

India-US defence ties: A new era?

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We know details of corruption in defense deals – from the scams about Jeeps, Bofors guns, Tatra trucks and Westland helicopters. Despite Government restrictive procedures, its weapons procurement program is full of lobbyists, middlemen, suppliers who give kickbacks to military, bureaucratic and political personages involved in the process.

The corruption in defense deals is not an issue of individuals, political parties or governments; it has become a feature of the procurement system itself and needs to be attacked at its very root.

When we had only one major supplier – the Soviet Union - the kickback issue was not serious as the process was largely government-to-government. Anyway, in relation to Pakistan and even China, the Soviet Union was a firm political (even military) ally of India and we had no problem of supplies being cut off in any conflict or that the same equipment would be supplied to our antagonists. We also standardized the equipment and got their upgrades as well as training and maintenance support.

Even before the collapse of the Soviet Union, India had begun to diversify its military supplies to France, Germany, Sweden, the UK and the US. This meant dealing with private sector weapon system suppliers who were quite prepared and programmed to pay large kickbacks up to 18 to 20% of the contract value. The slide of our military, bureaucratic and political system dealing started by the Rajiv Gandhi's determined efforts to buy Western equipment.

In this context and taking into account present conditions, it is interesting to note that the current India-US political relationship has become as close and coordinated (as the one with the Soviet Union) in the last ten years and is making headway in the defense procurement field.

US weapons systems purchases can be made through Defense Commercial Sales (DCS), Foreign Military Sales (FMS) or Foreign Military Financing (FMF) programs. DCS are sales by the private vendors direct to foreign governments.

FMF deliveries are funded and financed by the US Government (USG) under their treaty obligations. Under FMS, USG sells directly to foreign governments after obtaining the supplies from their own domestic private sector vendors. FMS and FMF deliveries eliminate the middleman problem, as USG in effect becomes the middleman. Anyway, US law mandates punitive action against US citizens who corrupt foreign government officials.

Andrew J. Shapiro, the Assistant Secretary, Bureau of Political-Military Affairs of the US State Department, summed up the situation in a speech to the Carnegie Endowment Roundtable in Washington, DC on April 24, 2012. He described the long-term advantages of FMS purchases thus:

"Often times, countries can view FMS more skeptically and prefer the more transactional nature of the DCS system. However, we believe the U.S.-India defense and trade relationship would benefit by linking defense sales with broader strategic goals.

That's why we specifically articulated the technical and political advantages that FMS offers. This entails political buy-in and support from Congress. The full faith and backing of the USG, transparency, support throughout the systems lifecycle, as well as expanded inter-operability between our forces, which would greatly benefit the U.S.-India defense

and military-to-military relationships.”

Also, as Shapiro put it:

“What is generally underappreciated is that the complex and technical nature of advanced defense systems frequently requires constant collaboration and interaction between countries over the life of that system – decades in many cases.

This may include training and support in the use of the system, assistance in maintenance, and help to update and modernize the system throughout its life cycle. This cooperation, therefore, helps build bilateral ties and creates strong incentives for recipient countries to maintain good relations with the United States. Defense sales, therefore, both reinforce our diplomatic relations and establish a long-term security relationship.”

Therefore, what is important for India is to source the systems needed from countries which have developed expertise and maintain research and development programs to get the best equipment for which up gradation can be predicted. It also needs to consider sources which are likely to have foreign policies congruent to India's and which can be expected to stand by India in a crisis.

The United States and India are building a robust relationship based on shared security interests. India now holds more than 50 annual military exercises with the United States, more than any other country.

The US-India relationship is largely aimed at containing China and assuring Indian cooperation and collaboration in maintaining the security of the sea routes from the Gulf to the Straits of Malacca, which carry a huge amount of oil to Japan and China. If India wants to be major power, the space it should dominate is that made up of the Arabian Sea, Indian Ocean and Bay of Bengal. This is the area where India is also most vulnerable as it forms our coastline.

India's ineffectiveness there attracts the attention of China which is not only interested in keeping open the vital sea routes to its oil in the Gulf but also seeks to contain India's potential power.

The political relationship with the US – as with any other country – is critical in ensuring stable and continuous supply of defense equipment.

The strategy of collaboration (even by formal treaty) with the US in this area and field will give India access to surplus US naval ships on lease and help coordinate its naval program and activities with the formidable US naval presence in the area.

This makes sense on the basis that the US is an acknowledged ally and China is a long-standing enemy occupying Indian territory and currently projecting its hostile presence in India's surrounding seas.

The movement towards this goal is illustrated by the fact that, since the signing of the US-India bilateral defense framework agreement in 2005, cumulative defence purchases from the US have grown from virtually zero to more than \$8 billion.

They include purchases of (1) eight P-8I maritime surveillance aircraft, (2) six C-130J transportation aircraft (3) ten C-17 transport aircraft (India will have the second largest C-17 fleet behind the United States, providing it with a significant strategic airlift capability in the region) and (4) a major naval vessel with troop carrying and landing facilities.

Even after the US's F-16 fighter aircraft offer was rejected by India due to its higher cost, the US has offered India its fifth-generation fighter aircraft (FGFA), F-35, which is still under development.

The issue of cost of equipment is the least important factor but the purchases should be made only through government-to-government deals with source governments giving India assurances of uninterrupted supply even if they have to come from their own stocks.

The current type of corruption involves officers of the armed forces, bureaucrats and politicians together in an unholy alliance, which can potentially lead to worse deeds. Such a nexus is more dangerous than the nearest enemy. This current virulent strain of corruption is destroying entire institutions and is subverting the Republic.

The elimination of middlemen in such a system of government-to-government deals, of course, will mean they and their potentially corrupt targets will be out of pocket. But then someone always has to lose out – but the nation and its armed forces must not.

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