

# India-US defence and trade ties a concert of democracies

by Dr Anupam Srivastava



As China continues to pose a threat, India can find a strong ally in the United States.

India and the United States have steadily expanded the ambit of their strategic engagement over the past two decades, driven by a growing convergence in their economic and security outlooks and priorities. And a crucial element that underlines and propels closer ties is classified as “dual-use” items. This refers to products, components, technology, equipment and software used in the manufacture of weapons of mass destruction (WMDs) and their delivery systems that also have legitimate industrial use. Dual-use items are strictly regulated to verify the bona fides of the end-user, and the civilian end-use of these items. This interlocking web of regulations is collectively termed as export controls or STCs (strategic trade controls).

Two signal developments in 2005 heralded the paradigm-shift in Indo-US ties. In July 2005, India promulgated the Weapons of Mass Destruction (and Unlawful Activities Control) Act, which unified India’s disparate dual-use regulations, and was also compliant with United Nations Security Council Resolution 1540 that mandated member states to

## Highlights

- “Dual use” items are a less discussed yet crucial element that underline and propel closer ties between the US and India.
- Over the years, Washington has responded to India strengthening its STC regulations by upgrading its ranking vis-à-vis US domestic STC laws, effectively bringing it on par with its NATO partners.
- Indo-US defence and trade ties will continue to grow as larger politico-strategic calculations propel them on a convergent path in the near to medium term.

criminalise WMD-related transfers to non-state actors (including terrorists). And in August 2005, President George W. Bush announced the US-India Civil Nuclear Cooperation Agreement, which provided an exemption from Article 123 of the US

Arms Control Act, enabling American entities to engage in India’s civil nuclear sector.

Over the next decade, India progressively harmonised its STC laws, regulatory procedures and control list (called SCOMET) with the corresponding elements of the four multilateral regimes. And with considerable help from, and coordination with, Washington, India was granted membership to the Missile Technology Control Regime in Sept 2016, Australia Group in January 2017 and the Wassenaar Arrangement in August 2017. However, India’s membership to the fourth regime, Nuclear Suppliers Group (NSG), is still pending. The principal opposition is from China which insists on developing a new criterion to evaluate the candidacy of “non-NPT states.” This serves Beijing’s twin objectives: deny India membership to a prestigious international body; and keep membership application of its all-weather ally, Pakistan, in play, despite the latter’s tarnished export control track record and Islamabad’s Janus-type approach to counter-terrorism.



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Washington has responded to India strengthening its STC regulations by steadily upgrading its ranking vis-à-vis US domestic STC laws, effectively bringing it on par with its NATO partners. Then, in 2017, Washington designated India as a Major Defence Partner, and in 2018, renamed the US Pacific Command as the US Indo-Pacific Command, underscoring India's pivotal role in the strategically vital Indo-Pacific. Further, both have signed a series of foundational agreements - Logistics Exchange Memorandum of Agreement, Communications Compatibility and Security Agreement, General Security of Military Information Agreement and Basic Exchange and Cooperation Agreement for Geo-spatial Cooperation.

The cumulative impact of these agreements is a legal-regulatory framework to fast-track key bilateral high-technology trade and defence initiatives. Not surprisingly, US defence trade with India has spiralled: from a near-zero level in 2003 to a cumulative \$17 billion by 2018, with several big-ticket procurement items

in the pipeline. The US has swiftly become the top (second, in some years) arms procurement source for India, relegating its traditional supplier, Russia, to a relative position of secondary importance. And on several Indian platforms, Israel – the other strategic ally of India, and of the United States – is providing its battle-tested radars, missileery and ordnance, which are being integrated into the final assembly, further cementing a three-way collaboration of considerable military import. Moreover, technology-transfer is built into many deals, supporting Prime Minister Modi's Make in India initiative, enhancing India's defence-industrial base, and stimulating high-skilled job creation and public-private collaboration. This is facilitating Indo-US coordination on counter-terrorism, maritime security and ensuring freedom of navigation in the Indian Ocean.

The road ahead for Indo-US security engagement will still have several bumps – from difference in work culture to technology-absorptive capacity of India's public and private

sectors, and India's need to not jettison ties with Russia and France. But the existential threat posed by a resurgent China, determined to reshape India's strategic neighbourhood to its advantage, expand its Belt Road Initiative past Central Asia into Eastern Europe, and its string of military bases from Southeast Asia to Africa, will remain a stark reminder to New Delhi and Washington that a "concert of democracies" would be a powerful bulwark against Beijing's autocratic designs. In the final analysis, Indo-US defence and trade ties will continue to grow, as larger politico-strategic calculations propel them on a convergent path in the near to medium term.

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