



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

November 16, 2006
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 3709 – United States-India Peaceful Atomic Energy Cooperation and U.S. Additional Protocol Implementation Act

(Sen. Lugar (R) Indiana)

The Administration strongly supports Senate passage of S. 3709, the United States-India Peaceful Atomic Energy Cooperation and U.S. Additional Protocol Implementation Act. Prompt passage of S. 3709 is vital to the Administration's goals of advancing relations between the United States and India, the world's largest democracy. Specifically, U.S.-India nuclear cooperation facilitated by S. 3709 is a key lynchpin for the profound transformation in the way the world's two largest democracies are partnering to promote energy security, prosperity, democracy, stability, and peace in the region and around the world. The bill also includes provisions implementing the Additional Protocol to the Agreement between the U.S. and the International Atomic Energy Agency (IAEA), thus enhancing our Nation's longstanding commitment to nonproliferation and strengthening our ability to promote nonproliferation globally. The Administration appreciates the efforts of the Senate Foreign Relations Committee to move this bill forward expeditiously.

The Administration is pleased that S. 3709 grants the President authorities related to the Atomic Energy Act (AEA) of 1954, consistent with the Joint Statement of President Bush and Indian Prime Minister Singh in July 2005. An important feature of this legislation is incorporation of the procedure for a joint resolution as outlined in the AEA that provides for an up-or-down vote without amendment on a proposed nuclear energy cooperation agreement with India.

However, the Administration has concerns with a few provisions of the bill. Subsections 105(3) and (4) should be modified in a manner that retains the essence of these provisions by requiring that India and the IAEA have "concluded" a safeguards agreement, and that India and the IAEA are making substantial progress toward "concluding" an Additional Protocol. Section 106 codifies as a ban, solely with respect to India, the current world-wide policy restrictions on the transfer of enrichment, reprocessing and heavy water production technology. Such a statutory ban applies a different standard to India than to any other country. Section 107(b) creates a higher standard for India than for other recipients of U.S. technology. While Section 123 of the Atomic Energy Act requires provisions that assure safeguards in perpetuity, Section 107(b) would mandate and detail only one way to reach that goal, thereby limiting U.S. flexibility in negotiations with the Government of India.

The Administration looks forward to working with Congress to address these and other concerns as this significant piece of legislation moves through the legislative process.

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