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Defense News Conclave

Stories of U.S.-India Defense and Security Partnership

Dialogues on Deliverables to Deliveries

Hotel Raintree
St Mary's Road, Alwarpet
Chennai

1000 – 1545 hours (IST)

WORKSHOP REPORT

Summary

Defense cooperation between India and USA today is an integral part of the national security policy of both the countries. Based on converging strategic interests, embedded in the commitment to promote a resilient, rules-based international order, substantial bilateral progress has been achieved in defense collaborations between the two countries. This enterprise has been ideated and executed under the 'Comprehensive Global Strategic Partnership' framework. Consequentially, there has been heightened optimism and dynamism on part of both, the United States and India to look upon each other as 'trusted' and 'natural' partners to collaborate in enhancing the multifaceted roadmap for Defence Industrial Cooperation.

India's status as a 'Major Defense Partner' of the USA is based on the "New Framework for India-US Defense Cooperation," renewed for ten years in 2015. In 2016, this designation was promoted to be classified as a "Major Defense Partnership (MDP)," finally culminating in India's movement into the Tier-1 of the US Department of Commerce's Strategic Trade Authorization-1 license exception.

Additionally, the pivotal focus is on the Indian Ocean region, as a major conduit of trade, security, energy and governance. The region has been continuously threatened by non-state actors as well as major power rivalries. The location of the IOR at the crossroads of global trade, connecting the major international economies of the North Atlantic and the Asia Pacific, is of vital strategic significance as the region is rich in rare earth minerals among others. As an important route for global shipping, the domain also holds innumerable opportunities for high rates of economic growth around the Indian Ocean rim including countries like India, Bangladesh and other countries in South East Asia and South Asia. However, challenges lie in ensuring freedom of navigation, equitable and sustainable exploitation of fishing and other resources along with overseeing shared interests.

Background & Context

Under the Defense News Conclave Project, supported by the U.S. Consulate General Kolkata and the U.S. Department of State, CUTS International is organizing five in-person workshops covering the consular districts of the U.S. Consulate Generals. They aim to create a group of informed stakeholders in India to strengthen the U.S.-India defense and security partnership by generating the necessary awareness among diverse media professionals and relevant stakeholders.

Each workshop is designed to consist of two sessions focusing on good practices of the U.S.-India Defense and Security Partnership in general and its relevance for the U.S.-India Strategic Partnership in the Indo-Pacific region in particular.

Through the project deliverables, an attempt is made to look at the milestones set and achieved, and policies and gaps to be addressed in order to secure a free, open, inclusive, and prosperous Indo-Pacific region.

Introduction

In his opening address, **Purushendra Singh**, Assistant Director, CUTS International, set the tone of the conference by highlighting the evolving dynamics and the wide spectrum of US-India bilateral relationship, bolstering prosperity, security and defense ties while encompassing domains from sea to space and from health, energy to education. As India looks forward to the status of a developed country by 2045, USA remains a crucial partner in its journey.

This thread was picked up by **Pradeep Singh Mehta**, Secretary General, CUTS International. In his welcome remarks, Mehta highlighted the U.S.-India cooperation, where the two countries have acknowledged each other as the most valued partners in the current geopolitical scenario. He mentioned that owing to the converging security and strategic interests, embedded in the commitment to promoting a resilient, rules-based international order, substantial bilateral progress has been achieved through the ideation and execution of a “Comprehensive Global Strategic Partnership”. With the backdrop of the 5th Annual India-U.S. 2+2 Ministerial Dialogue that took place in November 2023, the countries have focused on interoperability and maximization of shared benefits. Mehta further suggested that this development must be substantiated in the future with endeavors like the transition into a 3+3 dialogue encompassing trade, intrinsically linked to both foreign policy and defense policy.

In his keynote address, U.S. Consul General in Chennai **Christopher Hodges** said, “The United States and India share a plethora of interests and values and are enjoying a real moment in their bilateral relationship. It is up to us to take advantage of that momentum and draw from the power and dynamism of our diverse populations to drive research and innovation across several spheres: business, education, culture, technology and defense among others. We must bring all our talents from both sides to the table to help drive this relationship forward”.

Echoing these lines, **S. Christopher**, former Chairman, the Defence Research and Development Organisation (DRDO), delivered another keynote address. He mentioned that the India-U.S. relationship is going through a transition. This relationship has been strengthened through a parallel progression of connecting people of both the nations, creating newer avenues and building partnerships. In the present scenario, India is poised to harbour the maximum number of youth population and looks forward to connect with the rest of the world, while creating further opportunities for growth and development.

Power and partnership model is the new key to connectivity between the two countries. Another aspect he touched upon was the establishment of start-ups, with knowledge in IT and AI. Joint

projects are encouraged with academicians joining the industries in the US. In addition, there is a costly process of engagement for entering the US market, ultimately limiting the projects. This must be addressed in order to have a more homogeneous connectivity. For instance, DRDO and DARPA can look at combining and producing equipment through joint ventures, which will not only be cost effective but also technologically supreme.

Session I: U.S.-India Industrial and Strategic Collaboration

Chair & Moderator

- **Snehesh Alex Philip**, Deputy Editor, The Print

Panelists

- **Air Marshal M Matheswaran (Retd.)**, Founder Chairman and President, The Peninsula Foundation
- **Lt Gen. Anil Ahuja (Retd.)**, Indian Co-Chair of the U.S.-India Defence Technology and Trade Initiative (DTTI) Inter Agency Task Force and Distinguished fellow, CUTS WDC Center
- **Wg Cdr Madhusoodhanan (Retd.)**, Vice President, Aerospace & Defence, Tamil Nadu Industrial Development Cooperation Ltd.
- **T Suvarna Raju**, Former Managing Director, Hindustan Aeronautics Limited (HAL)
- **G Balachandran**, Former Consultant, Institute for Defence Studies and Analyses (IDSA)

This session primarily highlighted the recent trends and progress in US-India defense industrial collaborations with emphasis on co-development and co-production between the two nations.

U.S.–India defense industrial collaboration

Capitalizing on strengths, US and India have been ensuring an advancement in defense collaborations, accentuating innovation and reshaping global security. This domain incorporates acquisitions, co-production and co-development for global markets with joint ventures and training, enhancing India's defense exports, not restricted to military alone but holding a much larger domain. i.e., aviation, space and defense. This has created an opportunity beyond the boundaries.

Consequently, immediate and high-impact opportunities have been identified for the development of new technologies and cooperative production of the existing systems, thereby strengthening the supply chains and enhancing India's domestic defense industry. This development directly impacts the US-India Initiative on Critical and Emerging Technology (iCET), announced in January 2023, to bear aloft and expand the bilateral strategic technology partnership and defense industrial cooperation. In fact, the session also threw light on how such an initiative would ensure a fine and smooth transition between the present Biden administration to the upcoming governments and their liaison with India in the long run, just like the DTTI had provided a cushion between the Obama and the Trump administrations.

Both the countries have multifaceted and regularly institutionalized dialogues, military exercises and defense procurements. In this perspective, the 2+2 Ministerial dialogue is at the apex level of

coordination, guiding such political, strategic and military issues. The most recent 2+2 meeting was its fifth edition, held in 2023, having crucial implications for the defense and civil sectors. Technology sharing encompassed a major dimension, with focus on the negotiations for a commercial agreement between General Electric (GE) and Hindustan Aeronautics Limited (HAL), to manufacture GE F 414 jet engines in India (via a probability of eighty percent technology transfer).

Such instances are exemplary in portraying defense partnership as an unwavering pillar of cooperation. This promotes another important aspect of technology transfer, particularly in the Strategic Trade Dialogue and its affiliated working groups. Additionally, at this juncture, mention of the Indus-X, an India-US Defense Acceleration Ecosystem initiative, launched in June 2023, also deserves mention. This would provide the benchmark for private investors to ensure maximum profits from cutting-edge technology, addressing critical security needs of the two countries.

Defense cooperation and the MSMEs

The Union Government of India has been boosting the micro, small and medium enterprises (MSMEs) in the country, by making them an integral part of the defense supply chain. This aspect is directly related to India's motto of '*Atmanirbharta*' or self-reliance, which is well recognised by the US. In fact, the US has become the top destination for landing India's defense exports, with approximately USD 1.6 billion, in the financial year 2022-23, representing over 10 times increase in the last five years. Defense exports accounted for over 50 per cent of the total exports of India, strengthening the partnership and exceeding USD 2.8 billion during the last five years.

The government of India has also set a target of achieving \$5 billion in defence exports by 2024-25. In this perspective, MSMEs have also played an instrumental role. The US companies have cultivated strong partnerships with many India-based industrial entities, including more than 1000 MSMEs, giving rise to organic byproducts like economic growth, job creation and innovation thereby augmenting the positive impact of this collaboration. For example, Boeing has its credential sourcing from India, standing at USD 1 billion annually through a large and growing network of more than 300 supplier partners, which have become an integral part of their global supply base. It is noteworthy that over 25 percent of these suppliers from India are MSMEs. Additionally, there are organisations that target MSMEs for conducting specialised training which will help their businesses to grow further.

Session II: Security Cooperation in the Indo-Pacific Region

Chair and Moderator

- **Harinder Sekhon**, former Intelligence and Strategic Analyst with the National Security Council Secretariat, Government of India

Panelists

- **V. Adm. MP Muralidharan (Retd.)**, former Director General, Indian Coast Guard
- **Cmde. S. Vasam (Retd.)**, Director General, Chennai Centre for China Studies and Regional Director, National Maritime Foundation, Tamil Nadu
- **Vijay Sakhuja**, former Director, National Maritime Foundation
- **Nikhil K. Rao**, Managing Director and Chief Engineer, Boeing India Engineering, Tamil Nadu

This session focused majorly on maritime security in the Indian Ocean Region (IOR), with the opportunities, challenges and implications directly impacting the India-US defense cooperation.

The Indian Ocean Region (IOR) in focus

Ensuring maritime security and freedom of navigation in the Indian Ocean and the wider Indo-Pacific is a key security imperative and one of the primary objectives of the India-US engagement in the region. The Indian Ocean Region (IOR) is a major strategic and economic theatre, that had often been overlooked in the past by major western powers, until it became a well-recognised theatre of potential Sino-Indo competition. The sea-scape also gained salience with critical international events like the disruption of supply chains caused by the Ukraine-Russia war or the Israel-Hamas confrontation, or even the recent resurgence of Somalian piracy, targeting western ships in this particular route. Since the IOR accounts for one-fifth of the world's ocean surface, it connects people and economies all across the globe with the presence of 80 per cent of the world's maritime oil shipments traversing through this region.

Nonetheless, for India, this domain had never lost traction, with the country assuming a maritime leadership role here in displaying multidimensional capabilities and active presence and at present is also aiming to look for potential solutions to international bottlenecks that have impacted the region. The Indian Navy has also been working extensively towards capacity building and expansion of outreach through Maritime Domain Awareness (MDA), alongside upgrading operational and technical skills. In this regard, the role of US has been instrumental as a partner for India in this zone of strategic convergence.

Since the Shangri-La Dialogue of 2009, the US has been actively promoting the status of India in the IOR as a 'Net Security Provider' (NSP), reflected through many of its 'strategic policy articulations'. The United States Strategic Framework for the Indo-Pacific (SFIP), declassified in

February 2021 portrays that “A strong India, in cooperation with like-minded countries, would act as a counterbalance to China”.

In order to maintain a harmonious freedom of navigation, all the stakeholder countries have acknowledged the importance of and to maintain, the United Nations Convention on the Law of the Sea (UNCLOS) (1982), laying down a comprehensive regime of law and order in the worlds’ oceans and seas, as well as resources. Additionally, the concept of preserving the oceans, a global common has also come to the forefront, with key priorities including sustainably managing fisheries and reducing pollution emanating from climate change.

Confronting Non-traditional Security Threats

The IOR is faced with acute non-traditional challenges, apart from the geostrategic power-play, that require immediate attention. Such threats acknowledged in this region include risks like climate change, with a disproportionate impact on Indian Ocean countries, especially the small island nations, trafficking, piracy & armed robbery, illegal, unreported and unregulated fishing, creating a serious problem for blue economy. To tackle such problems, beyond the traditional military and political power-play, the Indo-Pacific Oceans Initiative (IPOI), an initiative of the Government of India, has emerged, premised upon the “Security and Growth for All in the Region” (SAGAR) initiative of 2015.

With the perspective of maintaining Maritime Domain Awareness (MDA) in conservation and sustainability, along with a community building process of like-minded countries, it focuses on several areas of mutual interest. Such domains of ‘shared prosperity’ include maritime security and ecology, proper usage of maritime resources, capacity building and resource sharing, disaster risk reduction and management, science and technology, trade and maritime connectivity with maritime transportation. This success of the Indo-Pacific initiative lies not only in the management of the aforementioned points of action but also in the convergence of policies, coordination in issue-based partnership and sharing of the burden.

Investment in Infrastructural Development in the Indo-Pacific

Financing infrastructure is an inextricable part of strategic and economic priorities in the Indo-Pacific region. This development is often regarded as a response to China’s overseas infrastructure activities, through the Belt and Road Initiative (BRI). It is not unknown that China has indeed emerged a major global infrastructure financier, especially in the last decade. The share of Chinese global development finance directed to the Indo-Pacific emerging market and developing economies (EMDEs) rose from fifth in the years immediately preceding the launch of BRO in late 2013 to more than third by 2017.

In fact, according to some estimates, USD 52 billion in Chinese projects had already undergone negotiations globally during 2020 and 2021. However, it must be noted here that a number of Chinese commitments have been diluted with several BRI partner economies in debt crisis. Nonetheless, Chinese loan disbursement to countries like Bangladesh, Indonesia, the Philippines

and Vietnam continues, indicating the continuous implementation of the BRI.

In contrast, from an American perspective, the Infrastructure Transaction and Assistance Network (ITAN), launched in 2018, is a whole of government initiative by the US, that advances sustainable, transparent, high-quality infrastructure across the Indo-Pacific region. In order to ensure peace and stability, the USAID plays a leading role in ITAN to also catalyze the private sector investors and also amass partners for large scale projects with like-minded partner countries.

As of 2022, the Quad partners, as a multilateral institution also pledged to invest USD 50 billion in infrastructural development in the Indo-Pacific region, in the next five years as a part of a series of measures announced under the Quad initiative to bring “tangible benefits to the region”. This initiative would particularly focus on semiconductor supply chain resilience that would eventually create a diverse and competitive market by making the best use of their respective areas of expertise. The nations have also agreed to expand on 5G technology with the signing of an MoU on supplier diversification and defining standards of interoperability.

With these points in mind, the workshop aimed to identify the major areas of collaboration in the US -India partnership in the sphere of defense and other related themes of collaboration.