notes on the importance of nuclear energy as a zero-emission energy source.

Indo-US Civilian Nuclear Agreement

The Times of India – 123 deal: A diplomatic triumph for India (09.16.07) – Former Under-Secretary-General of the United Nations, Shashi Tharoor, asserts that India's Prime Minister Manmohan Singh and his team have pulled off "an astonishing diplomatic triumph" in negotiating the 123 civil nuclear agreement with the US.

The Statesman – A renewal of friendship (09.09.07) – A retired Indian Revenue Service official writes that the country's finalizing of a civil nuclear agreement with the US is likely to provide it an opportunity to become a world power. The author notes India's vast thorium reserves and potential for energy independence as the keys to a brighter future.

US firm offers India thorium reactors

The Economic Times (Also ran in *The Gulf Times*, *NewKerala.com*, *Zee News*, *Monsters & Critics.com*, *NEWSPost India*)

September 17, 2007

BANGALORE: While India is still debating how to make the Indo-US nuclear deal work, an American company, anxious to enter the Indian market, has offered to build commercial nuclear power reactors in the country.

These reactors will rely entirely on India's thorium resources -- except at the start - and thereby remove the objections of critics.

The California-based Dauvergne Brothers Inc (DBI) says its novel type of thorium breeder reactor is fuelled with fissile material like uranium only once when it is started. It runs for its full operational life on Uranium-233 (or U-233) bred in its core from thorium.

Thorium, which India has in plenty, cannot be directly burned in a reactor. It has to be converted into fissile U-233. India's own thorium utilization strategy hinges on reprocessing -- a contentious issue between India and the US. The DBI claims its design is tailor-made for the Indian situation.

According to the company, its reactor "starts up using conventional uranium-based nuclear fuels, and incrementally converts to an all-thorium fuel cycle over a period of 10 years, using India's abundant supply of thorium ores to maintain energy independence".

It said that computer simulations of the DBI thorium breeder reactor show that a single load of 25 per cent uranium oxide fuel and 75 per cent thorium oxide will keep the reactor running for a decade.

"In that time enough U-233 will be bred in the thorium oxide fuel to increase the output power of the DBI reactor core by 50 percent adding only fresh thorium oxide as fuel." After that, no uranium ores are needed.

Conventional breeder reactor designs -- including the one contemplated by Indian scientists -- require chemical reprocessing to retrieve bred fuel from used uranium fuel rods or from irradiated thorium "blankets".

The DBI reactor, according to the company, uses a different strategy.

After approximately 10 years of operation, much of the activated thorium fuel would be transferred without any reprocessing into a second-generation DBI reactor core with higher power output than the first.

"Fresh thorium breeder bundles will be added to perpetuate the cycle."

This fuel plan relies on a robust, low-neutron absorbing, radiation-resistant, proprietary fuel encapsulation system developed by DBI, the company said.

Unlike the zirconium fuel cladding of most breeder reactors, the DBI fuel capsules are derived from industrially available material, much less expensive than nuclear-grade zirconium alloys.

While the modular core design offers scalability, several other features of the DBI thorium reactor programme could prevent weapons proliferation, the company claims.

For instance, it says the start up fuel could be a proliferation-resistant fuel, such as the denatured plutonium/thorium fuel recently developed by Thorium Power Inc, another US company.

"International agreements between India and uranium-source nations to use proliferation-resistant fuels in the DBI Reactor Programme, subject to IAEA monitoring, could sever the link between civilian and military nuclear programmes in India, without adversely affecting India's ability to scale up the DBI Reactor Programme using native thorium in future generations," the company said.

Brown calls for UK to be a leader on nuclear and renewables
World Nuclear News
September 24, 2007

British Prime Minister, Gordon Brown, called on the UK to be a leader on energy and the environment, "from nuclear to renewables." Brown was speaking at his first Labour Party Annual Conference as Prime Minister, in Brighton.

He said that his vision was for Britain to be leading the global economy "by our skills and creativity, by our enterprise and flexibility, by our investment in transport and infrastructure - a world leader in science; a world leader in financial and business services; a world leader in energy and the environment from nuclear to renewables; a world leader in the creative industries; and yes - modern manufacturing too - drawing on the talents of all to create British jobs for British workers."

Brown's comments reinforce his positive position on UK nuclear policy, building on remarks made in Parliament on 4 July 2007, only a few days after he became Prime Minister. At that time he said "...we have made the decision to continue with nuclear power, and why the security of our energy supply is best safeguarded by building a new generation of nuclear power stations."

The UK government's provisional policy states that the UK needs diversity and flexibility in the energy mix and a policy framework that opens up the full range of low carbon options, including nuclear power. It also believes that preventing energy companies from investing in new nuclear power stations would increase the risk of not achieving the UK's long-term climate change and energy security goals, or achieving them at higher cost. However, this provisional policy is pending the conclusion of a consultation process underway in the UK.

Brown also announced that he will be asking the independent Climate Change Commission to examine whether the UK's current 60% greenhouse gas emissions reduction target for 2050 should be stronger still. He also said he would work "tirelessly" for a new post-Kyoto UN climate change agreement with binding targets for all the richest countries.

Bangladesh aims to set up a nuclear power plant by 2015
Times of India
September 24, 2007

DHAKA: Bangladesh has decided to set up a 600-1000 MW nuclear power plant by 2015 and would submit a plan to International Atomic Energy Agency for its technical assistance for construction of plant by next month.

"Our aim is to bring the nuclear power plant into production by 2015," Chief of country's Atomic Energy Commission Shafiqul Islam Bhuiyan was quoted as saying by the New Age newspaper on Monday.

Bhuiyan, who has returned on Sunday from Vienna after participating in a five-day IAEA conference, said that Bangladesh Atomic Energy Commission was set to submit the plan to IAEA for its technical assistance for the proposed plant by next month. The total investment for setting up a power plant would be around USD1-1.5 billion, he said.

Energy adviser of the interim cabinet Tapan Chowdhury, who led the country's delegation to Vienna, held talks with China, India and Pakistan for setting up nuclear power plant and also got positive responses, the report said.

Chowdhury, seeking technical assistance from the nuclear watch dog, also held meetings with IAEA officials including its director general Mohamed Al Mohamed El Baradi.

The IAEA, assuring its assistance in setting up a nuclear power plant for generating electricity, has given Dhaka a "green signal" to explore places for establishment of the proposed nuclear power plant in northwestern Pabna two months ago, the report said.

An IAEA delegation was also expected to visit the country between December and January.

The severe power crisis has led to long hours of loadshedding affecting both, the industries as well as public. There is demand of 5,000 MW during peak hours against the production of 3,600 megawatts.

'IAEA convinced of India's energy needs'

The Economic Times

By Lalitha Vaidyanathan

September 24, 2007

VIENNA: 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.

Mr 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," Mr Kakodkar said shortly before his departure when asked about his informal discussions with IAEA director general Mohammed ElBaradei.

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 government will have to face "grave" consequences.

Describing the week-long IAEA meet as "successful", Mr 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 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," Mr Kakodkar said.

Making a strong pitch for international nuclear energy co-operation with India at the forum, Mr 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.

Mr 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.

Mr Kakodkar also emphasised that in order to meet the huge energy demands of the world community it was important to have inclusive partnership and make sure that those countries which are keen to develop nuclear power for the first time should have basic minimum infrastructure and human resource needed for it.

"This will ensure that no uncertainty remains."

The IAEA has been generally supportive of the nuclear deal with its chief El Baradei describing it as "good" and "a step in the right direction".

The US, pressing for implementation of the deal by year-end, briefed the NSG on the salient aspects of the 123 Agreement reached with India. Richard Stratford, director, US Nuclear Energy, safety and security said he was hopeful that India will get a "clean, unconditional exemption" from NSG.

"Since we have a timeframe, we want India also to complete the process of safeguards before the deal is placed for Congressional vote," Stratford said.

"Although we respect India's democratic political system," he said, the deal was important from the point of global energy needs.

Russia's Atomic Energy Agency chief Kirienko Sergeit said he would like India to have a waiver from NSG which would enable the two countries to have nuclear trade.

India was also the first country to ratify the amendments that were negotiated at the IAEA conference for the convention on Physical Protection of Nuclear Materials that concluded here on Friday.

Membership of GNEP has tripled
World Nuclear News
September 17, 2007

Some 38 countries attended a top-level meeting on the Global Nuclear Energy Partnership (GNEP) in Vienna, Austria. Sixteen of them are now full members of the initiative.

The second ministerial meeting of GNEP was timed to occur immediately before the International Atomic Energy Agency (IAEA's) General Conference, which began today. It was an opportunity for more countries to sign and expand the GNEP Statement of Principles, and Australia, Bulgaria, Ghana, Hungary, Jordan, Kazakhstan, Lithuania, Poland, Romania, Slovenia and Ukraine did so, taking membership to 16 countries.

China, France, Japan and Russia became members at the first ministerial meeting in May and the final member is the USA, from where the project originated.

Canada and the UK have participated as observers.

President George Bush announced GNEP as part of the USA's Advanced Energy Initiative in 2006. The idea addresses some of the key issues that have limited nuclear power's use worldwide: Availability of radioactive waste disposal systems; Concerns about the spread of nuclear weapons-usable technology; And the high level of industrial development necessary to begin a nuclear power program.

Under GNEP, so-called 'fuel-cycle' nations would provide assured supplies of nuclear fuel to client nations, which would generate electricity before returning the used fuel. It would then undergo advanced reprocessing so that uranium and plutonium it contained could be recycled in advanced nuclear power reactors. Waste volumes would be greatly reduced by this process, and nuclear materials would never be outside the strictest controls, overseen by the IAEA.

US energy secretary Sam Bodman said that GNEP was not an "exclusive club," but an "equal and voluntary partnership, open to all nations that share our common vision and who agree to internationally accepted standards for a safe, peaceful and secure nuclear fuel cycle."

The 16 GNEP members agreed to set up a nuclear fuel services working group, to address nuclear fuel leasing and other considerations around comprehensive nuclear fuel supply goals. Another working group, on nuclear infrastructure development, would address the financial, technical and manpower challenges surrounding nuclear power deployment in many countries.

Referring to a transition to a low-carbon economy, Bodman said: "To put it simply, the world needs GNEP. Renewable energy - wind, solar, geothermal and fuels made from biomass - are part of the solution. But, as we have already learned in the USA, they are not sufficient to meet the challenge."

'Nuclear power must for energy security'

The Hindu

September 12, 2007

NEW DELHI: "Nuclear power is an inevitable option if the country is to meet its energy security needs," said R. Chidambaram, Principal Scientific Adviser to the Government of India, on Wednesday.

This is all the more essential if the country is to make full use of its vast thorium reserves, he said, while delivering a special address on 'futuristic energy sources' at the 7th Non-Fossil Energy Summit organised by the India Energy Forum here.

Dr. Chidambaram said India must quickly install fast breeder reactors since their requirement was more here than in any other country. Highlighting the importance of using 'closed fuel cycle' in operating the nuclear plants, he said it was an essential part of the country's three-stage nuclear programme and it enabled re-processing of spent fuel yielding substantially more power.

"The same amount of uranium, when you recycle it through fast breeder reactors, will give you 50 times more power and if you close the fuel cycle with thorium, it will give 600 times more power."

"So if you want to optimally utilise nuclear fuel resources of the world uranium and thorium, you will have to close the nuclear fuel cycle. So, the importance of the three-stage programme goes beyond just building the first generation of reactors," Dr. Chidambaram said.

He also highlighted the need for self-directed basic research, saying that this was necessary to help society in general in the long term and science in particular.

He pointed to the Rural Technology Action Group, a pilot project being run in Uttarakhand, which was formed to give a thrust to technological innovations. Under it, innovative youth had converted a traditional hydro-turbine used to grind flour into a micro hydel power plant.

R.V. Shahi, former power secretary, while supporting the need for more nuclear power plants, said care must be taken to tie up long-term fuel arrangements for such plants.

Californian Republicans battle against the ban
World Nuclear News
September 11, 2007

Hundreds of members of the Californian Republican Party have voted to work towards ending the state's 31-year moratorium on nuclear power plant construction.

The party said that by approving the pro-nuclear resolution, it had effectively put the weight of 5.3 million voters behind an initiative to ballot Californians on the ban.

The resolution was authored by California State Assemblyman Chuck DeVore, who has long been campaigning against the moratorium. "I'm delighted with the unanimous support of the California Republican Party in favour of building modern nuclear power plants. The only way we can meet California's ambitious mandate to reduce global greenhouse gas emissions by 25% in 13 years is if we allow the construction of new nuclear power plants," DeVore said.

DeVore heads *Power for California*, a non-partisan group that is committed to working to ensure a "safe, clean, reliable, and affordable supply of electricity." The group is now working to gather the 433,971 signatures required to place the initiative, called the California Energy Independence and Zero Carbon Dioxide Emission Electrical Generation Act of 2008, on the June 2008 ballot.

A bill to lift the moratorium was introduced to the state legislature earlier this year but was rejected by the Assembly Natural Resources Committee. At the time, DeVore expressed his belief that a growing interest in nuclear power would keep it alive in future sessions.

Around 52% of Californian voters are reported as likely to favour the building of new nuclear power plants. The state is no stranger to major power outages as temperatures soar.

Apec supports nuclear, agrees climate targets
World Nuclear News
September 10, 2007

The Asia-Pacific Economic Cooperation (Apec) meeting in Sydney, Australia reached agreement on a statement on climate, energy security and clean development. Parties agreed to an aspirational goal of a 25% reduction of energy intensity, relative to economic development. The statement also noted the importance of nuclear energy as a zero-emission energy source.

The Apec statement emphasized the importance of low- and zero-emission energy technologies. In language similar to that used at the recent G8 summit, the Apec statement gave qualified support for nuclear energy by stating that "for those economies which choose to do so, the use of nuclear energy, in a manner ensuring nuclear safety, security and non-proliferation - in particular its safeguards, can also contribute."

More generally the statement said that fossil fuels would continue to play a major role in regional and global energy needs, therefore co-operation would be required to develop and deploy low- and zero-emission technologies for their cleaner use, particularly coal. The importance of enhancing energy efficiency and diversifying energy sources and supplies, including renewable energy was also noted.

On climate change the statement said that Apec parties called for a post-2012 international climate change agreement that would strengthen, broaden and deepen the current UNFCCC arrangements and would lead to reduced global emissions of greenhouse gases.

The statement did not include targets for greenhouse gas emissions reductions. However, Apec parties did agree to an aspirational goal aimed at improving energy efficiency, by reducing the energy intensity of the group as a whole by at least 25% by 2030, relative to 2005.

Apec is an inter-governmental forum with the aim of facilitating economic growth and prosperity, cooperation, trade and investment in the Asia-Pacific region, and operates on the basis of non-binding commitments.

The meeting was attended by leaders of Australia, Brunei Darussalam, Canada, Chile, China, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, South Korea, Thailand, the USA and Viet Nam.

Climate change is more serious than we can possibly imagine, but neither the Earth nor the human race is doomed, said Lovelock. The good news is that the Earth itself is in no danger, with world climate likely to stabilize some 5 degrees C warmer than current temperatures - such stable 'hot' states have existed in the past, including some 55 million years ago when the world's own feedback mechanisms took 200,000 years to recover. During that phase no great extinction occurred, but life moved to cooler climates to survive.

Climate-induced migrations could, for example, see Europe's population concentrated in cooler regions such as the British Isles, Scandinavia and western France - and this could happen within the next century. "If ever nuclear power is needed, it will be then," said Lovelock. Nuclear is the most reliable and demonstrably safest form of energy in existence, Lovelock later told journalists.

Lovelock described sustainable development and renewable energy (with the exception of some established forms such as hydroelectricity) as fashionable and profitable in the short term but not effective against climate change in the long term. Methods to ameliorate climate change could potentially buy time. For example the introduction of stratospheric aerosols would be practical and has indeed been demonstrated - sulphur dioxide emitted into the stratosphere by the 1991 eruption of Mount Pinatubo effectively set back global warming by around three years. The Gaia professor said that had happened without any discernible detrimental effects on the environment.

All of us need to see our planet as a living system, Lovelock said, and offered not ten, but one commandment to live by: "Respect the Earth."

Professor Lovelock received the WNA award for Distinguished Contribution to the Peaceful Worldwide Use of Nuclear Technology, presented by WNA director general, John Ritch, and chairman, Ralf Guldner.

123 deal: A diplomatic triumph for India

By Shashi Tharoor

The Times of India

September 16, 2007

The UPA panel is at work, the demonstrations and marches have not quite spent themselves, and everyone who has an opinion to express on the 123 Agreement has already done so, multiple times, on every available media platform. We have had ideologues and nativists, retired diplomats and untiring politicians, know-it-alls and know-nothings, analyzing for weeks every subtle nuance of the 123 Agreement, the Hyde Act, the advantages of thorium over uranium and whether our foreign policy will now become a foreign policy. Is there anything left to say?

Perhaps not, but as the last speaker in a debate might say, "everything has been said, but not by everybody". I feel obliged to add my two paise worth to the national conversation on this subject. As someone who is not particularly enamored of nuclear weapons in anyone's hands — ours or others' — I have not found myself unduly stirred up by the current brouhaha. But seeing our honorable prime minister being traduced for what is, irrespective of the merits of the nuclear accord itself, an astonishing diplomatic triumph for his government, impels me to weigh in.

The fact is that, whatever one thinks of nukes, or the relative weight of nuclear energy in our national power grid in 2020, this was an extremely difficult agreement to pull off. It gives the government of India everything it could have asked for, given the parameters it was working within. The negotiators' brief was a tough one: they had to obtain supplies for nuclear energy, preserve India's military nuclear program, and be treated on a par with the officially-recognized nuclear powers and signatories of the Nuclear Non-Proliferation Treaty (without actually signing it). Two years ago, if you asked a panel of experts about the probability of obtaining a signature from Washington on an agreement that fulfilled every one of these criteria, you would unanimously have been told it was impossible. That the government of India — any government of India — could have achieved this is really remarkable, and the prime minister and his negotiating team have to be commended for their triumph. The shrill voices in Washington assailing the Bush administration for having given away the nuclear store to New Delhi is proof positive of this. I have absolutely no doubt that had the BJP government been able to obtain an identical accord, it would have looked for applause from the nation. That it chooses to attack the prime minister now for this agreement is a sad reflection of the level of opposition-for-opposition's sake to which our politics has descended today. American democracy used to be built on the premise that disagreements over policy stopped at the water's edge. India long boasted of a foreign policy consensus across the political spectrum. Despite the current debates there over Iraq, that still remains truer of the US than of India.

Of course, the real problem for many critics is not the agreement itself, but the Hyde Act, which requires the administration of the day in Washington to certify annually that India's foreign policy is congruent with the US's. The Gol's stalwarts point out that the Act is not binding on India; its critics retort, with relish, that it is binding on the US. But neither side, for reasons one can readily understand, has publicly admitted that certification is a hollow requirement, routinely accepted by American administrations in the full knowledge that they can certify whatever they wish to certify. The famous Pressler Amendment required the administration to certify that Pakistan was not developing nuclear weapons; successive American Presidents did just that, even though they were completely aware of Pakistan's clandestine nuclear programme. When relations with Islamabad cooled, the certifications stopped. In other words, as long as an administration in Washington wants to preserve good relations with India — for whatever reason — it will certify that India's policies meet the standards of the Hyde Act, even if we are regularly burning American flags at India Gate every week. And if we cease to matter, or a US administration wants to get tough on a government in Delhi, it can just as easily withhold such certification, even if India has been going out of its way to play footsie with Washington. The real issue is the state of the bilateral relationship, not the certification requirements in a piece of legislation. The Hyde Act would be irrelevant even if it had been drafted by Dr Jekyll.

I hold no truck with those who have been accusing the Left leaders of peddling China's interests in the name of anti-imperialism. I do not for a moment believe that the likes of Prakash Karat and Sitaram Yechury are agents of a foreign power. But reading of their crusade against the naval exercises with the Seventh Fleet this week leads me to think that their real problem is that they are prisoners of the past.

Reminding people that the Seventh Fleet was mobilised to intimidate us in 1971 demonstrates to me that, all too often, the lessons we learn from history are the wrong lessons. The year 2007 is simply not 1971; not in Washington, not in New Delhi, and certainly not in the Bay of Bengal. George Santayana famously said that those who do not learn from history are condemned to repeat it. But in fact history rarely repeats itself, because the circumstances in which it is enacted change enormously over time and space. Washington is about as likely to send the Seventh Fleet into the Bay of Bengal without India's consent today as New Delhi is likely to put the Queen on its currency notes tomorrow. After 60 years of Independence, we have to learn to see ourselves as shapers of our own destiny, not helpless subjects of the will of others. It will take more than a law written by an over-the-Hill Congressman, anxious to attach his name to an important piece of legislation, to fetter our nation's freedom.

A renewal of friendship
The Statesman
September 9, 2007

Earlier, India remained engrossed in pursuing a policy of self-reliance, when its economy was least affected by the economic upheavals around the world. But during this period, India's growth rate remained limited to a mere 5 per cent.

Things came to such a pass that by the end of 1980s, India had to pawn its gold so as not to default in payments, as our foreign exchange reserves had disappeared. The economy gradually looked up after India liberalised its economy and joined the global market. By the turn of the present century our economy got strengthened and the growth rate rose to 8 per cent which is now continuing to rise further.

At the heart of any forward looking economic policy is ingrained risk. Constraints on sovereignty would lie in using the openings to strengthen India's economic muscle. India is considered as an emerging power and cooperation of an advanced country like the US offer a real chance of improving our economic and military might to a point when no power would be in a position to trample over us in the future. America is eager to utilise India for its own strategic objectives. The Indo-US civil nuclear agreement offers us a chance to take advantage of the American science and advanced technology and some privileged access to the US markets. India's association with America, the sole superpower in the world, is likely to provide it an opportunity to become a world power. But the leap to the unknown is always daunting and involves risk.

Some are of the opinion that Mrs Sonia Gandhi, in regard to Indo-US civil nuclear deal, is manipulating the UPA to subordinate India to the US dominated world order. The agreement urges India to use uranium to fuel our reactors. The question arises, is that necessary for our energy security? Scientists like our former President Dr APJ Abdul Kalam believes thorium is the route to our energy independence: our known thorium reserves can generate 400,000 MW electricity annually for the next four centuries. We only have the technical expertise for thorium-based reactors. Thorium produces radioactive waste whose longevity is 10,000 times less than that of uranium or plutonium, sharply reducing radiation hazards. Thus, when we go for thorium-based reactors, we may not need the help of nuclear supply countries.

According to its own law, America has the right to terminate the agreement if India undertakes further nuclear tests, and all reactors, materials, fuel stockpiles, reprocessed fuel, spares and technology will have to be returned to the US. In monetary terms, a direct investment of Rs 250,000 crore in imported power reactors and Rs 800,000 crore in downstream industries relying on this nuclear power will be wasted. An unbearable economic shock.

When China conducted its first nuclear test in 1963, an overjoyed CPI-M passed a resolution supporting Beijing, but it had bitterly protested against Pokhran II, and now claim the agreement will curb India's sovereign right to carry out further tests, pretending to be the sole keeper of our sovereign rights. If under our national compulsions, India needs to test another nuclear device in the future, we would surely do so. Stopping our nuclear fuel supply or halting civil nuclear cooperation will not stop us from attending to our security needs, as by that time India would be more knowledgeable in civilian nuclear technology and manufacture and we would be able to take care of ourselves.

Earlier, India attained rudimentary nuclear power and weapon status despite nuclear cooperation was suspended and economic sanctions were imposed on us after our first test in the mid-1970s. If India tests a nuclear device, the US will cease nuclear cooperation with us, but it will not stand in the way of other nuclear suppliers group (NSG) nations continuing to cooperate with India, so that the nuclear supply lines may not be disrupted.

As the proposed Indo-US agreement lifts technology sanctions imposed on us through international consensus after India tested atomic devices in 1974, the agreement may better be described as our renewal of friendship with the international community. Agreement has to be arrived at with the International Atomic Energy Agency and the NSG countries to make the deal operational. The deal will not only open up trade in nuclear technology and materials with the US, but will also lift restrictions on supply of dual-use technology items to India from the US and other nations and help to enhance our competitiveness in hi-tech areas.

There may not be any misunderstanding about America's desire to help India to gain strength both economically and militarily to become a power to reckon with. The US is now leading a new revolution of democratising capitalism. The phenomenon of outsourcing, of which the US is the pioneer, is shattering business monopolies globally. Despite opposition from the domestic workforce, America transferred at least 750,000 hi-tech jobs overseas in 2002-03. India benefited much from such outsourcing to develop its information technology industry. Out of India's 1.2 million IT workers, 66 per cent are working for American companies.

It may not be proper to call America an imperialist determined to plunder the Third World. America gives more to the world than it takes. In 2006-07, its exports stood at \$1,000 billion. One-fourth of all the American imports come from China, Mexico and others. Most of the goods the US imports are products of labour intensive technologies made by workers with very little or no education. American toy imports from China are worth \$22 billion which are manufactured in factories where workers come from the poor strata of the Chinese society.

India exports polished diamonds, precious stones, leather goods, handicrafts and textiles. The workers doing diamond polishing have little education and those working in leather industries have little formal education. America is thus providing livelihood to poor sections of many countries.

The Indo-US pact on strategic ties has unnerved the Chinese and they possibly directed their minions in Delhi to scuttle the deal. Hence the Marxists who were silent so far have become vociferous to scuttle the deal.

After the Chernobyl nuclear disaster, NSG countries are reluctant to supply nuclear materials without liability protection law. So the agreement cannot be fully operational, as we have no such law.

On India turning into a US satellite losing its sovereignty, it may be said that the deal has potentiality for doing good for India. Earlier, India was regarded as a de facto Soviet satellite and was persuaded to follow the USSR's policy initiatives in return for civil and military cooperation. The US has a longstanding relationship with India which dates back to our pre-Independence days. It can be trusted. India should not shy away from grasping the opportunity that the tide of history has presented it.

(The author is a retired Indian Revenue Service official)