

## Gathering Steam: India and the United States Extend Military Ties

*In the past five years, military and security relations and a growing overlap of security interests have become the leading edge of a rapidly growing U.S.-India relationship. From the U.S. point of view, this promising partnership also presents a tremendous opportunity for the U.S. defense industry to secure a foothold in one of the biggest arms markets in the world. From the Indian point of view, however, suspicion over the reliability of the United States as an arms supplier and frustration with the country's notorious bureaucracy may prove to be formidable barriers to this relationship.*

**Starting from a low base:** During the Cold War, military and security relations between India and the United States were frosty, and defense trade was very limited. A recent Congressional Research Service (CRS) paper on India reported that the bulk of U.S. military assistance to India was given between 1962 and 1966. The U.S. “tilt” toward Pakistan during the Nixon administration and India’s subsequent alliance with the former Soviet Union meant that for two decades, military cooperation barely registered on the radar in bilateral relations between the two countries. A few efforts at military cooperation were initiated in the late 1980s, but progress was slow, beset by bureaucratic and policy difficulties on both sides.

Dramatic changes in U.S.-Indian relations began during the Clinton administration, but the Bush administration’s treatment of India as a strategic partner has been the turning point for the defense relationship. In 2002, India’s decision to escort U.S. high-value cargoes through the Straits of Malacca represented a major change in Indian policy, away from its earlier skepticism about international naval forces in the Indian Ocean. The December 2004 tsunami, for which U.S. and Indian naval units worked together on relief operations in Sri Lanka and Indonesia, highlighted the potential for U.S.-Indian cooperation and demonstrated India’s skills and its ability to deploy quickly.

The formal ground rules for the new relationship were signed in May 2005. Under the New Framework for the

U.S.-India Defense Relationship, both sides pledged to strengthen their military capabilities, promote security, and combat the proliferation of weapons of mass destruction (WMDs). They set up a series of mechanisms for a high-level dialogue on defense strategy and intelligence exchanges. They collaborated on “multinational operations”; here, the agreement specifically mentioned “building worldwide capacity to conduct successful peacekeeping operations, with a focus on enabling other countries to field trained/capable forces...” Pentagon strategists saw particular value in an expanded Indian role in such operations as peacekeeping, search and rescue, humanitarian assistance, and disaster relief. They hoped to expand the strategic dialogue, continue the practice of joint counterterrorism exercises, and learn from India’s experience in jungle warfare in the northeastern states.

**Military exercises gathering steam:** The 2005 security agreement comes in the backdrop of a series of military and counterinsurgency exercises that are building confidence between the service branches of both countries. From basic maneuvers, such as joint naval patrols from the Arabian Sea to the Straits of Malacca in the six months after 9/11, exercises and operations are increasing in size, intensity, and complexity as the defense relationship



*F-16 Fighting Falcons flying in formation with India’s newest fighter jet, the Sukhoi Su-30 MKI, during Cope India ‘06 exercises in India. (Photo Credit: Indian Air Force.)*

grows. For instance, last year’s Cope India ‘06 conducted in India was the largest bilateral air exercise between the

two countries in more than 40 years. U.S. F-16 jets took on the Indian Air Force’s most advanced fighter jet, the Sukhoi Su-30 MKI, a variant of an aircraft that is also used by the Chinese Air Force.

But perhaps nowhere is the security and military partnership more visible than in the Indian Ocean region. Last year's Exercise Malabar, the 2005 version of an annual joint exercise between the Indian and U.S. navies, saw the use of a sensitive communication system and frontline warships, including the nuclear-powered supercarrier USS Nimitz of the U.S. Navy and INS Viraat, India's sole aircraft carrier. Analysts say that these drills are the first step toward exposing the Indian Navy to U.S. know-how, practices, and capabilities and developing real interoperability between the two navies.



*Ships assigned to the USS Nimitz Carrier Strike Group and the Indian aircraft carrier Viraat (R 22) participate in Exercise Malabar in the Indian Ocean in September 2005. (Photo credit: U.S. Navy.)*

These exercises reflect increased attention to Indian Ocean security by strategic thinkers in both countries. Both sides are also carefully monitoring the expanded Chinese interest in Myanmar and the

Chinese role in constructing a new port in Pakistan, at Gwadar. Both have a strong interest in maintaining the safety and integrity of the sea-lanes through the Indian Ocean. India's new Maritime Doctrine, published by its navy in April 2004, declares India's intent to avoid hostile domination of the Indian Ocean region's "choke points, important islands, and vital trade routes." Besides its expanding cooperation with the United States, the Indian Navy has conducted joint patrols with the Singaporean, Thai, and Filipino navies as well as made ports of call in Vietnam, the Philippines, South Korea, and Japan. India has always had important economic relations with Japan; the political ties are now growing.

**Potential defense trade:** For many years, Indian defense planners preferred to develop indigenous equipment in order to control the supply chain and master the industrial skills involved. The price they paid was the slow development of some of the equipment they were working on. Much of the equipment they bought from other countries came from the former Soviet Union, and in many cases, it was modified in India. For instance, India's air force is the world's fourth largest and has more than 600 combat aircraft and more than 500 transports and helicopters, but its backbone consists of a fleet of modified MiG-21 combat jets, which date back to the 1960s.

In recent years, however, India has become one of the biggest arms buyers in the developing world. According to the *Conventional Arms Transfers to Developing Nations (1997–2004)* report, published by CRS in 2005, India bought \$7.9 billion worth of arms internationally between 2001 and 2004, second only to China with \$10.4 billion. India has ambitious military modernization plans with a price tag of many billions of dollars. India's defense budget has risen by an average of nearly 11 percent over the last five years to a 2006–2007 figure of \$20.1 billion, according to figures published in the Indian press. The equipment-hungry air force and navy have seen their budgets grow even faster, at 18 percent and 14 percent, respectively.

**Diversifying supply:** With the demise of the Soviet Union, India has worked steadily to diversify its weapons systems and thus its suppliers. The big winner as a result of this decision is Israel, which is now India's largest weapons supplier. India bought \$2.76 billion worth of weapons and munitions from Israel in 2003, according to the 2005 *Indian Defense Yearbook* (New Delhi: Indian Defense Yearbook). This includes Barak antiship missile interceptors, surveillance systems, and unmanned aerial surveillance crafts. One clear indication that U.S. policy on export licensing was changing came in early 2003, when Washington approved the sale by Israel of the Phalcon airborne warning radar system, giving India a significant leg up on its archrival Pakistan.

**A market for the United States?** Prospects for U.S. defense sales had been very limited since the mid-1960s, initially because of India's ties with the Soviet Union, and later because of a variety of U.S. export controls as well as the formal sanctions imposed in response to nuclear weapons tests in 1998. U.S. restrictions were gradually lifted, and the Next Steps in Strategic Partnership agreement in January 2004 was intended to fundamentally change the way U.S. export controls dealt with India. During this same period, India began to diversify its sources of military supply.

That agreement and the new security relationship have opened up the possibility of major U.S. defense sales to India. U.S. defense contractors like Boeing, Northrop Grumman, and Lockheed Martin are eyeing the Indian market with interest. The list of weapons systems that U.S. companies want to sell to India is long, but big-ticket items include a fleet of maritime reconnaissance aircraft (MRA) for the Indian Navy, sophisticated air defense and air traffic control systems, and short-haul cargo planes.

The potential purchase that has generated the most discussion is the Indian Air Force's interest in purchasing 126 multi-role combat aircraft (MRCA), worth approximately \$9 billion to \$15 billion, spread over 15 years. In March, 2005, the U.S. government made clear that the policy environment had shifted, when a formal briefing released to the press stated that U.S. bidders on this project would be permitted to offer coproduction in India as part of its sales package. Coproduction has long been a key Indian requirement for major equipment purchases, but one that the United States has not previously been willing to license. Companies that have received request for proposals (RFP) from the Indian government include Lockheed, for a variant of its famous F-16 jet, and Boeing, for the F/A-18 E/F Super Hornet, which it currently produces for the U.S. Navy. The U.S. government has also reportedly indicated its willingness to sell other sophisticated military hardware such as upgraded Patriot missiles, thus indicating that it is willing to trust India with sensitive military technologies.

**Significant obstacles for U.S. companies:** Actual sales have moved slowly, however. The only major sale to have been completed is for two Raytheon Firefinder mobile radar systems used to track enemy artillery fire, which were sold to the Indian Army in 2002. Foreign defense contractors complain about the lack of urgency in New Delhi and the bureaucratic maze that foreigners have to navigate before a deal is signed.

From India's perspective, defense purchases from the United States have a few important advantages. They are a visible symbol of India's "graduation" from the export control restrictions under which it has chafed for years. They embody world-class technology. In addition, they would cement the political relationship that India is trying to develop with the United States.

Indian officials also have some concerns, apart from the normal issues of cost and responsiveness to Indian needs. The most frequent worry is the reliability of U.S. suppliers. Indians fear a repeat of the episode when a U.S. supplier was obliged to cancel a supply contract for fuel for a nuclear power plant in Tarapur because of a newly passed law restricting U.S. nuclear exports. One potential answer to the reliability issue is to include a large supply of spare parts in the purchase package. Another is to have coproduction in India, which the United States has said it is willing to license. The details of such agreements, however, may pose commercial issues for the suppliers, especially if India wants to have the right to make changes in the original system, as India has done historically with its present fleet.

India's expectations for buying the newest technology further complicate potential deals. High-technology weapons, such as fighter planes, encompass many state-of-the-art and sensitive technologies such as avionics, radar, electronic warfare gear, air-to-air missiles, and surface strike munitions. In some cases, such as the Boeing Super Hornet's Raytheon-built radar system (equipment the Indian Air Force will probably want), the technology is new to the U.S. military itself and may not be approved for sale, even for U.S. allies. India, on the other hand, will be reluctant to accept less-advanced versions of key components. U.S. suppliers also face the disadvantage of their equipment being new to the Indian military. Skeptics in India point out that the Indian Air Force (IAF) can induct the Russian MiG-29M or the French Mirage 2000-5, as it already operates older versions of these planes, while the F-16 or F/A-18 would require a major investment in logistics and training.

**Summing up:** India and the United States have important strategic interests in common, and these are the principal reason for their expanding security ties. They are still learning to work together, however. U.S. security officials are focused on operational issues: interoperability; collaborating on the classic menu of multilateral operations one could envisage in the Indian Ocean, such as humanitarian and natural disasters; and support for peacekeeping, to which India is a major contributor of troops. Indian security officials are interested in giving their military the best possible technological edge and in managing India's emergence into the first ranks of countries that shape the international security environment. For the United States, Indian defense procurement will be an indicator of how serious India is about defense cooperation with the United States. For India, the big indicator on everyone's mind is the India-U.S. proposal on civil nuclear cooperation.

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