



Executive Summary



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PROMOTING U.S.-INDIAN DEFENSE COOPERATION: OPPORTUNITIES AND OBSTACLES

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The United States and India are now enjoying a peak in their defense ties. U.S. national security leaders have come to see India as a possible partner on a range of security issues. When he was the U.S. Secretary of Defense in 2012, Leon Panetta called India a “linchpin” in the U.S. Pivot to Asia. Two years later, then-U.S. Secretary of Defense Chuck Hagel observed how “the United States strongly supports India’s growing global influence and military capability – including its potential as a security provider from the Indian Ocean to the greater Pacific.” More recently, former U.S. Secretary of Defense Ashton Carter viewed India as a natural partner of a “principled security network” in the Asia-Pacific region. The two countries have established stronger military, economic, and political ties based on mutual interests in promoting democracy, countering Islamic terrorism, preventing weapons of mass destruction (WMD) proliferation, and addressing China’s ascent. They have also largely overcome differences over Iran, Russia, and other issues that impeded their defense cooperation in the past.

The 2005 New Framework Agreement (NFA) for the U.S.-India Defense Relationship, renewed in 2015, has facilitated bilateral arms sales, joint exercises, and military interactions. India has become one of the largest importers of U.S. arms, buying more than \$10 billion in the last decade. Moreover, the United States has been trying to meet Indian requirements to conduct more joint research, development, and to manufacture more defense technologies and systems. In 2012, the United States and India launched a Defense Technology and Trade Initiative (DTTI) to assist technology transfer and joint military research, production, and development. Several pilot projects have since been conducted under the Initiative’s auspices. The U.S. Congress has taken measures to support these developing defense ties, such as designating

India a “Major Defense Partner,” which will enhance U.S. arms sales and other defense industrial ties with India. Meanwhile, the two countries have sufficiently resolved their disagreements regarding India’s nuclear cooperation, which allows them to concentrate on higher priority issues while their industries develop concrete projects.

The United States has become the main foreign military exercise partner of the Indian Armed Forces (IAF). Bilateral engagement has increased across all military services and with civilian defense managers. In the past decade, the two militaries, chiefly the navies, have participated in frequent bilateral exercises, sometimes with other partners. The U.S.-Indian maritime exercises have improved military interoperability, maritime domain awareness, and mutual operational understanding. The U.S. and Indian armies have held yearly “Yudh Abhyas” exercises and other drills intended to develop counterinsurgency, counterterrorism, peacekeeping, and humanitarian assistance capabilities. The Indian and U.S. Air Forces have also engaged in exercises, though these have been less frequent than the Navy and Army drills.

U.S.-Indian anti-terrorism collaboration has also grown. In 2000, the U.S.-India Joint Working Group on Counterterrorism was created. In 2010, they launched a U.S.-India Counterterrorism Cooperation Initiative (CCI) for sharing techniques, best practices, and investigative skills as well as mutual training and assistance. Projects have covered terrorist financing and transportation security. The two governments have enhanced cooperation against South Asian terrorism threats, including al-Qaeda and the Islamic State group. In 2015, they issued a Joint Declaration on Combatting Terrorism as part of their Strategic and Commercial Dialogue (S&CD). Both governments recognize that their counterterrorism relation-

ship must evolve to address new challenges and have therefore increased cooperation in the cyber and other domains.

Yet, Indians remain concerned about U.S. weapons sales and other security ties with Pakistan. Despite improved U.S.-Indian defense industrial ties, Indians' resistance to foreign direct investment (FDI), high offset requirements, demands for foreign technology, insistence on more co-manufacturing of imported weapons, and reinvestment of sales revenue into the country's government or private sector have complicated attempts to make the arms sales relationship more balanced. The joint research and development of defense technologies and systems have remained modest, especially for high-end advanced systems, while India often has had to settle for importing fully assembled systems. U.S. analysts have traditionally considered India's demands for technology transfers and offsets excessive and misguided, given the Indian defense industry's limited capabilities.

High-level political leadership will be essential for further developing bilateral security ties. The immediate goal should be implementing their so-called "foundational" defense agreements designed to fundamentally improve bilateral security ties, beginning with their recently signed Logistics Exchange Memorandum of Agreement (LEMOA). Washington and New Delhi have intended the agreement to be the first of several bilateral defense cooperation documents, under discussion for almost a decade, designed to broaden and deepen the U.S.-Indian security partnership. Yet, the proposed Communications and Information Security Memorandum of Agreement (CISMOA) and the proposed Basic Exchange and Cooperation Agreement (BECA) still await both gov-

ernments' signature and execution. Furthermore, India should relax its demand for offsets and remove barriers to U.S. defense investment. The two governments need to give bilateral military exercises a clearer strategic rationale, deepen and broaden counterterrorism projects, streamline intelligence exchanges, revive the U.S.-Indian homeland security dialogue, explore new avenues to counter extremism, enhance nuclear security, counter drug trafficking, reduce cybersecurity vulnerabilities, and promote biological and health security.

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