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Defense Cooperation: U.S.-India
Centerpiece

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“U.S.–India defense ties are strong and growing. The U.S. Government’s forward-leaning defense policies reflect increasing alignment on matters of shared security and a strategic partnership between two of the preeminent security powers in the Asia-Pacific region.”

- FY13 Department of Defense Report to Congress

The “strong and growing” defense partnership between the United States and India has become, as *India Abroad* highlighted in a recent edition, a “centerpiece” in the overall bilateral relationship. Leading the way forward in this regard are the remarkable strides the two countries have made in expanding their defense trade relationship. U.S. sales of military equipment to India have grown from zero in 2008 to around \$9 billion today, with billions more expected in coming years. India plans to spend about \$100 billion over the next decade upgrading its mostly Soviet-era military hardware.

But this remarkable turnabout in U.S.–India defense cooperation did not occur without high-level attention on both sides, and a determination to address each other’s respective interests.

DTI: What’s In a Name? A lot.

An anecdote can often illuminate a larger story of converging points of interest, as evidenced by a recent [speech](#) delivered by Deputy Secretary of Defense Ashton Carter – the Obama Administration’s ‘point man’ for expanding defense trade with India.

In July 2012, Carter began a series of consultations with senior Indian officials with the purpose of taking defense cooperation to the next level, from beyond a purely buyer-seller relationship to one reflecting a broader appreciation of converging U.S.–India security ties. His principal interlocutor in this undertaking was India’s National Security Adviser Shiv Shankar Menon. According to Carter:

“We began to call this initiative DTI. In a wonderful illustration of the challenges we set ourselves to resolving, we, the Americans, initially explained DTI as a *defense trade initiative*, highlighting a common approach to increasing bilateral trade, particularly through co-production and co-development opportunities. My Indian counterparts, meanwhile, referred to DTI as the *defense technology initiative*, highlighting the effort’s goal of indigenization and technology transfer.

*“Unlocking the full potential
of the U.S.-India relationship”*

“A Traditional Friend”: India-Russia
Defense Ties

With India instituting new policies to diversify its suppliers of defense materiel, including to the U.S., it will naturally be difficult for Russian firms to maintain their dominant position in Indian defense procurement. However, Russia will remain the most prominent foreign player in Indian defense procurement due to numerous competitive advantages.

Moscow’s arms exports and defense industry ties with India are unmatched in either size or scope. Over the past ten years, Russia’s defense industry has exported \$21 billion worth of materiel to India (accounting for 31 percent of Russian defense exports). That accounted for over 75 percent of defense imports on the Indian side. No other exporting country accounted for more than 5 percent of imports during that same period.

Russia will likely remain the major player in this new environment. Traditionally, the Soviet Union and later Russia had a pure patron-client relationship with India in defense. To a degree, that relationship remains intact today. Yet, Russia also has a number of high-profile joint research, development, production, and technology sharing projects – exactly the type that India now [covets](#).

A perfect example is the Sukhoi/HAL Fifth Generation Fighter Aircraft /Perspective Multi-Role Fighter (FGFA/PMF) project, the crown jewel of the Russia-India defense partnership. The project is designed in part to boost Indian domestic defense industrial capacity. In the preliminary design phase, Sukhoi and HAL have worked jointly to develop the fighter [through](#) expert exchanges, training for Indian professionals and specialists, and technological cooperation. During the project, India’s work-share will amount to 30 percent with a [focus on](#) “composite components and high-end electronics.” Through Russian assistance and the use of Russian military technology, an Indian version will be [produced in Indian factories](#) with plans to produce an [export variant](#) beginning in 2020.

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And the reality, of course, is that DTI is both of these things. So I've begun to refer to DTI as the *defense trade and technology initiative*."

Obama-Singh Joint Declaration

That Carter-Menon meeting of the minds became official policy at the September 27 summit meeting of President Barack Obama and Prime Minister Manmohan Singh. In what some observers said was the most notable achievement of the summit, Obama and Singh [issued](#) a "Joint Declaration on Defense Cooperation." It was a first-of-its-kind statement by the two governments:

"The United States and India share common security interests and place each other at the same level as their closest partners. This principle will apply with respect to defense technology transfer, trade, research, co-development and co-production for defense articles and services, including the most advanced and sophisticated technology."

Two close observers of the upward trajectory of U.S.–India defense cooperation, Ambassador Hemant Krishan Singh and Sanjay Pulipaka, [saw](#) the statement as a "logical and welcome extension of the positive trends witnessed in the past decade", adding "The carefully nuanced terminology of the joint declaration indicates the adjustments that an established power and a rising power are making in their endeavor to develop a long-term partnership."

Indian defense analyst Gurmeet Kanwal [was](#) even more explicit: "The major implication of this agreement is that the U.S. will treat India just like it does, for instance, the United Kingdom, which is an alliance partner, without India having to enter into a military alliance with the U.S."

There was also an instruction to the respective governments at the end of the Joint Statement: "The two sides look forward to the identification of specific opportunities for cooperative and collaborative projects in advanced defense technologies and systems, within the next year." In this regard, the ball is already rolling. The United States has submitted a list of ten defense technologies for transfer to India, as well as possibilities for co-development like the advanced Javelin missile. That ball, in Secretary Carter's words, is now "in India's court" for a response.

Continuing Challenges: American Perspective

While it is certainly the case that U.S.–India defense trade ties have reached new heights, it is also true that challenges remain to advancing this relationship. The FY13 DoD report to Congress identified several of the most important. Offsets and foreign direct investment (FDI) policies stand out.

"As indigenization continues to be India's stated goal, U.S. companies face Indian expectations of complete 'transfer of technology' and 30 percent offset packages to directed partners to facilitate the growth of India's defense industrial base. This expectation combined with a 26 percent cap on foreign direct investment in the defense sector limits the interest of U.S. companies to fulfill Indian requests for high-technology defense articles. U.S. industry is often frustrated by a lack of clarity in India's defense offset policy, unrealistic requirements in tenders and competitions, and a procurement process that can be difficult to navigate."

That is not to say that there are no signs of discord on the horizon. The Indians have concerns about both the quality of Russian arms and Moscow's capacity to supply spare parts. Cost overruns have cropped up in several major projects, [including](#) the refurbishment of the INS Vikramaditya/Admiral Gorshakov aircraft carrier. While these issues remain of concern to India, the benefits accrued through deep cooperation with Russia in the defense industry are likely to balance such concerns – especially given the focus on indigenization.

Russia therefore remains in an enviable position. There is political will from both sides to maintain close defense ties as part of a larger strategic partnership, as Indian Prime Minister Manmohan Singh [noted](#) when he said that the future Russian-Indian defense partnership "must be increasingly based on technology transfer, joint ventures and co-development and co-production." Existing personal and business ties should grease the proverbial wheels. Even a recent joint defense declaration between the United States and India, which upgrades engagement to (according to one Indian publication) "[replicate](#)" Russia in joint development, will not limit India-Russia ties, according to External Affairs Minister Salman Kurshid. He [stated](#) that "everybody knows that we have to diversify and expand. But we do not do this at the cost of [a] traditional friend of ours. [Indo-Russian cooperation is] not going to be affected."

While India will no doubt look to new partners, it is too early to proclaim an end to Russia's privileged position.

—Oliver Backes

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Continuing Challenges: Indian Perspective

Not surprisingly, the Indian view of challenges being faced often mirrors those of the U.S., especially regarding “lack of clarity”, “unrealistic requirements,” and a “process that can be difficult to navigate.”

That said, Singh and Pulipaka have identified several specific challenges that need to be addressed.

“First, there are still some remnants of old mindsets on both sides which may occasionally hamper decision-making processes. Second, while India is keenly interested in co-development/co-production which can strengthen the indigenization of defense technologies, this can happen only if India frees its defense industrial sector from self-imposed regulatory constraints, including overdependence on moribund defense Private Sector Undertakings (PSUs.) Third, there is need to ensure that progress on defense co-operation initiatives with India is not impacted by personnel transitions in the Obama administration. On the Indian side, growing financial stringency caused by a weakening economy should make it even more attractive to pursue technology collaborations offered by the United States.”

What the Future Holds

Calling attention to “personnel transitions in the Obama administration” is a reference to the recent announcement of Deputy Secretary Carter’s resignation, effective next month. They describe Carter’s departure as “a loss for India. He has vigorously sought to enhance defense cooperation between the two countries, declaring in unambiguous terms that the U.S. goal is ‘for India to have all the capabilities it needs to meet its security requirements.’”

Ashton Carter’s departure will surely be felt, and there is a need for another high-level DoD official to pick up where he left off. However, Mr. Carter’s view of what the future holds for U.S.–India defense cooperation is decidedly upbeat:

“My firm and long-held belief is that the U.S. and India are destined to be strategic partners. As for us, the U.S. and India, we are each big, complicated democracies. We move slowly, but over the long run, we also move surely. And that, to me, is the trajectory for us and India in the defense area.”

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