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## Nuclear Engagement: U.S. Businessman Leads Lobbying Blitz for India Energy Accord

By Peter Wonacott



**Ronald Somers**

NEW DELHI -- With the fate of a landmark nuclear pact between the U.S. and India hinging on an imminent Senate vote, Ron Somers isn't leaving its outcome to chance.

Mr. Somers, an American businessman whose career has tracked India's economic opening over the past 15 years, is spearheading a late-stage lobbying blitz to coax the deal across the finish line. After seeing one Indian energy venture after another, including two of his own, strangled by bureaucracy and political turf wars, Mr. Somers believes the nuclear-power pact represents the key to unlocking India's huge economic potential -- and the billions of dollars in business opportunities that would follow for U.S. companies.

The U.S.-India Business Council in Washington, of which he is president, is working with a broad coalition of U.S. companies, academics and Indian-American groups to shepherd final congressional passage of a pact President Bush and Indian Prime Minister Manmohan Singh agreed to in March. The deal's proponents believe it will knit together two big democracies in a strategic bond and a rich economic relationship.

"The pure fundamentals of India point to an extraordinary opportunity for multinationals," says 51-year-old Mr. Somers, a former power-company executive who has spent years working to satisfy India's enormous thirst for energy. "This is the dawn of a whole new era."

As the number of days dwindles before Congress breaks, Mr. Somers and a disparate group of allies have coordinated visits, letters and teleconferences to expedite the Senate vote. The House has approved its version of the bill. Mr. Somers's track record in India has become a political asset in Washington, say those who have worked with him. By divining Indian politics, he has earned credibility among U.S. politicians. And by speaking a tangled version of the Southern Telugu language, Mr. Somers has won friends among Indian-Americans, many of whom are flexing their political muscle for the first time.

Companies including Westinghouse Electric Co., [Boeing](#) Co. and [Ford Motor](#) Co. have lined up behind the initiative. Another strong backer, [General Electric](#) Co., provided reactors for India's fledgling nuclear program in 1969 before breaking off cooperation when India exploded a nuclear device five years later.

Now, New Delhi is seeking foreign assistance to reach its stated goal of producing 20,000 megawatts of nuclear power by 2020, a drive that could generate \$30 billion in sales for U.S. companies that provide nuclear know-how and equipment, according to Mr. Somers. Industry executives expect India to boost its output goal sharply if the nuclear-cooperation pact is approved.

Meanwhile, the Indian air force is expected to order 126 fighter jets, an estimated \$6 billion deal that could tilt toward U.S. companies if nuclear links are established and barriers to sharing technology can be lowered, according to Chris Chadwick, vice president of global strike systems at Boeing Integrated Defense Systems.

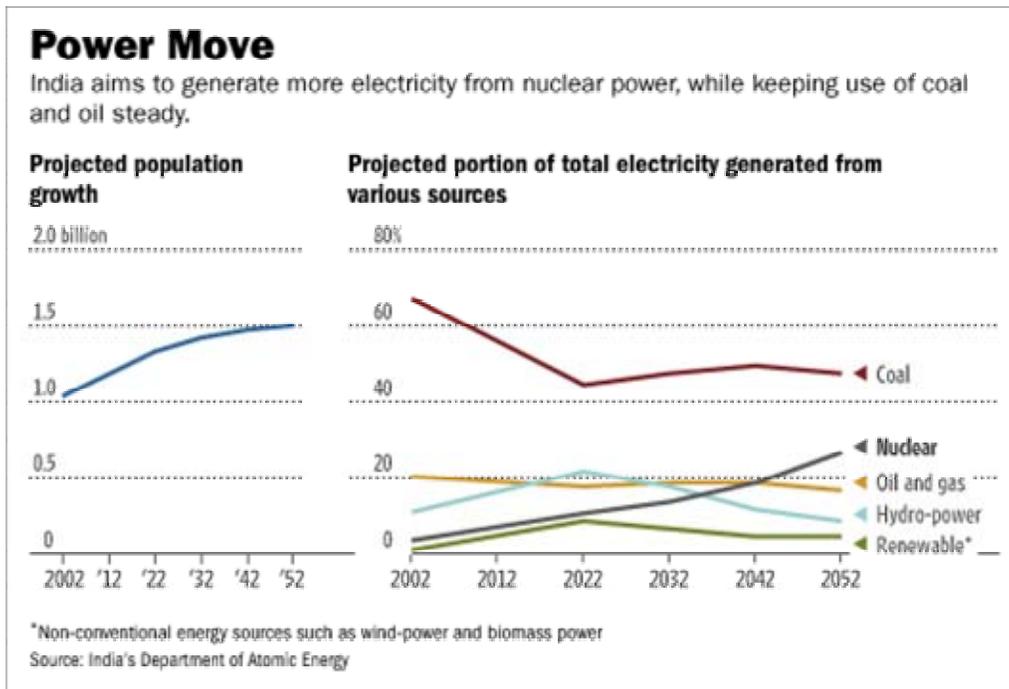
In November, around the time supporters hope the nuclear agreement will be finalized, a U.S. trade mission -- touted as the largest ever to visit India, with 200 U.S. companies -- will arrive to scout for business. Some companies will be looking for trade deals, while others will explore investment openings.

But there have been false dawns before for foreign investors in India, especially in the power sector. Many hurdles that tripped up Mr. Somers's earlier energy projects remain, ranging from free electricity for farmers to a succession of Indian bureaucrats, who must learn about new industries and projects with each job rotation. That can mean delays and costly red tape. In September, the World Bank ranked India 134th out of 175 locales in difficulty of setting up or operating a business. And some India business backers worry the nation's stalled privatization drive, notably its recently postponed plans to sell stakes in government-owned companies, points to a slowing pace of market liberalization that could hamper growth.

"It is important to bear in mind there are serious economic costs to any loss of momentum on the reform front," U.S. Ambassador David C. Mulford said in a speech this month.

Few foreign executives know the difficulties of operating here better than Mr. Somers. After a stint with the U.S. Agency for International Development in India in the early 1990s, he went to work for Cogentrix Energy Inc. of Charlotte, N.C., to set up a coal-fired power plant. Then a litany of troubles began: Mr. Somers would regularly awake at 2 a.m. to place calls home because that was the only time a long-distance line would be available. He once waited at an Indian airport for five hours, only to be told the pilots hadn't shown up to fly the plane.

Though it was granted fast-track status by the government, Cogentrix's \$1.3 billion electric-power project in Karnataka state faced stiff challenges. Negotiators struggled to come up with workable financial terms, mainly because -- like today -- many farmers



receive electricity free by order of state governments. Cogentrix also ran into environmental opposition for its coal-fired plant, even though it planned to use clean technologies. "I couldn't get up in the morning without another thing coming at me," says Mr. Somers.

In early 2000 Cogentrix pulled out of India, leaving the project to joint-venture partner China Light & Power Co. of Hong Kong. India's seven other fast-track projects didn't fare much better. The most high profile among them, Enron Corp.'s \$2.9 billion Dabhol power project, was shut down in 2001 after its only customer, the Maharashtra State Electricity Board, fell behind on payments. GE and Bechtel Group Inc. bought the rights to Enron's stake, but last year both shed their interests in the plant after a drawn-out dispute with the electricity board and other government interests.

Mr. Somers went on to become Unocal Corp.'s chief executive in India. The U.S. company, now part of Chevron Corp., sought to build a pipeline that would stretch across seven Indian states, tapping gas from Bangladesh. Unocal lined up Indian Oil Corp. and other powerful government backers, but Bangladesh ultimately refused to supply the gas. In 2004 Unocal shelved the plan and shut down its India operations. Mr. Somers headed back to the U.S.

Today, India's cities are increasingly racked by power cuts as the economy expands around 8% a year. Oil and gas reserves can't meet soaring demand. Overseas, Indian bids for oil and gas fields are running up against those of another energy-hungry giant, China. "We need a huge amount of power at a reasonable price," says Harry Dhau, director general of Independent Power Producers Association of India. "Nuclear is the only option."

Enter Mr. Somers -- again.

In India, Mr. Somers is so well-known he can't walk through a hotel lobby without someone interrupting him. During a visit in July, a vice president of Raytheon Co. wanted to trade gossip on the fighter-jet deal. An Indian-American entrepreneur thanked him for setting up a meeting with Indian defense scientists, who were eager to hear about his company's anthrax vaccine. And an anxious assistant reminded Mr. Somers he was an hour late for his next meeting.

Mr. Somers's group, an affiliate of the U.S. Chamber of Commerce, is scrambling to rally support. In December, the U.S.-India Business Council hired Washington law firm Patton Boggs LLP to help line up lawmakers behind the nuclear deal, formally known as the "United States-India Peaceful Atomic Energy Cooperation Act."

The U.S. requires legislation to dismantle decades-old barriers to sharing its nuclear technology and equipment with New Delhi, and ensuring India has sufficient fuel to run its reactors. In July, the House passed the pact overwhelmingly; a Senate vote could come within days. If the deal is approved, both chambers would vote again on a final version.

The measure would lay the groundwork for a final agreement that would bring India's civilian nuclear program under international safeguards for the first time, but some U.S. lawmakers and security analysts worry that rewarding India for bucking nuclear norms would encourage other nations to follow its example. New Delhi has long refused to sign the Nuclear Non-Proliferation Treaty. In 1998, India exploded a series of nuclear devices, prompting Pakistan's own nuclear tests.

Far from earlier project failures damping his enthusiasm, Mr. Somers says India's future energizes him. "This is a young, hopeful [nation], which embraces wholeheartedly the tenets of free-market democracy," he says. "With all of this going for it, why shouldn't I, or U.S. industry, be anything but upbeat?"

**Write to** Peter Wonacott at [peter.wonacott@wsj.com](mailto:peter.wonacott@wsj.com)