India to supply low-cost nuclear parts for export

ERIKA KINETZ - AP Business Writer - Associated Press

GE Hitachi Nuclear Energy Ltd. and Westinghouse Electric Co. plan to use India as a low-cost supplier of nuclear parts for export to the U.S. and Europe, executives said Thursday.

"We see India as a very good supply chain for us to supply our world market," said Daniel Roderick, senior vice president at GE Hitachi Nuclear Energy, an alliance between General Electric Co. and Japan's Hitachi Ltd. based in Wilmington, N.C.

The decision was driven by cost pressures both companies face as they prepare to build nuclear reactors in India, and it would not have been possible if the 45-nation Nuclear Suppliers Group had not lifted a three-decade global ban on nuclear trade with India last year.

In order to keep costs low enough to supply cost-competitive power to India, GE Hitachi said it plans to localize up to 70 percent of production, while Westinghouse plans to use local manufacturing and labor for up to 80 percent of its India work.

Once that expertise is transferred, both firms plan to turn to their Indian partners to help meet global demand for nuclear reactor parts.

GE Hitachi has signed cooperation agreements with three Indian companies: Larsen & Toubro Ltd., Bharat Heavy Electricals Ltd., and Bharat Forge Ltd. Roderick also said GE Hitachi would begin hiring to expand its India operations in January.

Westinghouse has signed an agreement with Larsen & Toubro and is negotiating three more, said Meena Mutyala, vice president for global growth at Westinghouse.

"India is very good in high-precision manufacturing," she said. "We plan to use that to the extent possible."

The earliest a new Westinghouse reactor could be up and running in India is 2018, she added.

GE and Westinghouse have each been allotted a site to build nuclear power plants with up to 10,000 megawatt capacity, as part of India's goal of ramping up its nuclear capacity to 63,000 megawatts by 2030 from 4,120 megawatts today.

Several roadblocks remain. The U.S. and India must finalize non-proliferation assurances before U.S. firms can export nuclear technology to India. The countries must also agree on a reprocessing agreement, which would make India the third, after Japan and a consortium of European states, to be able to reprocess spent nuclear fuel from the U.S. Finally, U.S. companies, unlike their government-linked French and Russian competitors, must wait for India to enact new legislation that

gives private companies greater liability protection before they can build reactors here.

The Indian government is in the process of acquiring land for five proposed reactor sites, and there have been media reports of some farmer protests. As India industrializes, conflicts over land use have intensified, and violent farmer protests have derailed the plans of some of India's most powerful industrialists.

But S.K. Jain, managing director of the government-run Nuclear Power Corporation of India Ltd., said the government is committed to paying people a fair price for their land, and said he was confident the acquisitions would go fast enough for construction to begin in 12 to 18 months.

"There will always be 3 to 4 percent who are never satisfied," he said. "It's a noisy democracy. I don't see major difficulties in this."

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