

~~SECRET/SENSITIVE/EYES ONLY~~SUMMARYIndian Capabilities/Intentions

At present India's relatively sophisticated nuclear energy program provides the capability of conducting a test on short notice and of mounting a rudimentary weapons program at relatively low cost in the \$10-20 million annual range. However, India currently lacks either long-range bombers or missiles needed to strike major urban targets in China. India will probably not be able to develop IRBM's before the 1980's and then only at a cost of \$2-2.75 billion.

There is no firm intelligence that Mrs. Gandhi has given a political go-ahead for detonating an underground nuclear device (which the Indians would undoubtedly label a peaceful nuclear explosion) or for developing nuclear weapons and a delivery system. In July 1972, she reiterated that the GOI's nuclear policy was to investigate the possibility of peaceful nuclear explosions, but not to develop nuclear weapons.

Our intelligence assessment is that over the next several years the chances are about even that India will detonate a nuclear device. The arguments in New Delhi both for and against testing are strong. Public opinion, in its present nationalist mood, would probably favor tests, although, in the wake of India's victory over Pakistan, the political pressures for going nuclear are less than a year ago.

Implications of an Indian Nuclear Decision

An Indian test would be a setback to non-proliferation efforts. By itself it would not prompt other near-nuclear powers to follow suit, but would make it easier for them to do so should they decide the acquisition of nuclear weapons was in their national interest. The Soviets would be concerned about additional proliferation, but would probably be wary of hurting their position in

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India. The Chinese would regard an Indian test as a significant development, adding to China's strategic defense problems. In Japan, the hands of those favoring a nuclear weapons program would be strengthened. In South Asia, an Indian explosion would be extremely unsettling for Pakistan.

### US Interests and Objectives

Limiting the number of nuclear powers remains a major US interest. Additional interests are our desire for a stable South Asia, and our wish to develop mutually satisfactory relations with India. Since an Indian nuclear decision would probably conflict with all three interests, our objective should be to do what we can to avert or delay an Indian test and, if these efforts fail, to limit the harmful repercussions.

### US Options

The choices divide between things we can do before and after an Indian nuclear explosion. In both instances US ability to influence events is marginal. Indeed, given the present poor state of Indo-US relations, an overly visible US effort could hasten, rather than delay, the day India explodes a nuclear device. Multilateral and non-US bilateral efforts, especially if joined by the Soviets, have somewhat better prospects of affecting Indian actions, but would probably not per se be decisive.

### Possible Actions Before a Decision

#### Unilateral Actions

We can continue low-keyed efforts to dissuade the Indians by:

- stressing continued US concern over the dangers of nuclear proliferation;
- stressing the US view that peaceful and military nuclear explosive technologies cannot be distinguished;
- pointing out (but not threatening) that Indian nuclear testing would require a review of US cooperation in the atomic energy and space fields, and possible reductions in our programs;

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-- stimulating discussion among Indian academics and scientists of problems inherent in developing PNE's, of the high cost of an Indian force de frappe and of its questionable strategic value;

-- maintaining, and possibly expanding, scientific cooperation in the nuclear and space fields to help in channeling Indian efforts towards peaceful applications.

In addition, we could consider offering India PNE services. This could, however, be viewed as weakening the value of our offer to provide PNE services to NPT signatories. In any case, it is unlikely the Indians would accept if such an offer foreclosed the possibility of India's developing its own explosive device.

#### Multilateral Actions

-- In the past we have periodically talked with the UK, Canada, Japan and France about the Indian nuclear question. We can continue these discussions, trying to stimulate other countries to use their influence with the Indians to prevent or delay a nuclear decision.

-- We can also try to enlist USSR cooperation. Given the close relationship between Moscow and Delhi, Soviet actions could have a considerable impact on the Indians. While we are uncertain the Soviets will be willing to cooperate, we see no harm in raising the issue with them.

-- We can also discuss the subject with the Chinese to allay their suspicions that we and the Soviets were "up to something" with the Indians and to point out that Chinese actions, such as launching an ICBM over South Asia, could increase public pressure on India to conduct a nuclear test.

-- In the International Atomic Energy Agency, we can continue our efforts to gain wider international acceptance of our view that, since the technology for civil and military nuclear explosions cannot be distinguished, "peaceful" or "non-military uses" terminology in IAEA agreements precludes using IAEA

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safeguarded material in explosive tests of any sort. In the past, the Indians have questioned this position.

-- We could also seek more rapid progress on a Comprehensive Test Ban Treaty if the President should decide to move toward active negotiations on a treaty. India has long favored a CTB and, while it would probably not sign if China continued testing, the fact of an agreement would increase pressures against Indian nuclear testing. (Defense does not believe that the conclusion of a CTB would have a significant effect upon India's decision to conduct nuclear testing.)

#### After an Indian Nuclear Decision

Proliferation. In deciding on a course of action, we will have to weigh the potential pluses in the non-proliferation field against the losses in the Indo-US relationship. Although penalties against India would be unlikely to have a decisive policy impact on major near nuclear powers (Japan, Germany, and Israel), apparent US acquiescence could lead them, and others, to anticipate nothing more severe if they became Member No. 7 in the nuclear club. The range of choices includes:

1. Relatively Mild Response: This would include some public indication of displeasure, but few, if any, tangible penalties.

2. Some Penalties Against India in Scientific Area: We could terminate the supply of enriched uranium to the Tarapur nuclear reactor and curtail or end other USG cooperation with India in the nuclear energy and space fields. We could urge other nations to follow suit and of course sharpen our public expressions of displeasure.

3. More Extensive Penalties: We could launch a major effort to penalize India by moving beyond the nuclear energy/space field, reducing or terminating all economic and technical assistance programs (assuming we have any) and mobilizing an international campaign to condemn the Indians.

We would expect most other countries would respond relatively mildly. Some would impose penalties against India in the scientific field. (Canada has said it will.)

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It is, however, doubtful other countries would join in more sweeping penalties, especially if the Indians label their test a PNE and not part of a weapons program.

#### Other Repercussions

We would have to consider carefully our handling of Japan, the most important near-nuclear power and the country outside of South Asia where the repercussions would probably be strongest. In South Asia, our problem would be how to steady the Pakistanis. A spectrum of possible actions with the Paks includes:

- Doing nothing.
- Providing Pakistan an expression of support against nuclear blackmail by recourse to the United Nations along the lines of the declaration we gave in 1968 in connection with the NPT.
- Providing a more specific and firmer commitment of US nuclear protection.
- Broadening the 1959 US-Pakistan bilateral to include support against aggression by non-Communist powers (i.e., India).

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# I. The Problem

Over the past two decades India has developed a large and sophisticated civil atomic energy program. Six nuclear power reactors are in operation or under construction. Indian nuclear policy, as stated on numerous occasions by Mrs. Gandhi and other leaders, is to utilize atomic energy only for peaceful purposes and not to develop nuclear weapons. At the same time, the Indian Atomic Energy Commission is developing technology and industrial facilities capable of supporting a small nuclear weapons program. India has been unwilling to sign the NPT and has maintained that an Indian underground peaceful nuclear explosion (PNE) would not violate India's international undertakings, a position with which the US has disagreed.

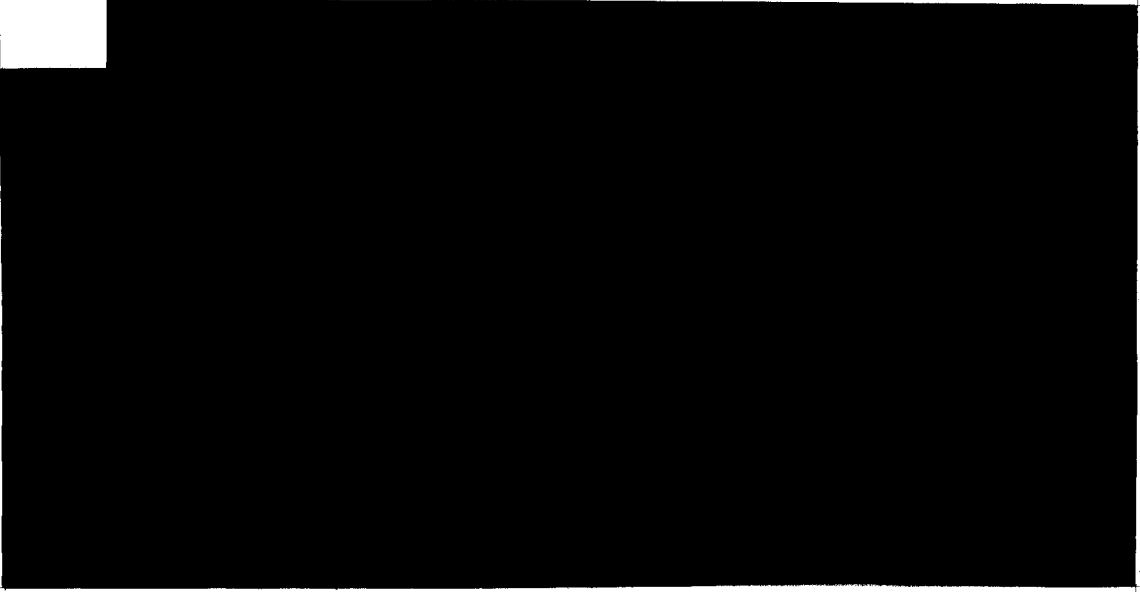
In recent years we have periodically received intelligence reports that India was going to test a nuclear device. While to date these reports have proven false alarms and we have no firm evidence that Delhi has decided to explode a nuclear device, India does possess the capability of doing so fairly quickly once her decision-makers approve such a step. India does not, however, currently have an advanced nuclear weapons delivery system -- either long-range bombers

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or Intermediate Range Ballistic Missiles. India is unlikely to have the capability of producing IRBM's before the early 1980's. Were India to explode a device in the near future, it would almost certainly call the test a PNE rather than a first step in a weapons development program.

## II. Indian Intentions/Capabilities

It remains our assessment that the evidence to date does not confirm an Indian political decision to test a nuclear device. Moreover, there appear no new political or security considerations which would impel the Indians toward a nuclear test in the near future. At the same time, the Indians have the capability of exploding a nuclear device on relatively short notice and there is considerable nationalist sentiment in India in favor of joining the nuclear club.



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In this regard and as a factor in determining what actions we may wish to take, it is useful to review the arguments among Indian policy-makers for and against a positive nuclear decision:

A. Arguments Favoring Nuclear Program.

1. To achieve major power status, India needs to be a member of the nuclear club. It could achieve this status at relatively low cost by exploding a nuclear device which it could label a PNE.

2. The possession by India of nuclear weapons and delivery systems, even in rudimentary form, would provide a deterrent against a Chinese nuclear threat and reduce India's sense of dependence on a Soviet and/or US nuclear shield.

3. By freeing India from Great Power dependence, the possession of nuclear weapons would contribute positively to India's ability to remain non-aligned and to provide a Third World nuclear balance to China.

4. A nuclear weapons program would be a means of achieving a measure of technological equality with the developed world.

5. Membership in the nuclear club would further strengthen the sense of India's nationalism that Mrs. Gandhi has cultivated in building a strong political base.

## B. Arguments Against Nuclear Program

1. The Chinese military threat is primarily conventional. This can be best met by further modernization of Indian conventional forces; an expensive Indian nuclear weapons program would divert scarce resources from this end.

2. The possession of a rudimentary nuclear force, especially one lacking an advanced delivery system, could in the short run weaken, rather than strengthen, India's national security if this move led to increased tensions with China.

3. India lacks the economic base to compete with China in the strategic nuclear field where the Chinese already enjoy a long lead.

4. A nuclear weapons program could harm relations with the US and the USSR and also endanger peaceful nuclear cooperation programs with these countries as well as with the UK, Canada, France and others.

5. India's view of its position as a moral leader of the Third World would be further tarnished by going nuclear.

6. Development of an advanced nuclear weapons missile delivery system would be very costly and would divert scarce resources from badly needed economic and social development programs.

7. A nuclear testing program could also affect economic assistance relationships with Japan, the US, Canada and other countries strongly opposed to further proliferation.

### III. External Impact of Indian Nuclear Explosion.

A. South Asia. The explosion by India of a PNE or the development of nuclear weapons would further confirm Indian political/military dominance in South Asia. While none of India's neighbors would like such a step, only Pakistan would react strongly.

1. Pakistan. Unless a radical shift in Indo-Pakistan relations occurs, an Indian nuclear decision would severely jolt Islamabad. Pakistan's fears of India would be intensified and the prospects for relative stability in South Asia would be set back. An Indian blast would make it more difficult to work out the post-Simla arrangements to establish a modus vivendi between India, Pakistan and Bangladesh.

To protect itself against a perceived Indian nuclear threat, Pakistan might attempt to launch its own nuclear weapons program, though this would be a long-term project given Pakistan's currently limited capability in the nuclear field. Pakistan would also seek, to the extent feasible, to involve major external powers, especially the United States and China, in providing assistance

for a Pakistani nuclear program or at least assurances of protection against potential Indian nuclear blackmail. The Pakistanis would perhaps seek to expand their military relationship with China into the strategic nuclear area, in order to gain additional "protection" against India. They might even seek the stationing of Chinese nuclear weapons on Pakistani territory. In the case of the US, the Pakistanis would probably ask for assurances of support and/or assistance in the event India threatened the use of nuclear weapons, but would be unlikely to go as far as with the Chinese.

2. Bangladesh, Sri Lanka and Nepal. An Indian nuclear blast would not create major political/security concerns in Dacca although the Bengalees would probably prefer a non-nuclear Indian neighbor. Even if Bangladesh/Indian relations become strained, an Indian blast would be unlikely to spur an effort to develop nuclear weapons by Bangladesh.

The concerns of Sri Lanka and Nepal about the danger to their independence from a strong India would be heightened if India went nuclear. While these countries might look to outside powers for reassurance, India's action would not be likely to prompt a major policy shift. Neither country has the capability of developing nuclear weapons.

3. China. Peking would view an Indian nuclear explosion as a matter of concern. Although the public reaction might be relatively muted, especially in view of China's own nuclear testing program, Chinese policy-makers would be prompted to take a fresh look at China's policy toward India. Even though the Indian blast was labeled a PNE and an advanced delivery system for Indian nuclear weapons was not at hand in the short term, the Chinese would interpret the Indian action as a first step toward the ultimate development of an Indian force de frappe and make their calculations on this basis. Militarily, a nuclear India -- even one possessing only a rudimentary delivery capability -- would be regarded as adding to China's strategic defense problems.

In assessing the implications, the Chinese could come to either of two conclusions. They might regard India's nuclear decision as part of a Soviet-sponsored effort to tighten the containment ring around China and this could lead to heightened Sino-Indian tensions. Alternatively, Peking might decide to work more actively for a settlement of outstanding disputes with India to reduce the possibility that a Moscow-Delhi axis would confront China with nuclear enemies along its northern and western borders.

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about proliferation and in this context would regret India's proceeding with the development of PNE's or a nuclear weapons program. But the Soviet response could well be ambiguous, despite Soviet preference that India remain non-nuclear. Moscow values its relationship with Delhi and it would probably be unwilling to press India on the nuclear question to the extent of damaging the friendly relationship. Nonetheless, given Moscow's current close relations with Delhi, the Soviets would have greater influence with the Indians than any other country.

C. Near Nuclear Powers. It is difficult to measure precisely the impact of India's becoming the world's sixth nuclear nation on the other near-nuclears, especially Japan, Israel, and the Federal Republic of Germany. By itself an Indian test would not be decisive as each country would decide its nuclear policy according to its own political and security considerations. But the Indian example would make it easier for others to follow suit, if they conclude that nuclear testing is in their national interest.

1. Japan. Japan would react negatively to India's going nuclear. The Japanese would be disturbed by further proliferation and by the additional political/military destabilization which India's nuclear decision might cause in Asia. While an Indian PNE or even the development of a weapons system would probably not cause an immediate shift in Japanese policy, the hands of those in Japan who favor

the nuclear path would be strengthened. The prospect for Japanese ratification of the NPT would be lessened. The example of another Asian power, especially India, far inferior to Japan in economic strength or military potential, breaking the nuclear monopoly could prompt a rethinking of the non-nuclear policy Japan has to date adopted.

2. Federal Republic of Germany. An Indian nuclear decision would cause some concern to the Federal Republic of Germany and could make it somewhat more difficult to obtain ratification of the NPT. It would not, however, produce any fundamental reassessment or change in Germany's nuclear policy. The Germans will continue to adhere to a "European" policy on nuclear matters and not embark on their own weapons program for the foreseeable future. A decision by Germany to develop nuclear weapons would not be triggered by what India did.

3. Israel. India's action would probably not have significant impact on Israel, the other principal near-nuclear power, except to remove the psychological deterrent against being the first to make the break. Israel considers its nuclear policy intimately linked to the confrontation with the Arabs and will not be decisively affected by an Indian nuclear decision.

Since the Israelis consider their relationship with the United States unique, a highly negative US reaction to an Indian explosion would have limited impact; however, the appearance of US acquiescence in an Indian nuclear venture would be considered significant by the Israelis.

4. Other Near-Nuclear Powers. Other potential nuclear powers, such as Argentina, Australia, Brazil, South Africa, and Taiwan, would be principally affected by the response of the United States and other powers to an Indian nuclear blast as an indicator of likely response to further proliferation on their part. In this regard, failure by the United States to react in the face of an Indian nuclear explosion could suggest that the US was not prepared to take forceful action elsewhere. On the other hand, each potential nuclear power would see itself in a somewhat unique situation and would not necessarily directly apply the Indian example to itself.

#### IV. Implications for India of a Nuclear Explosion

A. Political-Psychological. India's decision to explode a nuclear device would help satisfy Indian nationalist aspirations for major power status and Third World leadership, but would be unlikely to cause a fundamental shift in Indian foreign policy. India's



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feeling of dependence on the Soviet Union, especially for protection against a potential Chinese nuclear threat, could lessen. India's new strength could stiffen India's attitude toward China and decrease the prospects of Delhi's making concessions needed to settle the northern border dispute. Conversely, India might conclude its enhanced power position made it possible to adopt a more flexible stance on the border issue. A nuclear decision would probably not prompt a shift in India's attitude toward the US, except in response to our reaction to India's move. Possession of a nuclear device could make India more self-assertive in dealings with its South Asian neighbors, and with regard to the Indian Ocean. Finally, an Indian nuclear decision could be both the effect of rising Indian nationalism and a cause of a further increase in Indian nationalistic confidence.

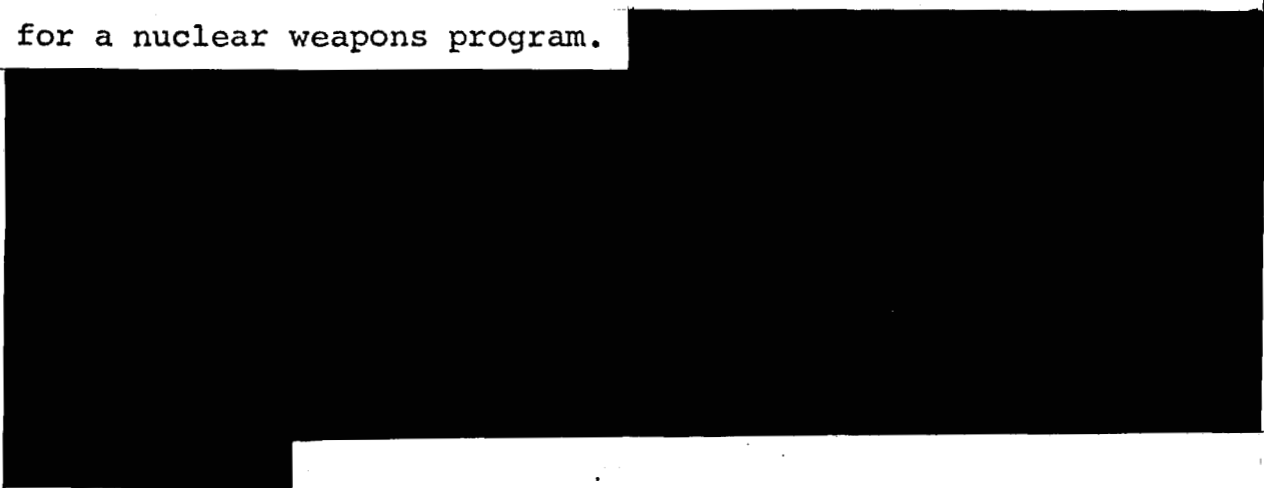
B. Political-Military. Until India possesses long-range bombers or missiles, an Indian nuclear decision would probably have only marginal impact on India's military capabilities. India could use aircraft in its current inventory such as Canberras or reconfigured Boeing 707's or 747's, as delivery vehicles, but these would be a rudimentary affair, essentially for one-way


missions. Given China's air defense systems, and the distances between India and China's urban centers (approximately 1800 nautical miles from airfields in Assam to Shanghai and 1200 nautical miles to Canton), a rudimentary nuclear bomber force would face some difficulty in striking China's major cities, even if range were increased by air refueling. China's nuclear facilities would, however, present closer targets (only 800-1200 nautical miles) and would be within the existing range of Indian Canberra's. At present, the Indians have no long-range bombers although there are indications they have unsuccessfully sought these from the Soviets.

Unless India elects to develop or purchase a long-range bomber force, she will need Intermediate Range Ballistic Missiles to have an "advanced" delivery system capable of striking China's urban centers. The Indian space program can ultimately provide the basis for an IRBM, although India is at present a long way from possessing this capability. The space program aims at launching a satellite in the mid-1970's with foreign support and appears unlikely of being able to produce an Indian IRBM capability before the 1980's. Barring a policy shift, we doubt the Soviets would help India develop this capability; it is conceivable the French would be prepared to collaborate with the Indians.

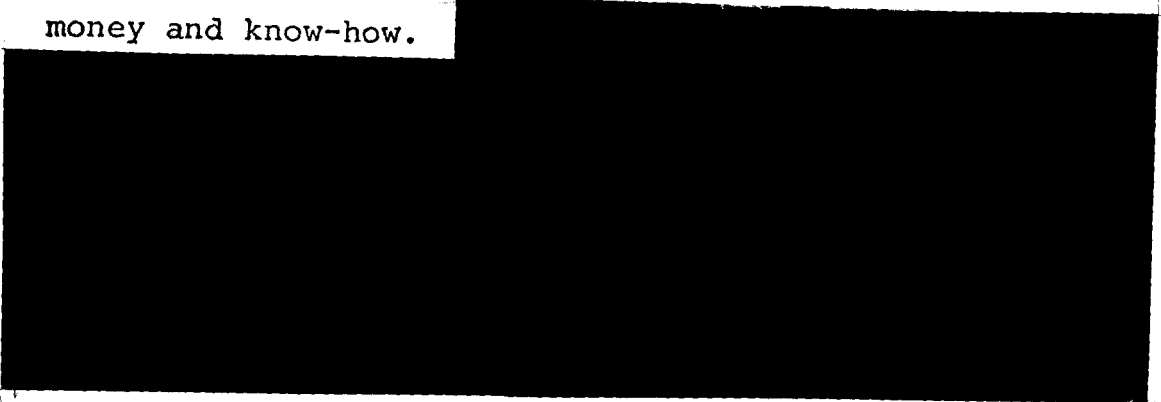
One defensive military use, which would not require an expensive and sophisticated delivery system, would be emplacing atomic demolition munitions (ADM's) in the Himalayan passes which constitute China's only direct land access to India. Considering the terrain of the border area and the type of threat (primarily ground) that China poses, ADM's could be considered favorably by the Indian military. Although this possibility has been discussed, we do not know what conclusions the Indian military has reached.

C. Economic.\* The development and detonation of an initial nuclear device, followed by a relatively small nuclear weapons program, should not impose major strain on Indian financial or technological resources. As noted previously, India already has a well-developed atomic program and could, with relatively limited extra expense, produce the needed nuclear fuels and undertake other necessary work for a nuclear weapons program.



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The development of an IRBM delivery system would pose a far harder problem, both in terms of money and know-how.



India's GNP is currently about \$57 billion and its defense budget about \$1.9 billion. In the early 1980's, GNP would rise to about \$80 billion, assuming a 3 per cent growth rate, and over \$90 billion, assuming a 5 per cent rate. Expenditures required to test a number of nuclear devices and even to proceed with a modest weapons program could be absorbed without substantial impact on India's development program.

The development of a missile delivery capability would, however, require a major diversion of resources from India's social and economic development efforts and also from programs of modernization of conventional military forces. Nonetheless, the needed financial resources could probably be generated by an economy the size of India's. The domestic political impact of the loss in momentum would be heavily influenced by the mood then prevailing. A strong and popular government could present the

decision as one needed to realize Indian national goals and would probably gain popular acceptance for it. A weaker leadership might well face criticisms for diverting scarce resources from the economic development process.

V. US Interests and Objectives and Policy Options

A. US Interests

1. Non-Proliferation. Limiting the number of nuclear powers remains a major US interest. The acquisition of nuclear devices by any new state, whether India or some other country, would increase the ultimate possibility of nuclear war and thereby diminish the security of the United States. A new member in the nuclear club would make more difficult the task of holding the line on proliferation elsewhere.

2. Stability in Asia. A second US interest is in attaining a stable and peaceful Asia. By adding fresh complications to Sino-Indian relations and risking new troubles with Pakistan, an Indian nuclear decision would probably be destabilizing.

3. US-Indian Relations. A third US interest is in having mutually satisfactory relations with India in view of the country's regional political/military importance and its strategic location in the Indian Ocean area. An Indian nuclear decision would

cause fresh difficulties in our bilateral relationship. At a minimum, we would have problems regarding possible Indian violations of existing bilateral and/or trilateral peaceful uses agreements as these are interpreted by the US.\*

B. US Objectives. Our analysis indicates that an Indian nuclear test, either of a "prestige" PNE or a nuclear weapon, would be contrary to US interests. Our actions should be designed to develop arguments and provide incentives that reinforce existing Indian policy and make a PNE or weapons program look less attractive. We should also try to corral supporting pressures on India from other countries. Our efforts should take into account and follow logically steps we have been taking in support of this objective since we first became concerned about Indian nuclear intentions in the mid-1960's. Even if India eventually commences testing, a further delay would assist our non-proliferation efforts by allowing more time for the NPT regime to become firmly established.

C. Possible US Actions. In considering the spectrum of possible US actions, it is well to remember that any Indian decision will be based on Indian calculations of national interest. The impact of

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\* Any Indian test in the next year or so would have to use plutonium from the US-assisted CIRUS reactor at Trombay, although in the late 1970's India could develop devices from plutonium produced in unsafeguarded reactors it is currently building near Madras.

advice, and the degree of persuasiveness of outsiders, will depend on how many and who are trying to persuade and the overall context at the time, including progress toward disarmament. Only to the extent that the US and others (particularly the Soviets, but also the French, British, and Japanese) are prepared to draw upon their relationships with India -- political, economic, and technical -- will there be a possibility of affecting Mrs. Gandhi's calculations of Indian national interests.

Even with maximum pressure, Delhi could decide India's interests were better served by going nuclear. In this regard, the Soviet position will be of much greater significance than our own, although even Moscow's influence is limited given India's increasingly self-reliant nationalism. US influence has drastically diminished over the past year and our current unilateral ability to affect an Indian nuclear decision is marginal. Indeed, in view of the present poor state of Indo-US relations, a major US initiative would probably produce an effect opposite to that intended and hasten, rather than delay, an Indian nuclear test.

1. Possible Measures Before India Decides to Explode Nuclear Device.

(a) Unilateral US Efforts. Over the past decade, the USG has on several occasions reviewed the

question of India's nuclear intentions and carried on an extensive dialogue with the Indians on this subject, both in the context of the NPT negotiations and subsequently. For example, we discussed the costs of a nuclear weapons program and as recently as June 1970 gave them unclassified data. In November 1970, US officials stated our view regarding the indistinguishability between the technology of manufacturing a PNE device and a nuclear weapon. We also presented the Indians an Aide Memoire, which stressed our position that bilateral US atomic energy agreements with India prohibited using materials supplied by us or produced in a US-assisted reactor for an Indian PNE (attached as Annex 2).

(i) Private Cautions: The US could continue a low-keyed, bilateral effort with India, taking into account the prevailing state of relations. The Indians could periodically be informed at senior levels of the likely impact of an Indian nuclear test on US actions toward India. Discussion should be in terms of our non-proliferation policy interests and possible legal problems rather than in the form of threats. If relations continue strained, any threat would probably be counterproductive.

We could make the point that a nuclear decision would require a searching review



of our existing technological cooperation. We could underscore our view that a nuclear decision would be a short-sighted move unlikely to enhance India's security. In addition, we could reiterate the points made to the Indians in our November 1970 Aide Memoire.

(ii) Discussion of the Costs: We could continue to stress to the Indians the economic costs of developing an advanced nuclear weapons and missile delivery system. In addition, we could try to focus attention on the technical difficulties and costs involved in developing a meaningful indigenous PNE program. We could sponsor or encourage the visit to India of academic experts on proliferation and nuclear policy, as we have in the past, to promote better understanding in Indian academic and governmental circles of the issues involved in a nuclear weapons and missile delivery program, particularly questions relating to the cost effectiveness. Such discussions might help to demonstrate to the Indians the negative aspects of nuclear weapons in relation to India's security situation or national interests.

(iii) Encouragement of Peaceful

Scientific Research and Programs: India has a very substantial number of trained nuclear scientists and a growing number in the space field. It would be desirable to engage their energies as far as possible in non-military research not involving nuclear explosion or delivery system technology. If usefully employed in meaningful peaceful scientific applications, India's scientific elite might be less likely to urge the adoption of a military program, one which would clearly divert Indian manpower and resources from peaceful programs.

Through technical cooperation programs, we are currently assisting India's peaceful atomic and space programs. We should continue and, depending on concrete possibilities, perhaps increase these efforts. In this context, we should ensure that our technical cooperation in the space field does not contribute directly to an Indian delivery capability, the existence of which might encourage an Indian decision to develop nuclear weapons.

(iv) Undercut India's Pretext

for Developing a PNE Device: We might seek to dissuade India from developing its own PNE device on the ground that India could obtain PNE services either from the US or the USSR when concrete applications appear economically attractive. Even though India is not a party to the NPT and hence not a beneficiary of the Article V assurances relating to PNE services, we (possibly together with the Soviets) could offer these to the Indians on the condition India would forego testing its own PNE device.

Acceptance of an offer of this kind would deprive India of its public rationale for continuing a nuclear explosives program and, of course, prevent India from gaining the prestige of carrying out a nuclear test. As such, it is doubtful the Indians would respond affirmatively. Moreover, offering to provide PNE services to a non-signatory to the NPT could subject us to criticism that we were undercutting the incentive provided by Article V for countries to adhere to the NPT. The offer could also lend support to those Indians who are promoting a PNE project.

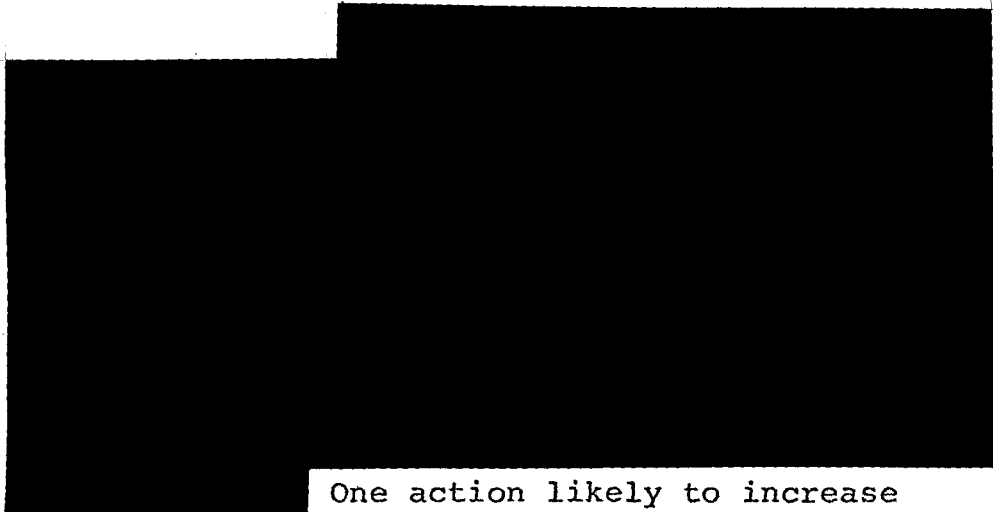
(v) US Actions in Relation to Indian

Security Calculations: An important element in Mrs. Gandhi's calculations on the nuclear issue -- in addition to the desire to reinforce Indian prestige and Indian nationalism -- will be India's sense of security vis-a-vis its principal external foes -- Pakistan and China. US actions in South Asian security matters of concern to India, especially the question of arms for Pakistan, could play an indirect role in the Indian decision-making equation on the nuclear question. Moves by the US, such as the resumption of arms sales to Pakistan, that would unsettle the Indians, would strengthen the hands of those in favor of an Indian nuclear explosion. On the other hand, US political/military policies that did not conflict with important Indian security interests could improve the chances that India would continue to forego demonstrating a nuclear explosive capability.

(vi) The Chinese Threat as a Factor:

Similarly, an improvement in Sino-Indian relations would reduce the security pressures for an Indian nuclear decision. While the scope for US action

is clearly limited, anything we could do, either with the Chinese or the Indians to improve Sino-Indian relations, would serve our interests with regard to non-proliferation and Asian security.



One action likely to increase pressures for India's exploding a device would be the firing of Chinese ballistic missiles over South Asia to target areas in the Indian Ocean.

(b) Multilateral Efforts. Other powers share our concern about an Indian nuclear decision. These include not only our NATO allies, particularly Canada and Great Britain, but also Japan and the Communist powers including the Soviet Union and China. All of these nations, for different but perhaps mutually reinforcing reasons, do not want India to become a nuclear power.

(i) Soviet Union: In light of the strong Soviet commitment to non-proliferation, and

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the desirability of not having our own efforts isolated, we should periodically raise the Indian nuclear problem with the USSR. This is a common interest of the US and the USSR, and it might do some good to remind the Soviets of this.

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Nonetheless, we appear to have little to lose by initiating exchanges with the Soviets. The chances of their exerting pressure on Delhi would be greater if we maintain a dialogue on the issue rather than delaying an approach until after we learn of an Indian nuclear decision. Accordingly, we should have more regular exchanges with the Soviets, especially with disarmament and nuclear energy specialists, in Geneva and Vienna, and periodically raise the Indian nuclear question through diplomatic channels in Moscow, Washington and New Delhi.

(ii) Britain and Canada: [REDACTED]

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we should periodically consult with the British and Canadians regarding actions we should take

both before and after an Indian nuclear decision. Discussions with the Canadians and the British are particularly pertinent since an Indian nuclear weapons program might involve material provided under an Indo-Canadian agreement or material produced from the CIRUS reactor in Trombay, and since the British currently have increased influence in New Delhi as a result of their policy in 1971.

(iii) France: In recent years France has become a major provider of technical assistance for India in the nuclear energy and space field. Despite France's independent nuclear policies, it continues to oppose proliferation and would be unlikely to collaborate in an Indian nuclear weapons program or to assist directly in developing an Indian IRBM capability.\*

In February 1971 we discussed the French position on PNE's in the light of reports that there might be more extensive Franco-Indian nuclear cooperation, including the provision of a PNE service. The French

\* This would not necessarily exclude French collaboration on aspects of India's space program which might indirectly contribute to India's developing an IRBM capability.

reiterated the view that France would act as if it had signed the NPT. They have, however, continued to be less restrictive than the US in providing India with nuclear equipment. For example, they have supplied technology for producing heavy water for the unsafeguarded reactors India is constructing near Madras.

At periodic intervals, we should hold further discussions with the French on the Indian nuclear issue. In the context of these, we should continue to seek French cooperation in efforts to inhibit Indian development of nuclear devices and/or missile delivery systems and to provide international safeguards on India's peaceful nuclear activities, such as the two unsafeguarded reactors under construction near Madras.

(iv) Japan: Since Japan is a major non-nuclear power whose nuclear policies might be affected by any Indian nuclear decision, we included the Japanese in our recent exchanges (along with the British and Canadians) and informed them of our concerns and of the diplomatic and other steps which we contemplate taking if India takes a nuclear decision. We should stay in close touch with the Japanese. It would be



useful if Tokyo periodically reiterated the warning it gave the Indians a few years ago that Japanese public opinion would demand a reduction in economic assistance were India to go nuclear.

(v) China: Although India regards China primarily as a threat in conventional military terms, it also fears nuclear blackmail by China. To the extent that Sino-Indian relations improve and India's concerns about China lessen, the pressures for a nuclear detonation might diminish. In this regard, we could usefully discuss the Indian nuclear question with the Chinese. On the one hand, we might allay Chinese suspicions that we and the Soviets "were up to something" with the Indians. On the other hand, we could point out that Chinese actions, for example the launching of an ICBM over South Asia, could create considerable stir in India and increase the pressures on Delhi to explode a nuclear device to satisfy nationalist sentiments.\*

\* In addition, it has been suggested that consideration be given to the possibility of a parallel undertaking by nuclear weapon states, including China, similar to that undertaken by the US and the UK in Additional Protocol II to the Treaty of Tlatelolco, not to use or threaten to use nuclear weapons against India if it did not develop nuclear weapons or other nuclear explosive devices or permit weapons to be deployed in its territory.

(vi) Other NATO Countries: In addition to the British, Canadians and French, several other NATO allies, particularly the Germans, have a concern about the general question of proliferation. Now that we have had low-key consultations with Canadians, British and Japanese, we should consult the Germans concerning our assessment, policies and diplomatic efforts. If we have a series of substantive discussions with the Soviets, we may also wish to advise other NATO allies.

(vii) IAEA: A further multilateral forum in which we can take action is the International Atomic Energy Agency in Vienna. In this body, the US has been trying to gain international acceptance of the view that all nuclear explosives, regardless of their intended purpose, should be considered the same, as far as international safeguards are concerned. The Indians, on the other hand, have maintained that a difference exists between peaceful and military explosives, and that the IAEA "peaceful uses" concept, and also India's atomic energy agreements with the US and Canada, do not prohibit PNE's.\*

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\*The ambiguity stems from the fact that the NPT refers directly to "nuclear weapons or other nuclear explosive devices," while the basic IAEA Statute (applying to non-NPT parties) refers to safeguards against use of nuclear material "to further any military purpose."

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In line with this approach, at the March 1972 Board of Governor's Meeting, the US representative reiterated our position that the term "peaceful uses" in US agreements and the related agreements preclude nuclear explosive devices of any sort. Following the US lead, the UK representative at the June 1972 IAEA session made a similar declaration that all UK agreements barred the use of any items supplied by the UK for any type of nuclear explosive device. This position has not been accepted by the Indians and has also been contested by the Brazilians, at whom the March 1972 US statement was specifically directed.

At present, efforts are under way in the IAEA to induce the Soviet representative to issue a similar statement at a future session. We should continue to seek Soviet agreement to do so. A parallel Soviet statement would considerably strengthen the position we have upheld. It would also prove a potentially important way to undercut the ability of India to label an explosion a "PNE."

A second area in which the IAEA might be helpful is the so-called Zangger Committee

of supplier state representatives that has reviewed controls over the export of nuclear-related equipment and materials to determine what items would trigger IAEA safeguards. In the group's deliberations we should keep in mind the possibility that export controls might prove effective in limiting India's ability to pursue a nuclear weapons program. The value of this forum would be enhanced if efforts succeeded in inducing the USSR, France and others to apply the same standards in the requirement for safeguards on nuclear exports.

(viii) CCD: The possibility of any action by the CCD in Geneva affecting Indian decisions in the short term is not large. However, the conclusion of a Comprehensive Test Ban Treaty, especially one which included China, could influence an Indian decision. India has publicly long favored a CTB. It is doubtful that India would adhere to a CTB if China refused to sign and continued testing. A successful CTB would, however, strengthen those domestic forces in India opposed to nuclear testing, even if India remained outside the treaty. (Defense believes India's decision to develop a nuclear capability will be based on the perceived threat, the factors of national security, and the need for additional prestige. Domestic pressures have not halted the development of a technology including components, that would permit India to detonate a nuclear device once the decision to do so is taken.)

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2. After Decision Taken. Once India takes a decision to explode a nuclear device, whether for reasons of prestige or on national security grounds, the ability of the US to affect or reverse the decision would be minimal. Between the decision itself and the actual detonation of a first device, however, there might be a limited period during which it would conceivably be possible to take steps to prevent or delay the detonation. While we would hope to have information on an Indian decision to detonate a device in advance of the actual event, we may not know of a decision until the explosion is imminent or a fact.

In an attempt to delay the implementation of an Indian decision, we might urge India to defer any detonation for a period of years. This effort would be more likely to be successful if we were able to hold out hope of progress on a Comprehensive Test Ban or some other major disarmament step. It is, of course, understood that any decision toward active negotiation on a CTB would be taken on the basis of overall US national security interests. In order to reinforce any appeal for delay, we might simultaneously offer India certain inducements in terms of aid or technological cooperation, although this requires further detailed study to evaluate what possibilities are realistic and desirable. We could also make clear we might have to cut back future nuclear

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cooperation if India nevertheless detonated a device. Prospect for success would be measurably increased if we had the cooperation of the Soviets as well as others.

After we concluded there was no realistic chance of averting or delaying an Indian nuclear test, we should make our objections clear but focus our attention on the problems India's action would cause.

(a) Non-Proliferation Problems. The spectrum of actions that might be taken include the following:

(i) Public Statement: At a minimum, we would wish to express our regret over the Indian action as setting back efforts to limit the number of nuclear nations in the interest of world peace. Assuming the Indian explosion is labeled a PNE, we would wish to underscore our view regarding the indistinguishability of a nuclear device for peaceful and military purposes. We would probably also want to indicate that the USG was reviewing its various programs of scientific cooperation with India in light of the Indian nuclear action.

Should we decide that circumstances dictated a stiffer response, our public posture would accordingly be more negative. The criticism of the Indian action would be sharper and we might state what other facets of US-Indian cooperation (i.e., technical and economic assistance, etc.) were under review in light of the Indian nuclear move.

(ii) Possible Unilateral Actions to Limit Technical and Scientific Cooperation:

If the Indian explosion occurs before the two unsafeguarded Madras reactors go on line in the late 1970's, it is likely the plutonium would come from the unsafeguarded CIRUS research reactor provided India by Canada in the 1950's, for which the United States supplied heavy water. Under the terms of the 1956 Indo-US agreement on CIRUS, the Indians agreed that the heavy water was to be used for peaceful purposes only. Since we have officially advised the Indians we consider them committed not to use the plutonium produced in the CIRUS reactor, including any future generation of the plutonium, for nuclear explosions, we could cite the 1956 agreement as the basis for restricting our

nuclear assistance to the Indians. (It should be noted that the Indians do not agree with our interpretation of the 1956 agreement, arguing that the "peaceful uses" concept does not exclude a peaceful nuclear explosion.)

As a practical matter, there are two areas in which we could act. The first would be to discontinue the supply of enriched fuel to the Tarapur reactor (which unlike CIRUS is safeguarded). Under our 1963 agreement on Tarapur we are obligated to provide all Tarapur's requirements for enriched uranium. However we could use the breach of the CIRUS agreement as justification for discontinuing further supplies of enriched uranium.\*

How damaging this would prove would depend on the attitude of other potential enriched uranium supplies, specifically the French and Soviets. If they stepped in as a substitute for the US to provide the enriched uranium, we would simply be making a political gesture and not penalizing the Indians in a practical manner.

At the same time, the Indians could retaliate against the US if we break the

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\*See Annex 3 for discussion of the legal situation. Annex 4 discusses the relevance of Article I of the NPT.



agreement on Tarapur by refusing further repayments of the \$15 million for fuel already supplied and another \$73 million owed on an AID loan for the Tarapur reactors.

A second area in which we could take action would be our program of scientific and technical cooperation in the nuclear field. We have over the years established a good working relationship with the Indian atomic energy scientists. As a sign of our displeasure, we could take steps to limit and/or terminate these relationships. We could also initiate action to restrict Indian access to the nuclear energy field in the US (i.e., refuse to invite Indians to technical conferences, refuse student visas for higher education in the atomic energy field, etc.). Such a course could, of course, deprive us of future opportunities to influence and keep informed on the progress of the Indian nuclear program.

(iii) Possible Multilateral Actions:

The effectiveness of any unilateral US measures would be greatly increased if our actions were

seconded by parallel steps of other nations, especially the USSR. Obviously each nation will weigh what it does in terms of its interests in preventing further proliferation and its relations with India. The chances for something like a meaningful collective response would be much greater if this possibility were discussed with other countries in the pre-decision phase.

One international forum where the Indian situation could logically be raised would be the International Atomic Energy Agency. In this regard, the success of efforts to gain wider acceptance of our view regarding the indistinguishability between peaceful and nuclear explosives would be particularly significant.

(iv) Other Unilateral US Actions:

If we chose, the US could obviously impose more wide-ranging penalties against India than those outlined under (ii) above. We could curtail all cooperation in the space as well as atomic energy fields, where some potential military applications existed. We could also curtail our other programs of scientific cooperation

and reduce or eliminate our economic assistance programs with India, assuming these are resumed.

(b) Likely Prospects and Impact. Possible moves would, of course, have to be analyzed in light of the situation that prevails at the time of an Indian test, as well as the manner in which India describes its device, i.e., whether as a PNE or as a nuclear weapon. Assuming a test in the near future labeled a PNE, we would anticipate the following prospects and possible impact:

(i) In terms of US-Indian relations, sweeping penalties, especially in view of the likely Indian contention that their explosion is peaceful, would cause drastic damage. India would probably retaliate in ways available to it, most likely in terms of obligations it could repudiate in the area of our aid relationship. If our penalties were more specifically related to India's nuclear energy activities, we would probably lessen the prospect of Indian retaliation. The Indian reaction would nonetheless be strong and the effect on Indo-US relations severe. This would be especially true if the

US actions were substantially harsher than those of other countries.

(ii) Some other countries might be willing to impose penalties in the nuclear field. The Canadians have already stated publicly they would do so. We are doubtful how far the French and the Soviets would be willing to go. Probably they would make some noises of displeasure, but then not join in any multilateral effort to penalize the Indians. We believe it doubtful that other nations would be willing to take actions against the Indians that ranged beyond the scientific and technical area, however prior consultations might establish the basis for concerted actions.

(iii) In terms of the effect on other near-nuclear powers, penalties against India would be unlikely to have a decisive impact. Some of the near nuclears -- Germany, Japan and Israel -- would not expect the US to apply the same criteria to them as to India because of their special relationship with the US, although a very mild low-key US response could lead them to anticipate nothing more severe if they became number seven in the nuclear club. Others might be influenced to a greater degree by a stiff US reaction.

(c) Regional Impact. As discussed earlier, the major regional repercussion would be from Pakistan. Unless a major shift in Indo-Pakistan relations has occurred, an Indian nuclear test would trigger requests for political support and some form of US umbrella against an Indian nuclear threat. The other countries in South Asia would express concern about an Indian nuclear test, but would be unlikely to seek any concrete steps by the US to counter India's increased political/military power.

In dealing with Pakistan, our choices probably range from, on the one extreme, advising the Pakistanis that we see no Indian nuclear threat to them and hence no need for support, verbal or otherwise, to the other extreme of offering Pakistan the sort of nuclear assurances we have given our NATO allies and Japan. Outlined below are four possible choices within this broader spectrum:

(i) Essentially Do Nothing: We could tell the Pakistanis not to exaggerate the Indian threat. India does not require nuclear weapons to prove its superiority over Islamabad. We would proffer Pakistan support available to all countries under the UN Charter, but would do no more.

(ii) Calm the Pakistanis by Verbal

Assurances But No New Commitments: We would recognize the Pakistani fears as real, if overdrawn, and seek to convince them, possibly drawing on help from allies like Iran, that they were exaggerating the military significance of an Indian nuclear test. At the same time, we could, without making any fresh commitments, make a statement along the lines of the declaration of support against nuclear blackmail which we made in connection with the Non-Proliferation Treaty and possibly even seek some form of reaffirmation of the related UN Security Council Resolution 255 of 1968. (Annex 5 provides pertinent texts.)

(iii) Provide Pakistan a Nuclear

Umbrella: We could explicitly offer Pakistan US nuclear support in the event India threatened or used nuclear weapons against its neighbor to the West. This presumably would be in the form of new US-Pakistan bilateral. This would be regarded by India as a major policy action against it by the US with inevitable drastic consequences on US-Indian relations. It would

also run counter to the thrust of the Nixon Doctrine of maintaining existing commitments, but not expanding them. Substantial public controversy would be likely in the US.

(iv) Revise 1959 Bilateral to Expand Protection: To provide more concrete assurances for Pakistan, we could revise our 1959 bilateral security agreement to enlarge the scope of coverage from aggression by a Communist power to any form of external aggression.

For both options (iii) and (iv) the costs we would pay in terms of fresh destabilization in South Asia and the controversies generated at home and elsewhere through the expanded US commitments in Asia would not balance our gains in terms of steadying Pakistan. We are, therefore, doubtful about the utility of these options. At the same time, we think (i) does not go far enough in providing Pakistan the sort of psychological lift Islamabad will need in responding relatively calmly to an Indian nuclear test. The best means of achieving this, without at the same time creating new fundamental problems for the US in South Asia, would appear to be something along the lines of action outlined in (ii).

(d) Impact on Other Countries. The other country most immediately affected by an Indian explosion would be Japan. How we dealt with the Japanese once India joined the nuclear club would be of considerable importance, both in terms of Japan's nuclear policy and our relationship with Tokyo. In view of Japan's military potential, we would want to consider carefully, in light of the specific circumstances at the time, what steps we should take to help in maintaining Japan as a non-nuclear power.

Preferably before, but certainly after an Indian pro-nuclear decision, we would want to demonstrate to the Japanese that our nuclear security relations can keep pace with changing conditions. It will be more important than ever that the Japanese be assured that their voice can be heard on security matters without Japan's having to go nuclear.