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Summary

U.S.-India engagement on shared security interests is a topic of interest to the U.S. Congress, where there is considerable support for a deepened U.S. partnership with the world's largest democracy. Congressional advocacy of closer relations with India is generally bipartisan and widespread; House and Senate caucuses on India and Indian-Americans are the largest of their kind. Caucus leaders have encouraged the Obama Administration to work toward improving the compatibility of the U.S. and Indian defense acquisitions systems, as well as to seek potential opportunities for co-development or co-production of military weapons systems with India. In the 112th Congress, the Senate Armed Services Committee (S.Rept. 112-26) opined that a deepened partnership with India is critical to the promotion of core mutual national interests.

The United States and India have since 2004 been pursuing a "strategic partnership" that incorporates numerous economic, security, and global initiatives. Defense cooperation between the two countries remains in relatively early stages of development. However, over the past decade—and despite a concurrent U.S. engagement with Indian rival Pakistan and a Cold War history of bilateral estrangement—U.S.-India security cooperation has flourished. American diplomats now rate military links and defense trade among the most important aspects of transformed bilateral relations in the 21st century. The United States views security cooperation with India in the context of common principles and shared national interests such as defeating terrorism, preventing weapons proliferation, and maintaining regional stability. After initial uncertainty, under President Barack Obama, senior Pentagon officials assured New Delhi that the United States is fully committed to strengthening ties through the enhancement of the defense relationship made newly substantive under President George W. Bush.

Many analysts view increased U.S.-India security ties as providing a perceived "hedge" against or "counterbalance" to growing Chinese influence in Asia, although both Washington and New Delhi repeatedly downplay such motives. While a complete congruence of U.S. and Indian national security objectives is unlikely in the foreseeable future, meaningful convergences are identified in areas such as the emergence of a new balance-of-power arrangement in the region. Still, indications remain that the perceptions and expectations of top U.S. and Indian strategic planners are divergent on several key issues, perhaps especially on the role of Pakistan, as well as on India's relations with Iran. Moreover, given a national foreign policy tradition of "nonalignment," Indian leaders are averse to forming any "alliance" with the United States and are clear in their intention to maintain India's "strategic autonomy." Questions remain about the ability of the Indian economy to grow at rates sufficient to improve its security capabilities at the pace sought in both Washington and New Delhi. Despite these factors, U.S. leaders only expect India's importance to U.S. interests to grow steadily, and they foresee India taking on new security roles commensurate with its status as a major power and stakeholder in the international system. This expectation is a key aspect of the Obama Administration's policy of "rebalancing" toward the Asia-Pacific, which is conceived as including the Indian Ocean region.

This report reviews the major facets of U.S.-India security relations with a focus on military-to-military contacts, counterterrorism and intelligence cooperation, and defense trade, while also discussing some of the many obstacles to deeper cooperation in each of these areas. The strategic aspects of the bilateral security relationship are in the companion CRS Report R42948, *U.S.-India Security Relations: Strategic Issues*, by K. Alan Kronstadt and Sonia Pinto. U.S.-India relations are discussed more broadly in CRS Report RL33529, *India: Domestic Issues, Strategic Dynamics, and U.S. Relations*, coordinated by K. Alan Kronstadt.

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Overview

This report provides an overview of current U.S.-India security engagement, a topic of interest to the U.S. Congress, where there is widely held and generally bipartisan support for a deepened U.S. partnership with the world's largest democracy, not least on issues of shared security interests. It begins with a brief discussion of the most important U.S. security interests related to India, then moves to a more detailed review of current U.S.-India security engagement in the realm of military-to-military contacts, counterterrorism and intelligence cooperation, and defense trade.[1] Obstacles to deeper cooperation in each of these realms—variously including historical distrust and accompanying Indian wariness, geostrategic considerations, mismatched bureaucracies, and procedural hurdles, among others—are discussed throughout. The report closes with a brief conclusion addressing the outlook for future engagement and discussion of the ways in which congressional action and foreign policy oversight responsibilities can affect both the pace and scope of this engagement.

With the lifting of Cold War geopolitical constraints and the near-simultaneous opening of India's economy two decades ago, the world's largest democracy has emerged as an increasingly important player on the global stage. India dominates the geography of the now strategically vital South Asia region, and its vibrant economy, pluralist society, cultural influence, and growing military power have made the country a key focus of U.S. foreign policy attention in the 21st century. This attention is to some degree motivated by China's longer-standing and more rapid rise, with many analysts viewing U.S. and Indian geopolitical interests as convergent on many fronts, perhaps especially in the area of Asian power balances. Beginning under President George W. Bush, and continuing with President Barack Obama, the U.S. and Indian governments have been seeking to sustain and deepen a substantive "strategic partnership," even as bilateral commercial and people-to-people contacts flourish of their own accord. Secretary of State Hillary Clinton describes the United States "making a strategic bet on India's future" on the assumption that "India's greater role on the world stage will enhance peace and security."[2] As articulated in a late 2011 Pentagon report,

> The United States and India are natural partners, destined to be closer because of shared interests and values and our mutual desire for a stable and secure world. A strong bilateral partnership is in U.S. interests and benefits both countries. We expect India's importance to U.S. interests to grow in the long-run as India, a major regional and emerging global power, increasingly assumes roles commensurate with its position as a stakeholder and a leader in the international system.[3]

In a major October 2012 policy speech, Deputy Secretary of State William Burns declared,

> [T]here is growing confidence in both our countries about ... a steady convergence of interests and values.... The essence of the vital partnership that we're building lies in a simple truth. For the first time, for both of us, our individual success at home and abroad depends significantly on our cooperation.[4]

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[1] For a discussion of the strategic aspects of the bilateral security relationship, see the companion CRS Report R42948, *U.S.-India Security Relations: Strategic Issues*, by K. Alan Kronstadt and Sonia Pinto.

[2] Hillary Clinton, "America's Pacific Century," *Foreign Policy*, November 2011.

[3] "Report to Congress on U.S.-India Security Cooperation," U.S. Department of Defense, November 2011, at http://www.defense.gov/pubs/pdfs/20111101_NDAA_Report_on_US_India_Security_Cooperation.pdf.

[4] "The United States and India: A Vital Partnership in a Changing World," October 26, 2012, State Department transcript at http://www.state.gov/s/d/2012/199801.htm.

With this bilateral partnership based on shared values such as democracy, pluralism, and rule of law, numerous economic, security, and global initiatives are underway, among them unprecedented plans for civilian nuclear cooperation. The two countries also inked a 10-year defense framework agreement in 2005 to facilitate expanded bilateral security cooperation. In the new century, large-scale combined military exercises have become commonplace, and bilateral cooperation on intelligence and counterterrorism is increasing. Unprecedented major U.S. arms sales to India are completed and underway; more are anticipated. Enthusiasm and positive trends can be seen in an array of bilateral security-related activities. Evidence of a mind change in India since the Cold War period includes convincing signs that the U.S. military presence in the Indian Ocean Region (IOR) is now widely viewed as being benign.[5]

Still, many concerns remain that India is unable and/or unwilling to be the kind of international security actor U.S. leaders would like to see it become. The current coalition government at the federal level, in power since 2004, has lately appeared fragile and often shies from undertaking bold initiatives, given its acute dependence on sometimes mercurial regional allies, and with its stature weakened by multiple corruption scandals. The country's endemic poverty is exacerbated by a wider societal corruption and—despite the growth of a large "middle-class" and booming information technology sector—India's gross domestic product per capita in 2011 was only $3,632, compared to $8,466 for China and $48,442 for the United States.[6] High rates of economic growth seen in India during the 2000s have lately declined even as the population soars, bringing into question whether New Delhi's growing but still relatively paltry resources and military capabilities can continue to increase as projected. At present, the sometimes touted equipment and capabilities of India's armed forces—in particular their ability to project power over air and sea—remain quite modest in comparison with those of China.[7]

In a broad sense, there has emerged no consensus in New Delhi about what India can and should seek through its security cooperation with the United States. Those who do offer a set of expectations and demands of the relationship can fail to recognize that, for an American audience, "A viable strategic partnership calls for reciprocity," as flatly put by one senior scholar.[8] Many in Washington were discouraged in 2011 when New Delhi "deselected" two U.S.-built combat aircraft (the F-16 and F/A-18) from consideration for India's planned $11 billion purchase of 126 new frontline planes. No less importantly, Indian leaders continue to demonstrate an aversion to assuming the kinds of new security-related postures and activities the United States seeks for India—their tepid response to the "Arab Spring" is a case in point—and they face domestic

[5] More than forty years after the Nixon Administration was seen to "tilt" toward Pakistan by sending the *USS Enterprise* carrier task force into the Bay of Bengal in 1971, American military capabilities and ability to project significant power into the IOR are no longer viewed as threatening to most in New Delhi, where there is a widely held view of the United States as the only viable hedge against the rise of a potentially adversarial or revisionist China (email communication with former U.S. diplomat Teresita Schaffer, June 2012; see also Teresita Schaffer, "Continued Primacy, Diminished Will: Indian Assessments of U.S. Power," in Craig Cohen, ed., *Capacity and Resolve: Foreign Assessments of U.S. Power* (Center for Strategic and International Studies, June 2011)).

[6] World Bank World Development Indicators database (in purchasing power parity terms).

[7] Although India army is the world's third largest—and all of its military services have ambitious plans for further modernization with top-shelf platforms and technologies—the Indian navy today comprises less than 60,000 personnel operating 15 submarines and 21 principal surface combatants, as compared with China's quarter-million strong force with 71 subs and 78 ships. Likewise, the Indian air force's 127,000 personnel fly about 800 combat aircraft, while China's air force is more than twice as strong by both measures (as reported by *The Military Balance 2012* (Institute for International and Strategic Studies, London, 2012)). See also David Berteau, et. al., "Asian Defense Spending 2000-2011," Center for Strategic and International Studies, October 2012.

[8] E-mail communication with Indiana University Professor Sumit Ganguly, June 2012.

electoral calculations that can reinforce this aversion.[9] India's focused effort to maintain "strategic autonomy" is likely to keep progress in U.S.-India security cooperation measured, incremental, and largely bereft of dramatic breakthroughs such as that involving civilian nuclear power.

Even recognizing these circumstances, there is widespread, bipartisan support in the U.S. Congress for sustaining and expanding the partnership with India, not least in the areas relevant to U.S. and global security. In funding U.S. foreign aid programs such as Anti-Terrorism Assistance and International Military Education and Training, Congress makes budgetary choices that can directly affect the scope and pace of U.S.-India military-to-military ties and bilateral cooperation in counterterrorism. Congressional oversight powers provide a role in shaping the course of progress in these areas, and Congress has a role in allowing major defense trade with India. In mid-2012, the co-chairs of the Senate India Caucus penned a letter to the Deputy Secretary of Defense strongly urging him to press the Indian government to continue its efforts to improve its defense procurement procedures, as well as to "aggressively pursue co-development or co-production opportunities," which they contend "would prove mutually beneficial not just to the U.S. and Indian defense industries, but also to the long-term relationship of our two militaries."[10]

Current U.S. Security Interests Related to India[11]

The 21st century rise of Asia lies at the heart of Washington's revaluation vis-à-vis India. Booming Asian economies—and the accompanying spike in demand for energy resources—have prioritized the region as a key concern for the United States. The United States is increasingly dependent on Asian markets for trade and investment to sustain and grow its own economy. As a result, it seeks to encourage and foster stability across the newly conceived Indo-Pacific region by working with allies and partners to bolster security, widen open markets, and ensure freedom of navigation across the Indian Ocean Region (IOR), from the Persian Gulf to the Straits of Malacca, and extending throughout the western Pacific and East and South China Seas. This region contains Sea Lanes of Communication (SLOCs) that are crucial to Asia's trade with the rest of the world and for the transit of energy resources that fuel Asian economic growth (see **Figure 1**).[12] In this context, geopolitical realignments after 1991—and India's significantly increased economic and military capabilities over the past decade—have dramatically increased India's visibility and potential utility in U.S. security calculations. India is today described as being a defense cooperation "linchpin" in the Obama Administration's strategy of "rebalancing" toward Asia, a strategy that includes "expanding military partnerships" in South Asia.[13]

[9] See, for example, a current-day representation of India's long-held "nonalignment" aspirations in Suhil Khilnani, et. al., "Nonalignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century," 2012, at http://www.cprindia.org/sites/default/files/NonAlignment%202.0_1.pdf.

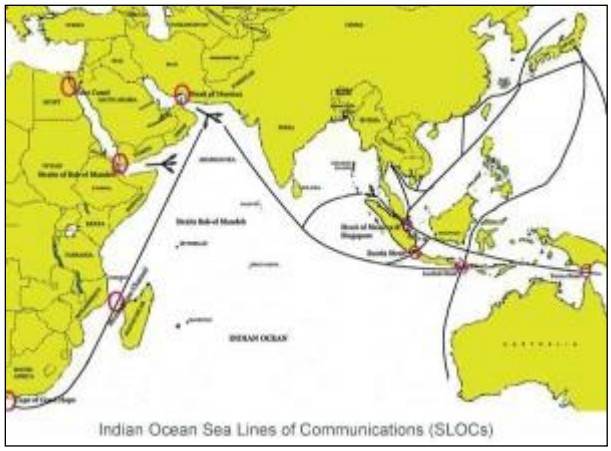
[10] Letter from Senator Mark Warner and Senator John Cornyn to Deputy Secretary of Defense Ashton Carter, July 20, 2012.

[11] An expanded discussion of this topic is in the companion CRS Report R42948, *U.S.-India Security Relations: Strategic Issues*, by K. Alan Kronstadt and Sonia Pinto.

[12] More than 80% of the world's seaborne trade in oil transits the IOR. See David Michel and Russell Sticklor, eds., *Indian Ocean Rising: Maritime Security and Policy Challenges* (Stimson Center, July 2012), at http://www.stimson.org/books-reports/indian_ocean_rising.

[13] Quotes from a June 2012 speech by Secretary of Defense Leon Panetta at http://www.defense.gov/speeches/speech.aspx?speechid=1681.

Figure 1. Map of Indian Ocean Sea Lines of Communication



Source: G.M. Hiranandadi, "External Naval Presence in Indian Ocean," *Indian Defense Review*, February 2012.

Perhaps the key security concern for Washington in Asia is China's growing military capabilities and assertiveness, and a U.S. strategy that seeks to prevent the emergence of a hegemonic power in Asia. An increasingly assertive and even aggressive Beijing can potentially leverage its military clout in a fractured geopolitical neighborhood to obstruct both the American presence and the realization of U.S. goals in the region. Any U.S. military withdrawal from the Asia-Pacific could seriously undercut Washington's economic and political influence there. The resulting strategy for Washington has been to "pivot" or "rebalance" toward the Asia-Pacific, while strengthening existing alliances and partnerships with countries across Asia.[14]

Islamist extremism and militancy have been a growing security threat to the United States in recent decades, peaking with Al Qaeda's attacks of September 2001. South Asia has been a particular focus of U.S.-led counterterrorism efforts. As the largest, most populous and most economically successful country in the region, India has long suffered from Islamist terrorism and is an avid proponent of countering the threat, particularly that emanating from Pakistan. Despite sometimes contrasting policies toward Islamabad, Washington and New Delhi have moved forward rapidly with bilateral counterterrorism cooperation, especially in the wake of the 2008 terrorist attack in Mumbai. The United States and India also share important interests in fostering Afghan stability, and U.S. officials welcome India's role and cooperation in that effort.

In championing changes in U.S. law to allow civil nuclear trade with India, the George W. Bush Administration argued that the new arrangements would benefit nonproliferation efforts by better aligning India with global regimes and norms. While this is yet to be realized in any substantive way, a continuing and significant U.S. interest is halting, or at least slowing, the proliferation of nuclear weapons in South Asia, and in mitigating the potential for nuclear war between India and Pakistan. Washington has a long history of encouraging regional restraint in the proliferation of nuclear arms and the systems for their delivery, especially given potential for India-Pakistan conflict to again escalate to the level of open warfare, as it most recently did in 1999.

Washington's security planners often identify representative government and open markets as being key facilitators of international stability and, therefore, U.S. security. From this perspective, India is seen as an important example of successful, large-scale democracy, as well as a potential partner in encouraging the spread of liberal political systems. India is also a major emerging

[14] See CRS Report R42448, *Pivot to the Pacific? The Obama Administration's "Rebalancing" Toward Asia*, coordinated by Mark E. Manyin.

global market, one on a steady path toward greater liberalization, and it is projected to play an anchoring role in "New Silk Road" or "Grand Trunk Road" initiatives that seek to increase land-based trade extending from India to Central Asia. Moreover, Washington hopes to enlist New Delhi's stronger voice in support of international human rights norms, particularly in India's own neighborhood. Finally, Washington sees in India—and especially the Indian Navy—an important partner for disaster relief and humanitarian missions in the region. U.S. officials thus find national security interests several relevant in areas beyond traditional military security.

The Current Status of U.S.-India Security Engagement

Since September 2001, and despite a concurrent U.S. rapprochement with Pakistan, U.S.-India security cooperation has flourished. Both countries acknowledge a desire for greater bilateral cooperation and a series of measures have been taken to achieve this. The India-U.S. Defense Policy Group—moribund after India's 1998 nuclear tests and ensuing U.S. sanctions—was revived in late 2001 and meets annually. In 2005, then-Indian Defense Minister Pranab Mukherjee visited Washington, DC, where the United States and India signed a 10-year defense framework agreement that refers to a "new era" for bilateral relations and calls for collaboration in multilateral operations, expanded two-way defense trade, increasing opportunities for technology transfers and co-production, expanded collaboration related to missile defense, and establishment of a bilateral Defense Procurement and Production Group.

While U.S. and Indian officials consistently present an optimistic outlook for this bilateral security relationship, many independent analysts—perhaps in particular those who share the official optimism—counsel patience in Washington and the maintenance of realistic short-term expectations. One expert contends that the considerable potential longer-term benefits to be accrued through cooperation may be put in jeopardy by an American overemphasis on shorter-term goals, such as those related to Iran's nuclear program or to Indian-Pakistani rapprochement.[15] Another suggests that Washington should minimize its short-term expectations for the relationship while taking comfort in the (disputed) notion that the two countries' strategic goals are fundamentally compatible, and that major differences relate only to tactics.[16] In the context of the practical conduct of foreign relations in Asia, a more skeptical observer opines that, "The Indians might quietly coordinate their policies with ours, but will not go beyond that in the foreseeable future, much loose talk of 'natural allies' notwithstanding."[17] Each of these perspectives conceives of U.S.-India security engagement with a representative sense of sanguinity accompanied by cautious realism and emphasis on the long view.

Bilateral Military-to-Military Cooperation

Over the past decade, the United States and India have held a series of unprecedented and increasingly substantive combined exercises involving all military services. Such military-to-military relations have been a key aspect of U.S.-India relations in recent years—India now conducts more exercises and personnel exchanges with the United States than with any other

[15] E-mail communication with Brookings Institution Senior Fellow Stephen Cohen, June 2012.

[16] E-mail communication with Indian political analyst Pramit Pal Chaudhuri, Foreign Editor at *The Hindustan Times*, June 2012.

[17] E-mail communication with Indiana University Professor Sumit Ganguly, June 2012.

country; more than 50 formal events are occurring annually.[18] Navy-to-navy collaboration appears to be the most robust in terms of exercises and personnel exchanges. Convergent strategic interests in maritime security in the IOR largely explain the higher level of contact between the two navies. Moreover, the U.S. and Indian navies have had a longer history of contact than other services, and this is being augmented and routinized at a more rapid pace than the others. Although the respective armies and air forces hold regular dialogues and conduct periodic exercises, it appears that the strategic and logistical thresholds for securing closer cooperation in the air and land realms have yet to be defined to the satisfaction of both parties.

Sea

Joint U.S.-Indian naval exercises have grown steadily in both scope and complexity in the 21st century. The two countries conduct one large-scale war-game exercise, codenamed "Malabar," along with multiple smaller training exercises such as "Habu Nag" (naval aspects of amphibious operations), "Spitting Cobra" (explosive ordnance destruction), and "Salvex" (diving and salvage).[19] However, the Malabar exercises, first held in 1992 and conducted three times before the United States imposed proliferation-related sanctions in 1998, are today by far the most high-profile and of the largest scale (they were resumed in 2002). Malabar maneuvers are "designed to advance participating nations military-to-military coordination and capacity to plan and execute tactical operations in a multinational environment."[20] They have variably included Japan, Australia, and Singapore; the 2007 iteration was the most recent to include all five nations.[21] Shortly after that exercise, China sent demarches requesting information on the intent of the multilateral exercise. In subsequent years, Malabar has tended to include third countries only when the exercises are held far from the Indian coast, as in 2009 near Japan.[22] Somewhat averse to multilateral naval exercises, New Delhi reportedly turned down Japan's request to send ships to India for Malabar '12, which was held in April and included elements of the U.S. Seventh Fleet's Carrier Task Force 70 built around the USS *Carl Vinson*.

Some analysts note that since 2007 India has shied from conducting multilateral naval exercises off its own coast, even as it has been willing to send its warships to participate in Pacific waters.[23] U.S. officials familiar with U.S.-India naval ties suggest that New Delhi's circumspect posture should be seen as an expression of caution, meant to signal to Beijing that India's participation in multilateral defense activities is not directed against China.[24] Many analysts agree that the New Delhi government, with its goal of remaining free of constraining alliances and to avoid even the appearance of junior partner status vis-à-vis the United States, generally prefers to conduct

[18] See "Defense Cooperation" in "The U.S.-India Partnership: The Fact Sheets," November 8, 2010, at http://www.whitehouse.gov/the-press-office/2010/11/08/us-india-partnership-fact-sheets.

[19] See the Pentagon's November 2011 "Report to Congress on U.S.-India Security Cooperation," at http://www.defense.gov/pubs/pdfs/20111101_NDAA_Report_on_US_India_Security_Cooperation.pdf.

[20] "U.S. 7th Fleet to Conduct Exercise Malabar with Indian Navy," U.S. 7th Fleet Public Affairs, April 6, 2012.

[21] In 2008, the aircraft carrier USS *Ronald Reagan*, the nuclear submarine USS *Springfield*, and five other major American naval vessels joined Indian navy ships in the Arabian Sea. Unlike in previous years, Malabar '08 was bilateral and did not include warships from any third country. During the 2007 exercise, India hosted a total of 27 warships from five countries—including the United States, Japan, Australia, and Singapore—for maneuvers in the Bay of Bengal. It was the first time such exercises were conducted off India's east coast.

[22] "U.S., India, and Japan Open Malabar 2009," U.S. 7th Fleet Public Affairs, April 27, 2009.

[23] Interview with Defense Department official, Washington DC, August 2012.

[24] Interviews with current and former U.S. Navy officials, Washington DC, July and August 2012.

multilateral naval exercises in the IOR only under the aegis of U.N. initiatives such as those meant to counter piracy.[25]

Nevertheless, U.S. government officials interviewed for this report appeared confident in New Delhi's broad commitment to strengthening navy-to-navy familiarity and non-combat security objectives, despite evident differences in geostrategic approaches. The relationships among flag officers are described as personable, with higher levels of trust than were seen in previous decades. As an example, during his visit to India during Malabar '12, the top U.S. naval officer was invited to board Indian submarines and warships, signaling a new level of comfort for the Indians. Informal contacts between senior officers of both navies have also become more common. While the United States continues to send a significant number its U.S. military officers on training exchanges to India, visits of Indian military officers to the United States are generally more restricted by New Delhi.[26] According to Department of Defense, 198 Indian officers trained in the United States under IMET between FY2008 and FY2012.[27]

Air

The "Cope India" exercise is the centerpiece of U.S.-Indian air force cooperation. The focus typically is humanitarian assistance and disaster relief operations. During Cope India '09, more than 110 U.S. and Indian paratroopers conducted jumps in the first known airdrops of IAF personnel from U.S. C-17 and C-130J aircraft.[28] India subsequently acquired similar aircraft from the United States. Since then, U.S. Air Force personnel have provided the IAF training on those transports, as well as on U.S.-supplied P-8I maritime reconnaissance planes, further deepening the extent of cooperation between forces.

In 2008, India participated for the first time in the annual multilateral "Red Flag Nellis" air-to-air combat exercise hosted by the United States. The exercise involves interdiction, attack, air superiority, defense suppression, airlift, air refueling, and reconnaissance aircraft. One Indian air force officer said that the exercise was helpful in familiarizing the IAF with U.S. network-centric warfare (India is currently building its own network-centric capabilities). The IAF is also reported to have sent its younger pilots to the United States in order to gain longer-term benefits from training and exposure to a multi-national war-game environment provided by the Nellis base.[29]

The IAF is slated to participate in Red Flag in 2013 and possibly will increase the complexity of its participation with the introduction of more fighter jets and airborne warning and air control system (AWACS) platforms; the use of the latter appears not to have been authorized by New Delhi in 2008.[30] American pilots reportedly have been impressed with the skills exhibited by their Indian counterparts. Mock air combat in 2004 saw Indians in late-model Russian-built fighters

[25] Interviews with South Asia analysts and U.S. government officials, Washington DC, June-August 2012.

[26] Interview with Defense Department official, Washington D.C., August 2012.

[27] Figures provided by the Defense Department, October 2012.

[28] "Cope India Dubbed a Success," U.S. Air Force News, October 28, 2009.

[29] See U.S. Air Force Website for information on Fed Flag Exercise at Nellis Base at http://www.nellis.af.mil/redflag-nellis/index.asp; "Red Flag - 2008," Jonesblogy, September, 2008; and "IAF Wargames with USAF," NDTV, October 2008.

[30] Department of Defense, "Report to Congress on U.S.-India Security Cooperation," November 2011. India is currently building AWACS capabilities combining Russian IL-70, Israeli Phalcon, Brazilian Embraer AESA-equipped jets and, most recently, U.S.-supplied P-8I maritime aircraft. New Delhi banned the use of certain Su-M30KI radars during the exercise to prevent the leakage of frequencies, a request made previously by Moscow ("AWACS: India Projects as Force Multiplier," Center for Land Warfare Studies , September 7, 2012; "India Bans Su-30MKI Fighters From Using Radars During 'Red Flag Nellis' Exercise," *Flight Global*, January 4, 2008).

hold off Americans flying older F-15Cs, and Indian successes were repeated versus U.S. F-16s in 2005 (in both cases the American pilots flew without their best weapons radars and air-to-air missiles). For Red Flag Nellis '08, India debuted its latest Su-30MKIs, pitting them against the new America F-22 *Raptor*.

Historically, the U.S. sale of frontline aircraft to friendly countries has provided the framework for close cooperation between Washington and its defense partners. According to one India analyst, from a strategic perspective, air force-to-air force cooperation is constrained by insufficient collaboration beyond traditional defense trade paradigms used by the U.S. Air Force.[31] In light of India's 2011 decision to not purchase U.S. fighter jets, alternative means of strengthening bilateral air force cooperation, including greater personnel exchanges, may need to be more energetically explored.[32]

Land

U.S.-Indian army cooperation is centered around the annual "Yudh Abhyas" ("training for war") exercise, conceived in 2001 and first held in 2004, marking the first joint conventional forces exercise for the United States and India in more than four decades. This exercise has since expanded from company-sized field training to battalion-level, live fire maneuvers, as well as brigade-level command post exercises.[33] Yudh Abhyas '12 saw three American tanks land on Indian soil for the first time ever, along with 200 armored personnel carriers.[34] The previous round, held in India in 2009, was the largest ever and included tanks, combat vehicles, anti-tank missiles, and UAVs. In 2010 during a Yudh Abhyas exercise held in Alaska, the U.S. army also trained visiting Indian forces on the Javelin anti-tank missiles system in which India has shown interest.[35] In general, the exercise focuses primarily on challenges of mutual concern such as counterinsurgency, counterterrorism, and peace-enforcement. Indian army units have also visited the United States for smaller scale exercises.[36]

U.S. and Indian special forces soldiers have held at least seven "Vajra Prahar" joint exercises focused on advanced rifle marksmanship, combat marksmanship, close-quarters combat, helicopter insertion, medical evacuation, combined mission planning, and scenario-based missions. Moreover, hundreds of U.S. Special Forces soldiers have attended India's Counter-Insurgency Jungle Warfare School.

[31] These revolve mainly around training programs that accompany deals for the purchase of frontline combat aircraft—a key element of sales to non-European allies such as Japan. Engagements around combat aircraft also facilitate better understandings of a purchasing state's strategic goals. The U.S. Air Force has notably less robust training programs for non-combat plans.

[32] Interview with Department of Defense official, Washington DC, August 2012.

[33] Pentagon Report to Congress, 2011, p4.

[34] http://www.defencenow.com/news/484/india-and-us-to-hold-various-military-drills-in-2012-beginning-with-yudh-abhyas.html

[35] For video of such training and myriad other aspects of Yudh Abhyas '10, see "Yudh Abhyas 2010: India-USA Annual Joint Army Exercise," a two-part video posted to YouTube at http://www.youtube.com/watch?v=b7fGTXyn108 and http://www.youtube.com/watch?v=_6w8SF-2nco.

[36] "India and US to Hold Various Military Drills in 2012 Beginning with 'Yudh Abhyas,'" DefenceNow.com, January 23, 2012.

Other Joint Exercises

In addition to the Varja Prahar exercises noted above, the special forces of both countries regularly participate in navy-, army-, and air force-sponsored exercises. Although there are no joint exercises exclusively involving the U.S. Marines, given India's lack of a direct counterpart, New Delhi's interest in developing the capabilities of its amphibious units has led to direct contact between the U.S. Marines and the Indian military through exercises held between other services. In addition, since 2010, company-sized "Shatrujeet" exercises have focused on exchanges in amphibious doctrine and exercises.[37] During the 2010 Habu Nag naval exercise, Indian military officers were able to observe coordination of U.S. Navy and Marine personnel on a forward-deployed U.S. amphibious assault ship. One Indian army colonel reportedly commented that his forces "had learned a lot about the U.S. Marine Corps and how they function and work with the naval element," adding that Indians aspire to learn how the Marines perform landings and facilitate more fluid interaction between their own naval and amphibious elements.[38] Also in 2010, the U.S. Pacific Command (PACOM) and the Indian Integrated Defense Staff (IDS) conducted the inaugural Joint Exercise India (JEI) tabletop exercise in Alaska. This bilateral multiservice exercise was the first of its kind and was seen as a significant step in U.S.-Indian military-to-military cooperation.[39]

The Logistics Support Agreement (LSA) and Military-to-Military Relations

Among the defense-related pacts Washington has sought to conclude with New Delhi is the Logistics Support Agreement (LSA), which would permit the armed forces of both countries to enjoy reciprocal use of facilities for maintenance, servicing, communications, refueling, and medical care. Such reciprocity has obvious implications for military-to-military cooperation, and some in Washington believe that relevant U.S.-Indian ties will be hamstrung in the absence of an LSA. However, New Delhi is wary of the LSA's provisions, which some there believe could lead to India's being entangled in U.S. military operations in the region.[40]

Indian sensitivities have led U.S. officials to downplay the LSA's importance in recent years. During his mid-2012 visit to India, Secretary of Defense Leon Panetta was asked if he had discussed the LSA (and two other outstanding defense agreements) in his meetings with senior Indian officials. The Secretary stated that there had been no such discussion and went on to offer his view that, while the United States and India "might not always agree with regards to the specific agreements that we're discussing," he did not see those disagreements "as barriers to improving our relationship with India."[41]

In the absence of a bilateral LSA, special exceptions have been made to provide for India's logistical support for U.S. operations. For example, during Operation Desert Shield/Storm in 1991, U.S. military aircraft were allowed to refuel in Mumbai. This, however, led to considerable domestic political uproar in India, threatening the stability of the incumbent government. Later, in the run-up to Operation Iraqi Freedom in 2003, India publicly stated that the refueling option for U.S. aircraft would not be repeated, reportedly preempting an official request by Washington.

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[37] 2011 Department of Defense "Report to Congress on U.S.-India Security Cooperation", November 2011.

[38] "Indian, US Navy Amphibious Training Exercise in East China Sea," Brahmand (online), October 5, 2010.

[39] "US-India Military Exercises Have Grown Dramatically: Pentagon," Brahmand (online), November 2, 2011.

[40] "US and India Urged to Complete Defense Cooperation Deals," *Jane's Defense Industry*, June 2, 2010.

[41] "Remarks by Secretary Panetta at the Institute for Defense Studies and Analyses in New Delhi, India," Pentagon transcript, June 6, 2012, at http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5054.

During the early stages of Operation Enduring Freedom in Afghanistan, India facilitated coalition ship repairs at its navy yards and naval port calls. It also provided an escort for coalition ships through the Malacca Straits and reportedly offered the United States use of its airbases and airspace in conducting operations (the U.S. alliance with Pakistan made this unnecessary).[42] In another instance of ad hoc logistics cooperation, during 2005-2006 tsunami relief efforts in the IOR, both the U.S. and Indian navies temporarily exchanged communications equipment so as to help coordinate their operations.[43] This trend toward operation-specific exceptions is likely to continue so long as no LSA is concluded.

Missile/Space Issues

India was among the first (and few) countries to welcome President Bush's mid-2001 call for continued development of ballistic missile defense (BMD) systems. Expanded dialogue on missile defense was among the four issue-areas of the Next Steps in Strategic Partnership framework for bilateral relations at the time, and the 2005 defense pact calls for expanded collaboration on BMD. India is among a handful of countries with an indigenous BMD research and development program; in May 2012, Indian researchers announced their readiness to launch the first phase of their tactical BMD system.[44] The United States remains willing to discuss potential sales to India of missile defense systems. While New Delhi did in 2005 and 2006 request and receive classified briefings on U.S.-Israeli coproduced Arrow and/or Patriot anti-missile systems for limited area use, the Ministry of Defense has not shown interest in procurements to date. Budgetary restrictions and a focus on indigenously developed systems are likely reasons for this.[45]

There remain no signs that bilateral engagement on BMD systems has moved beyond a nascent stage. During his mid-2012 visit to New Delhi, Deputy Secretary of Defense Carter reiterated the U.S. view that missile defense is an important area for potential collaboration in the future. He added, however, that "strategic decisions" on BMD—ostensibly to be made mainly in New Delhi—must precede technical discussions.[46] Some Indian commentary on missile defense has counseled against Indian purchases of U.S.-made systems, asserting that these are unlikely to be effective, could be overwhelmed by augmented Chinese and Pakistani missile inventories, and would only increase regional insecurities.[47]

U.S.-India cooperation on space issues has remained wholly within the civilian sphere. However, the issue of multilateral codes of conduct for use of space is an emerging security consideration.

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[42] "No Refueling Facility for U.S.: Fernandes," *Times of India* (Delhi), March 16, 2003; Mohan Malik, "High Hopes: India's Response to U.S. Security Policies," *Asian Affairs*, Summer 2003; "Navy Escort Mission to U.S. Still On," *Times of India* (Delhi), July 17, 2002.

[43] Interview with Indian defense analyst Balachandran Gopalan, Consulting Fellow, Institute of Defense Studies and Analysis (New Delhi), Washington DC, July 2012.

[44] "India Plans Deployment of Anti-Missile Defenses," *Jane's Missiles and Rockets*, May 18, 2012. See also Narayan Menon, "Ballistic Missile Defense System for India," *Indian Defense Review* (New Delhi), July 2012.

[45] Interviews with State Department official and Indian defense analyst, Washington, DC, October 2012.

[46] See Remarks by Deputy Secretary of Defense Carter to the Confederation of Indian Industry, New Delhi, July 23, 2012, at http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5084 .

[47] Mandavi Mehta and Teresita Schaffer, "India and the United States: Security Interests," Center for Strategic and International Studies *South Asia Monitor*, June 1, 2001; "US Willing to Talk to India About Supplying Missile Defense," Agence France Presse, June 16, 2005; "India Rules Out Accepting US Missile Defense System," Agence France Presse, July 5, 2005; Kartik Bommakanti, "A Theatre of Mistaken Missiles," *Indian Express* (Bombay), Mar. 11, 2005; Seema Sirohi, "Patriot Games," *Outlook* (Delhi), Dec.27, 2004.

The 1967 Outer Space Treaty, which includes India as a signatory, does not effectively address more recent developments in the militarization of space. At present, negotiations on use of space in the U.N. Conference on Disarmament appear to be stalled. China and Russia are pushing for an international agreement to ban space weapons. Their proposals do not include a ban on *ground-based* anti-satellite (ASAT) weapons, which both countries have tested. The European Union is also drafting a space code which is yet to be adopted by member states. One senior analyst suggests that Asian countries such as India and Japan would do best to play a more proactive role in shaping space-use codes, in particular to ensure that they are not "intrusive"—for example, by requiring states to establish national procedures that could constrain policy options—while at the same time establishing legally binding mechanisms to limit or curtail the deployment of weapons in space.[48] The codes under discussion have obvious relevance to the potential deployment of ASAT systems, which India reportedly intends to develop.[49]

Analysis

Overall, military-to-military ties between the United States and India are energetic and growing. Both armed forces are becoming increasingly familiar with their counterparts, while also expanding the scope of their cooperation. The two navies appear to be ahead of other services with regard to the depth and complexity of engagement. Challenges with the pace of military-to-military cooperation appear to involve an overarching disconnect between targets for engagement set through joint bilateral service workshops at the service level and the civilian Indian Ministry of Defense, which has come under criticism for cancelling scheduled exercises without providing adequate explanation.[50] Where possible, New Delhi remains partial to U.N.-endorsed multilateral initiatives over purely bilateral exercises with the United States. Nevertheless, cooperation over the past decade has encouraged professional relationships, varying levels of newfound familiarity across services, and increasing interoperability on common missions such as anti-piracy, counterterrorism, and disaster relief, among others. Although India is cautious not to project an alliance relationship by pursuing extensive interoperability with the U.S. military, the sustained interaction between U.S. and Indian armed forces appears to signal India's commitment to deepening the military-to-military relationship over the middle- and longer-term.

Bilateral Counterterrorism and Intelligence Cooperation

Along with military-to-military relations, another major facet of the emerging U.S.-India strategic partnership is greatly increased intelligence sharing and counterterrorism (CT) cooperation. Such engagement predates the September 2001 Al Qaeda attacks and in fact has taken place over a period of decades, but has become far more substantive and, in some respects, routinized in recent years. In 2000, the two governments established a U.S.-India Joint Working Group on Counterterrorism to coordinate bilateral efforts in this realm. In 2002, India and the United States launched the Indo-U.S. Cyber Security Forum to safeguard critical infrastructures from cyber attack. The 2005 "New Framework for the U.S.-India Defense Relationship" listed "defeating terrorism and violent religious extremism" as one of four key shared security interests, and it

[48] Rajeswari Rajagopalan, "Debate on Space Code of Conduct: An Indian Perspective," ORF Occasional Paper, October 2011. Rajagopalan further argues that if the United States throws its support behind the EU code or other space-use proposals, there may be mounting pressure on India to either adopt or reject the proposal without being in a position to influence the potential agreement.

[49] "India Developing Anti-Satellite Spacecraft," *Space News*, January 11, 2010; "India Developing Anti-Satellite Weapons," United Press International, April 23, 2012.

[50] "Ministry Called Off Indo-U.S. Naval Exercise," Brahmand (online), September 29, 2009.

called for a bolstering of mutual defense capabilities required for such a goal.[51] A bilateral Counterterrorism Cooperation Initiative was formally launched in 2010.[52]

CT cooperation is today described by the Obama Administration as a pillar of the bilateral relationship. Historic Indian distrust—rooted mostly in Washington's close engagement with Pakistan's security and intelligence services—has been ameliorated as the U.S. government increasingly concurs with Indian analyses of the terrorist threat posed by Pakistan-based groups and with Indian convictions that Pakistan's main intelligence service is a sponsor of anti-India terrorism and has been complicit in attacks on Indian soil.[53]

The United States and India both prioritize terrorism among the security threats facing their citizens and interests. Yet, at a tactical level, Washington and New Delhi have many times failed to coordinate their efforts, owing largely to their divergent geopolitical perspectives, as discussed above. Despite these constraints, some analysts suggest that U.S.-India CT cooperation is among the most resilient components of security cooperation between the two countries, one that is (barring any major unforeseen shifts) bound to grow steadily through diverse mechanisms and contexts for collaboration.[54]

The Historical Evolution of Counterterrorism Cooperation

Pre-9/11

The United States and India first engaged CT cooperation during the Cold War. Under the Reagan Administration, Indian intelligence personnel received training in dealing with hostage situations and aviation security. Apart from limited capacity-building exchanges, Washington took some steps to assist New Delhi with the Sikh insurgency in northern India during the 1980s. However, it was not until the mid-1990s that more U.S. support was provided on this front. In 1996, Washington banned fundraising activities of designated terrorist groups, among them two Sikh organizations operating in the United States. Many U.S. and Indian CT analysts contended that the full potential of bilateral cooperation on Sikh terrorism could not be realized due to the political influence of the Sikh community in the United States.[55]

Since the early 1990s, CT efforts have evolved as a natural conceptual arena for U.S.-India cooperation. Islamist terrorists began targeting U.S. citizens and interests shortly after the 1989 Soviet withdrawal from Afghanistan. Notable attacks include bombings of the World Trade

[51] This June 28, 2005, agreement was inked by Secretary of Defense Donald Rumsfeld and Indian Defense Minister Pranab Mukherjee in Washington, DC.

[52] The 2010 initiative, inter alia, provides for strengthening capabilities to effectively combat terrorism; promoting exchanges regarding modernization of techniques; sharing best practices on issues of mutual interest; developing investigative skills; promoting cooperation between forensic science laboratories; establishing procedures to provide mutual investigative assistance; enhancing capabilities to act against money laundering, counterfeit currency, and financing of terrorism; exchanging best practices on mass transit and rail security; increasing exchanges between Coast Guards and Navy on maritime security; exchanging experience and expertise on port and border security; and enhancing liaison and training between specialist Counter Terrorism Units including National Security Guard with their U.S. counterparts (see "U.S.-India Sign Counter Terrorism Cooperation Initiative," Indian Embassy—Washington DC, July 23, 2012, at http://www.indianembassy.org/prdetail1560/-india-us-sign-counter-terrorism-cooperation-initiative-).

[53] Interview with State Department official, Washington DC, June 2012.

[54] Interview with U.S.-India counterterrorism cooperation analyst, June 2012.

[55] See B. Raman, "Agenda for Obama's Visit: Counter-Terrorism," Raman's Terrorism Analysis Blog, October 19, 2010; Polly Nayak, "Prospects for US-India Counter-Terrorism Cooperation: An Historical Perspective," in *Counter-Terrorism in South Asia*, Observer Research Foundation, 2011.

Center in 1993, U.S. Embassies in Kenya and Tanzania in 1998, and on the USS *Cole* in 2000. U.S. and Indian counterterrorism officials cooperated closely in addressing the 1995 kidnapping of two American tourists in Kashmir. In 1997, Washington and New Delhi signed a landmark U.S.-India extradition treaty, which led to the U.S. extradition of Sikh militants wanted in India. However, just as joint CT efforts were beginning to gain momentum, the 1998 sanctions on India abruptly ended contacts between the countries' respective counterterrorism establishments, and also curtailed the sale of U.S. counterterrorism equipment to India.[56] The sanctions did not, however, prevent the two governments from establishing a Joint Working Group on Counterterrorism in 2000.

Post-9/11

The 9/11 attacks simultaneously posed the first test of and opportunity for deepening U.S.-India CT cooperation. On the one hand, the attacks brought into stark relief the clearly common security interests and vulnerabilities that Washington and New Delhi shared. On the other hand, Pakistan reemerged as a key geopolitical facilitator of militarized U.S. policies in Afghanistan. Islamabad had more immediate benefits to offer the United States and it, too, pivoted (under pressure) toward cooperating with Washington, albeit with arguably less pure motives.

The key question in New Delhi was which geostrategic facilitator the Americans would choose. Early signals emanating from both Washington and New Delhi suggested that India was well positioned for the role; India's was the first government to offer unconditional support to the United States in dealing with the Afghan Taliban and their Al Qaeda allies. New Delhi offered intelligence on terrorist networks, over-flight rights, refueling and repair of U.S. military aircraft, port facilities in Mumbai and Cochin for U.S. naval vessels, and search-and-rescue missions.[57] President Bush and then-Prime Minister Atal Vajpayee immediately began regular telephone consultations. Yet within days it became clear that a renewed U.S. embrace of Pakistan—and its military regime with a record of supporting Islamist militant groups—was unfolding.

New Delhi was frustrated by this development, but there was no lack of understanding Washington's motives. As India's discomfort diffused, the two governments pushed ahead with building their own bilateral CT ties. Some early milestones included the October 2001 signing of a U.S.-India Mutual Legal Assistance Treaty, which provides certain legal privileges related to terrorism-related investigations.[58] Months later, a new U.S.-India Cyber Security Forum was established to safeguard critical infrastructures from cyber attack. In mid-2004, a senior-level U.S. Army delegation visited India's 15 Corps Battle School (CBS) in India's Jammu and Kashmir state with an interest in adopting new training techniques on anti-militancy and unconventional operations for U.S. troops being deployed to Iraq. CT cooperation also expanded to include mutual maritime security efforts for ports and container vessels, as well as the prevention of WMD terrorism.[59]

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[56] Polly Nayak, "Prospects for US-India Counter-Terrorism Cooperation: An Historical Perspective," in *Counter-Terrorism in South Asia*, Observer Research Foundation, 2011.

[57] Mohan Malik, "High Hopes: India's Response to U.S. Security Policies," *Asian Affairs*, Summer 2003.

[58] Specifically, it includes access to testimony, statements, documents, records and items of evidence; locating or identifying persons or items; serving documents, transferring persons in custody for testimony or other purposes; executing requests for searches and seizures, assistance in proceedings related to seizure and forfeiture of asset, restitution, collection of fines (October 3, 2005, Indian Embassy release at http://www.indianembassy.org/prdetail1048/%09-mutual-legal-assistance-treaty-between-india-and-us-comes-into-force).

[59] See Polly Nayak, "Prospects for US-India Counter-Terrorism Cooperation:An Historical Perspective," in *Counter-Terrorism in South Asia*, Observer Research Foundation, 2011; B. Raman, "Agenda for Obama's Visit: Counter-Terrorism," Raman's Terrorism Analysis Blog, October 19, 2010.

As noted above, the landmark 2005 "framework" for the U.S.-India defense relationship made prominent mention of terrorism as a shared threat. Bilateral initiatives since then have included exchanges of law enforcement best practices, reciprocal visits of senior-level officials, joint military training exercises, and joint approaches in relevant international fora. The FBI's Quantico laboratory has hosted numerous visits by senior Indian forensics experts, and the agency regularly shares best-practices with senior Indian law enforcement officials. The State Department's Anti-Terrorism Assistance (ATA) Country Assistance Plan for India emphasizes critical incident response; post-incident investigation; human rights; border security; international threat finance; extradition and prosecution; and the protection of critical infrastructure, including port, rail, and airport security as strategic objectives. Through the ATA program, State has conducted scores of training courses for more than 2,000 Indian law enforcement officials to date and plans as many as two dozen more for 2013. ATA objectives in India focus on building capacity in critical incident management, infrastructure security, and investigations, as well as promoting Indian law enforcement participation in regional counter-terrorism cooperation.[60]

Beyond counterterrorism seminars and training, CIA and FBI personnel have worked in India to help with investigations of terrorist attacks, including a major 2006 bombing in Mumbai, as well as the 2008 attack on the same city. The FBI reported having unprecedented access to evidence and intelligence following the latter incident, interviewing some 70 individuals, including the only surviving attacker, Ajmal Kasab.[61] U.S. know-how in preserving and analyzing forensic evidence was also shared with Indian intelligence officials.[62] FBI forensics experts later provided in-person testimony to the Indian court trying Kasab.

The United States and India are also gradually overcoming institutional obstacles to the provision of access to legal detainees. In 2010, after considerable delays that frustrated the Indians, the U.S. Department of Justice granted Indian investigators access to David Headley, an American national of Pakistani descent who had confessed to participating in planning the 2008 Mumbai assault. Then-U.S. Ambassador to India Tim Roemer identified the development as "historic in the nature of security cooperation" and expressed optimism about multiple U.S.-India partnerships in this area.[63] Despite such progress, bureaucratic and political sensitivities have tended to hamper the development of more fluid cooperation. As an example, during the 2012

[60] E-mail communication with State Department official, November 2012. See also "Evaluation of the Antiterrorism Assistance Program for Countries Under the Bureaus of Near Eastern Affairs and South and Central Asian Affairs," United States Department of State and the Broadcasting Board of Governors Office of Inspector General Report Number AUD/MERO-12-29, April 2012; "Counterterrorism Cooperation" in "The U.S.-India Partnership: The Fact Sheets," White House release, November 8, 2010. In 2011, the city of Los Angeles hosted a U.S.-India Counterterrorism Seminar jointly sponsored by the U.S. Federal Bureau of Investigation and the Indian Home Ministry. Senior law enforcement officials from both countries, including 39 Indian police executives from 29 state and federal agencies across India, discussed such topics as crisis response, forensics, and megacity policing (U.S. Embassy press release, April 25, 2011).

[61] Lisa Curtis, "U.S.-India Counterterrorism Cooperation: Deepening the Partnership," Testimony before the House Foreign Affairs Subcommittee on Terrorism, Nonproliferation , and Trade, September 14, 2011.

[62] Interview with South Asia terrorism analyst, June 2012.

[63] See the Ambassador's June 10, 2010, statement at http://newdelhi.usembassy.gov/pr061110.html. Lingering distrust of the United States—and its close relationship with Pakistan's military and intelligence services—became evident after it was learned that U.S. officials had received prior warnings about LeT intentions to attack Mumbai from Headley's former wives. U.S. officials denied that any useful intelligence information had been withheld from India, but some observers remained skeptical ("U.S. Didn't Warn India Despite 'Information & Concerns,'" *Hindu* (Chennai), October 20, 2010).

Strategic Dialogue, Indian External Affairs Minister Krishna raised the issue of India's interest in further access to suspects involved in the Mumbai attacks who are in U.S. custody.[64]

While on his late 2010 visit to India, President Obama inaugurated the new Homeland Security Dialogue between the U.S. Department for Homeland Security and the Indian Ministry of Home Affairs. This initiative replaced the Joint Working Group on Counterterrorism begun a decade earlier. Homeland Security Secretary Janet Napolitano subsequently traveled to India in mid-2011 and met with then-Indian Home Minister P. Chidambaram, as well as representatives of private industry, in an effort to promote bilateral counterterrorism and law enforcement cooperation. Agency-to-agency engagements are being fostered on a wide array of relevant issues, including counternarcotics, counterfeit currency, illicit financing and transnational crime, infrastructure security, transportation and trade, coastal security, and large-city policing.[65] Later in the year, the United States further signaled its commitment to supporting India's counter-terrorism efforts by formally designating the Indian Mujahideen, an India-based militant group with links to Pakistan, as a Foreign Terrorist Organization.[66]

As of mid-2012, the State Department was reporting that air and sea port, and law enforcement exchange visits to multiple cities in the United States and India have taken place under this initiative. The goal is to share best practices, training, tactics, techniques, and procedures to address terrorist threats. Through the State Department's Anti-Terrorism Assistance programs, courses ranging from bomb blast investigation, critical incident management, and tactical commanders training to cyber investigations and forensics were conducted throughout 2011 and into 2012. Recent meetings on cyber security cooperation discussed the establishment of international norms in cyberspace, as well as internet governance. The State Department further offers that robust operational cooperation continues between the U.S. Computer Emergency Readiness Team (U.S.-CERT) and India's Computer Emergency Response Team (CERT-IN).[67]

Analysis

Bilateral CT and intelligence cooperation is now recognized in Washington and New Delhi as an area ripe with potentially huge dividends to be realized for both countries. Unprecedented successes have been achieved post-2001 and more are expected. Yet constraints and obstacles are not insignificant. Despite progress and deepened bilateral engagement, there appears to be an asymmetry in the willingness of the two governments to move forward: Washington wants more cooperation from India and is willing to give more in return, but officials in New Delhi remain hesitant and their aspirations are more modest.

Serious structural impediments to future cooperation also exist in the view of observers in both countries. Chief among these is the fact that, in India, state governments are the primary domestic security actors and there is no effective national-level body with which the U.S. government can engage and coordinate. This authority of individual state governments in maintaining security within their borders further complicates the central government's plans for and progress in

[64] "Remarks With Indian Foreign Minister S.M. Krishna After Their Meeting," June 13, 2012, State Department transcript at http://www.state.gov/secretary/rm/2012/06/192269.htm.

[65] U.S. Embassy press release, May 24, 2011; Indian External Affairs Ministry release, May 27, 2011.

[66] See "Terrorist Designations of the Indian Mujahideen," State Department release, September 15, 2011, at http://www.state.gov/r/pa/prs/ps/2011/09/172442.htm.

[67] See "U.S.-India Bilateral Security and Regional Cooperation," State Department Fact Sheet, June 13, 2012, at http://www.state.gov/r/pa/prs/ps/2012/06/192272.htm.

reform.[68] India's difficulties with reforming its counterterrorism establishment, and its acute sensitivities about exposing its intelligence structures to foreign governments, pose another significant obstacle to more robust U.S.-India cooperation in the near-term.[69]

India is struggling with the institutional reform of its federal counterterrorism apparatus. Recent efforts to reorganize all CT agencies under a new National Counter-Terrorism Center (NCTC) have resulted in entrenched infighting among various agencies. Indian proponents of the creation of an NCTC modeled on the one in the United States became more vocal in 2012, but some observers argue that the U.S. model is unsuited to the Indian context. Then-Home Minister Chidambaram's NCTC proposal was met with opposition primarily because, in its most recent incarnation, the agency would be part of India's Intelligence Bureau (and thus not an independent institution). It would also be granted powers of arrest without prior knowledge of state law enforcement agencies (in most democracies, intelligence agencies do not possess such powers).[70]

One longtime analyst contends that a focus on establishing new national-level security institutions misdirects India's limited capabilities and resources, especially when they are to be modeled on those of a country (the United States) that has access to much greater resources and faces a differing threat environment.[71] This observer has called the proposed Indian NCTC "an ill-conceived, redundant and derivative vanity project which aspires to imitate its namesake in the United States without the strength, the sinews, the resources, or the constitutional context that would make such aspirations attainable."[72]

Some commentators contend that cooperation has continued to fail to meet its full potential on account of one crucial third state actor of common interest: Pakistan. There is a sense among many in New Delhi that the United States has yet to adequately assure India that its counterterrorism interests will not be undermined by Washington's relationship with Pakistan.[73] By some accounts, U.S. credibility has suffered to the extent that Washington has demonstrated neither sufficient energy nor seriousness in pressuring Pakistan to arrest and convict anti-India militants, including those accused for the 2008 Mumbai attack.[74]

As is the case in other areas of cooperation, many counterterrorism experts urge a revision of Washington's and New Delhi's respective expectations in the CT realm so as to establish more realistic goals for both countries. These analysts contend that, so long as the United States and India do not share compatible threat perceptions, CT cooperation will remain limited. There is a further broad sense among both U.S. officials and Indian observers that current efforts to build trust around this issue are genuine, albeit halting. Intelligence sharing remains ad hoc and sporadic, but at the same time is sustained and supported by both sides. Most analysts point to the 2008 Mumbai terrorist attacks as a significant milestone in bilateral CT cooperation, offering both more motivation and more space for collaboration. These same analysts are also quick to point out the persistent constraints, many of which entail non-strategic considerations.

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[68] Interview with former U.S. intelligence official, June 2012. Article 246 of the Indian Constitution places the police, public order, courts, and prisons in the "State List," which means state legislatures have exclusive powers to make relevant laws.

[69] Interviews with former U.S. intelligence officials and South Asia counterterrorism analysts June and July 2012.

[70] See B. Raman, "The NCTC Controversy," *Outloook* (Delhi), March 5, 2012.

[71] E-mail communication with Institute for Conflict Management Executive Director Ajai Sahni, March 2012.

[72] Ajai Sahni, "National Confusion on Terror By Center," *Outlook* (Delhi), March 1, 2012.

[73] Lisa Curtis, "U.S.-India Counterterrorism Cooperation: Deepening the Partnership," Testimony before House Foreign Affairs Subcommittee on Terrorism, Nonproliferation , and Trade, September 14, 2011.

[74] Interviews with former U.S. intelligence officials and South Asia counterterrorism analysts June and July 2012.

These general points are consistently raised by close followers of this aspect of the U.S.-India partnership. For example, during 2011 testimony before a House panel, one U.S. expert listed what he sees as five key challenges to future U.S.-India CT cooperation: (1) *Suboptimal alignment of U.S. and Indian bureaucracies*, resulting in poor interagency communication and coordination in both countries, and a lack of clarity about issue-area responsibilities; (2) *India's limited bureaucratic capacity* and its highly centralized and often opaque decision making processes; (3) *primary law enforcement role of Indian states*; (4) sometimes *divergent views of the terrorist threat* itself, related primarily to differing perceptions on the role played by Pakistan; and (5) *Indian doubts about the U.S. commitment* to CT cooperation due to perceptions that Washington's conduct is not always fully transparent.[75]

Assisting with the equipping and training of tactical-level India security personnel is an area ripe for the United States. In the words of one New Delhi authority, "The Indian security-intelligence complex is, in its greatest part, extremely antiquated, and virtually every segment can be improved by external inputs." In short, this entails "outfitting the fighting man," and "short term programs, preferably offered in India and designed to result in the development of specific skills and capabilities across the intelligence-policing spectrum, would be of tremendous use."[76]

Another leading Indian nongovernmental expert asserts that Indian law enforcement agencies face many debilitating problems, some of which offer fruitful potential areas for closer U.S.-India collaboration. India's police forces are widely seen as being woefully ill-prepared to deal with CT work, even four years after the devastating Mumbai attack. The poor forensic capabilities of Indian law enforcement seriously hinder CT investigations. India has no national training center for rank-and-file officers (the National Police Academy in Hyderabad trains upper management only); establishment of a national police training center could significantly strengthen police capabilities. Lower-ranking Indian police officers often have the best "ground knowledge" of the working of extremist groups, but this knowledge is rarely transmitted through the mostly high-level U.S.-India CT cooperation seen to date. The U.S. government is considered well poised to provide assistance in each of these areas. Moreover, while many Indian police officers receive training in the United States, few return to training positions in India, meaning much of the imparted knowledge fails to be disseminated in the Indian system.[77]

Two additional obstacles include Indian sensitivity to exposing its intelligence personnel to the United States and fears of being treated as a junior partner. The former concerns are closely linked to instances of apparent U.S. efforts to recruit intelligence assets inside India's own institutions.[78] With regard to the latter concerns, one American counterterrorism analyst noted that each conversation with Indian counterterrorism officials is begun ritualistically with an

[75] This analyst recommends a streamlining of bilateral working groups and bureaucracies; a separation of maritime and coastal security from overall CT efforts; increased and consistent U.S. pressure on Islamabad to dismantle the Pakistan-based Lashkar-e-Taiba terrorist group; intensified intelligence dialogue on Afghanistan; and a hardening of the Indian periphery aimed at curtailing terrorist group transit, money laundering, and recruitment (Statement of Dr. Sahibzada Amer Latif before the House Committee on Foreign Affairs Subcommittee on Terrorism, Nonproliferation, and Trade, September 14, 2011).

[76] E-mail communication with Institute for Conflict Management Executive Director Ajai Sahni, May 2012.

[77] E-mail communication with Indian terrorism analyst Praveen Swami, National Bureau Chief at *The Hindu*, March and October 2012.

[78] There are numerous reports of India's foreign intelligence agency, the Research and Analysis Wing (RAW), being compromised by U.S. and other country agencies. By one account, New Delhi limits agency-to-agency contacts with the U.S. Central Intelligence Agency due to fears of Americans recruiting Indian intelligence operatives (see Ranjit Bhushan, "The Vanished Spies," *Outlook* (Delhi), August 2, 2004; Prem Mahadevan, *The Politics of Counterterrorism in India: Strategic Intelligence and National Security in South Asia* (London: I.B. Tauris, 2012)).

acknowledgement that both sides have much to learn from each other. The intention here is to convey a message of peer engagement. Some Indian analysts are not hesitant to point out that U.S. counterterrorism and counterinsurgency efforts at home and abroad have been less than stellar and fraught with controversy. Examples offered include the "accidental" arrests of the so-called shoe bomber and underwear bomber, warrantless domestic surveillance, and, of course, years-long insurgencies in Iraq and Afghanistan, among others. Whether or not such critiques are justified or tell the whole story, this narrative can form the basis of an argument that the United States is poorly positioned to claim superiority in the CT realm. For its part, New Delhi's own domestic efforts have realized some modest successes—in Kashmir, northeastern states, and against Maoist rebels and terrorist plotters—despite the many acknowledged weaknesses in Indian capabilities and effectiveness.[79]

A significant number of analysts, however, express broad satisfaction with the progress of the relationship, even bearing in mind significant constraints and instances of back-sliding. These observers argue that, in light of continuing geopolitical complexities and decades of mistrust between the two governments, reservations should be allowed to thaw gradually and expectations should be kept realistic. At present, the most optimistic observers counsel avoidance of any "rush" to develop this CT and intelligence relationship, and they view the leverage of tactical gains in the short term as best for trust-building, with a secondary focus on the alignment of broad strategic agendas that may never fully match.

Bilateral Defense Trade

The issue of U.S. arms sales to India has taken a much higher profile in the new century.[80] New Delhi is undertaking a major military modernization program, with plans to spend some $100 billion over the 7-10 years to update its mostly Soviet-era arsenal.[81] U.S. weapons makers are eager to gain a slice of this lucrative pie, and American companies also see in India a potentially huge new market for sophisticated equipment such as surveillance and detection systems. Increased defense trade may be a means of reviving and/or sustaining what some have perceived as stagnant U.S.-India relations.[82] Still, many Indians continue to be wary of closer defense ties with the United States and are concerned that these could lead to future strings, such as conditionality and/or cutoffs, and perhaps constrain New Delhi's foreign policy freedom in times of conflict.[83] Nevertheless, the value of new and unprecedented major defense sales to India has continued to grow—some $8 billion in deals since 2001—with the United States now offering to sell India some of its most sophisticated military hardware.[84] However, Indian defense purchases

[79] Interview with South Asia counterterrorism analyst, June 19, 2012.

[80] For a review of Congress's role in the U.S. defense trade process, see CRS Report RL31675, *Arms Sales: Congressional Review Process*, by Paul K. Kerr.

[81] "India to Focus Resources on Naval Operations," *Defense News*, October 24, 2012.

[82] Sunil Dasgupta and Stephen Cohen, "Arms Sales for India: How Military Trade Could Energize U.S.-India Relations," *Foreign Affairs*, March 2011.

[83] In an unusually open expression of frustration with the United States in this realm, India's Army Chief in 2010 informed his Defense Ministry that the U.S. Foreign Military Sales program had proven troublesome for India ("Army Chief Warns Against Govt-to-Govt Deals With US," *Times of India* (Delhi), May 25, 2010).

[84] For example, in a 2011 report (S.Rept. 112-26), the Senate Armed Services Committee raised the idea of potential future sales to India of the F-35 Joint Strike Fighter (JSF), as well as a potential U.S.-India co-development partnership on other weapons systems, perhaps to include the anticipated program to replace the U.S. Air Force's T-38 trainer jet. The Pentagon later indicated its willingness to provide information on the JSF "to support India's future planning," as well as its "unambiguous intent to pursue cooperative opportunities on increasingly sophisticated systems."

from the United States represent only a small percentage of the country's overall purchases over the past decade.[85] A listing of major arms transfers over the past decade is found in **Table 1**.

Table 1. Major U.S. Defense Sales to India Since 2001

Weapon Designation	Weapon Description	Number Ordered	Price/Sale route	Year(s) of Deliveries/Status
AN/TPQ-37 Firefinder	Arty locating radar	8	Part of $142-190 million deal; Foreign Military Sale (FMS)[a]	2006
AN/TPQ-37 Firefinder	Arty locating radar	4	Part of $142-190 million deal; FMS	2006-2007
LM-2500	Gas turbine for 1 Vikrant (IAC or Project-71) aircraft carrier produced in India	4	N/A	N/A
F404	Turbofan for Tejas (LCA) combat aircraft produced in India	17	$105 million	N/A
Austin	AALS (Ex-USS Trenton – Indian designation INS Jalashwa)	1	$48 million; FMS[b]	2007
S-61/H-3A Sea King	Helicopter	6	$39 million; FMS[c]	2007
C-130J-30 Hercules	Transport aircraft (for Indian special forces)	6	$962 million	2010-2011 (ahead of schedule)
CBU-97 SFW	Guided bomb	512	$258 million	N/A
RGM-84L Harpoon-2	Anti-ship MI/SSM	20	$170 million; FMS[d]	N/A
C-130J-30 Hercules	Transport aircraft (for Indian special forces)	6	Approx. $1 billion; FMS[e]	N/A
C-17A Globemaster-3	Transport aircraft	10	$4.1 billion	2013-2014/15
Mk-54 MAKO	ASW torpedo (for Boeing P8-I)	32	$86 m deal	Contract not yet signed
P-8A Poseidon (P8-I version)	ASW aircraft	8	$2 billion deal (offsets 30% incl); FMS	By 2015
F414	Turbofan (for Tejas (LCA) combat aircraft produced in India)	99	$800 million	N/A

[85] According to data presented in a 2012 CSIS report, purchases from the United States accounted for only 2% of all Indian defense import volume for the period 2001-2011. Russia supplied fully 77% during this period and the second-ranked defense exporter to India—Israel—accounted for 5% (S. Amer Latif, "U.S.-India Defense Trade: Opportunities for Deepening the Partnership," Center for Strategic and International Studies, June 2012).

Weapon Designation	Weapon Description	Number Ordered	Price/Sale route	Year(s) of Deliveries/Status
BAE Systems M777 155 mm/39 caliber lightweight howitzers (LWH)[f]	Artillery (for Indian Army)	145	$647 million; FMS	Contract expected to be signed by 2013
Boeing AH-64D Apache Longbow[g]	Attack helicopters incl. Ordnance in the form of 812 AGM-114L-3 Longbow Hellfire and 542 AGM-114R-3 Hellfire II air-to-surface missiles and 245 Stinger Block I-92H air-to-air missiles	22	$1.2 billion	Contract not yet signed
Boeing CH-47F Chinook[h]	Heavy lift helicopters	15	NA; FMS	MOD set to open price negotiations

Source: Stockholm International Peace Research Institute Arms Transfers Database, 2001-2011, unless footnoted.

a. "India's Military Expresses Doubts over FMS Acquisition Route," *Jane's Defense Weekly*, June 4, 2010.

b. Interview with U.S. Department of Defense official, August 2012.

c. "India's Military Expresses Doubts over FMS Acquisition Route," *Jane's Defense Weekly*, June 4, 2010.

d. According to Jane's International, since 2009 India has spent an estimated $370 million on 45 Harpoon Block II over-the-horizon missiles under two separate contracts via the FMS program, 21 missiles for its eight Boeing P-8I Neptune maritime patrol aircraft and 24 for Sepecat Jaguar IM combat aircraft operated by the Indian Air Force. ("India to Fit Harpoons to Shishumar-Class Subs," *Jane's Navy International*, June 25, 2012.)

e. "US Accepts India's Request for Supplying 6 More C-130J Planes," *Economic Times* (Mumbai), July 20, 2012.

f. "India Approves License Building of Bofors Howitzers," *Jane's Defense Weekly*, October 2, 2012.

g. "India Poised to Order AH-64D Apaches," *Jane's Defense Weekly*, August 22, 2012.

h. "India Opts for Chinook in Heavy-Lift Helo Contest," *Jane's Defense Weekly*, October 29, 2012.

The 2005 New Framework for Defense Cooperation was the first step to promote sustained defense trade between the United States and India. Yet efforts to realize the perceived geostrategic benefits, as well immense business potential, of opening a significant new defense trade pipeline from the world's largest arms exporter (the United States) to the world largest arms importer (India) are complicated by myriad legal, political, strategic, historical, and bureaucratic obstacles.[86]

Defense trade in the United States and India appears guided by certain distinct considerations in each country. Arms sales by private U.S. firms to foreign countries are heavily regulated by Washington's strategic and national security calculations.[87] Within these broader constraints,

[86] See CRS Report R42678, *Conventional Arms Transfers to Developing Nations, 2004-2011* , by Richard F. Grimmett and Paul K. Kerr.

[87] According to the Arms Export Control Act 22 U.S.C. 2754, "Defense articles and defense services shall be sold or leased by the United States Government ... to friendly countries solely for internal security, for legitimate self-defense,

Washington seeks to improve bilateral military-to-military relations by enhancing "interoperability" through *shared* defense platforms. Interoperability allows friendly militaries to better understand one another's operational capabilities, increase military-to-military contact through training and information exchanges on equipment usage and tactics, and communicate with greater ease on the ground. Similar equipment can also provide the basis for broader doctrine and strategic discussions on the deployment of particular systems and act as a force multiplier making cooperation among militaries seamless.[88] The United States is also intent on protecting its most advanced defense technology from being acquired by competitors, especially rivals such as Russia and China. In contrast to other major defense exporters to India for which profit expectations tend to be primary defense sale considerations (for example, Russia and France), defense trade calculations in the United States are more deeply embedded in the country's strategic outlook.

Indian defense imports are influenced by more immediate considerations: protecting the country's foreign policy autonomy, enhancing its power projection capabilities, cost, and poor procurement procedures. Foreign policy autonomy, a top priority among New Delhi's defense import considerations, involves procuring reliable defense platforms that are not subject to stringent end-user requirements that can limit the country's operational decisions. India has displayed a long-standing aversion to signing paperwork or agreements that it "perceives will impinge on its sovereignty."[89] More recently, India has stepped up efforts to increase its strategic autonomy by focusing on its domestic defense production capabilities. In 2011, India instituted the Defense Production Policy, which focuses heavily on boosting domestic production through co-production with foreign defense firms.

As New Delhi safeguards its autonomy, it is simultaneously attempting to build an arsenal that affords it a reliable land, air and sea based defensive posture. This has led India to seek advanced platforms and technologies that are possessed by major military powers. Despite the country's desire to acquire and produce world-class systems, India's budget tends to prioritize pressing domestic development related allocations over defense. Therefore, low cost, formalized through the "L1," or lowest bidder, system is an important factor in determining the country's foreign defense procurements. A weak, disorganized, and too often corrupt procurement process adds yet another layer of complexity to India's defense trade decisions.

Outstanding Defense Agreements and End-Use Monitoring[90]

Washington's eagerness to pursue advanced technology defense sales to India is no doubt welcome in New Delhi, but is also met with circumspection. Commonly topping the list of concerns offered by observers are U.S. interoperability and technology protection agreements that some Indian officials believe would erode their country's foreign policy autonomy. In particular, Washington's inability to win Indian accession to two major interoperability agreements—the Communication Interoperability and Security Memorandum of Agreement (CISMOA) and the

for preventing or hindering the proliferation of weapons of mass destruction and of the means of delivering such weapons, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations ... or for the purpose of enabling foreign military forces in less developed friendly countries to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries."

[88] S. Amer Latif, "U.S.-India Defense Trade: Opportunities for Deepening the Partnership," Center for Strategic and International Studies, June 2012.

[89] Ibid.

[90] See also CRS Report R41916, *The U.S. Export Control System and the President's Reform Initiative*, by Ian F. Fergusson and Paul K. Kerr.

Basic Cooperation and Exchange Agreement (BECA) for Geospatial Cooperation—and its as yet unsuccessful campaign to obtain New Delhi's fullest cooperation on End-Use Monitoring (EUM) of defense sales—have limited the types of advanced technology the United States will share.

The CISMOA and BECA

In short, the CISMOA and BECA agreements allow the transfer of advanced U.S. communication and guidance technologies to signatory states. These technologies can include satellite navigation, secure communications equipment, and synchronized laser guidance systems, among other unique American know-how used by the U.S. military. Specifically, the CISMOA requires purchasers of U.S. defense equipment to ensure that equipment supplied is compatible with other American systems. The BECA provides for mutual logistical support and enables exchanges of communications and related equipment. Washington's efforts to bring the Indians on board with these two pacts have met with considerable resistance.

New Delhi has, in fact, forgone acquisition of some advanced U.S. technologies in recent procurements such as the C-130J and P-8I, in part because officials there shy away from entering into any agreements with the United States that could signal a nascent defense alliance. The relatively high visibility of the CISMOA and BECA issue diminished following the delivery of the first C130-J *Hercules* in early 2011, and American officials have since that time refrained from raising the issue in bilateral meetings. Senior Indian air force officials reportedly contend that their lack of the restricted equipment has not made a significant difference to IAF operational capabilities. India of course has the option of purchasing similar, if less advanced equipment from third countries without signing these kinds of agreements. As noted above, the Obama Administration has expressed a view that failure to bring India on board with these agreements does not necessarily hinder bilateral military-to-military relations.[91]

End-Use Monitoring

While CISMOA and BECA are required by U.S. law for the sale of certain high technology equipment, End-Use Monitoring agreements (EUMAs) and Enhanced End-Use Monitoring Agreements (EEUMAs) are mandated by the Arms Export Control Act 22 U.S.C. 2785 for the sale of any and all U.S. defense articles and services. In 2009, EUMA negotiations with India overcame a major obstacle and both governments publically agreed on the mandatory requirement of EUM and EEUM agreements with the sale of defense items.[92] Until that time, customized EUMAs were included with each defense sale to India, as both countries were unable

[91] "Remarks by U.S. Secretary of Defense Leon Panetta at the Institute for Defense Studies and Analyses in New Delhi, India," Pentagon transcript, June 6, 2012, at http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5054.

[92] The negotiations on EUMA status with India were reportedly spurred by a request for EEUMA inspections of LAIRCM equipment on Boeing aircraft purchased for Indian dignitaries, and night vision devices (NVDs) transferred to the Indians with the former USS *Trenton*. With regard to aircraft, leaked U.S. diplomatic cables reportedly showed that when the United States approached India to conduct a first set of inspections, the respective EEUM was renegotiated and reworded to satisfy Indian sensitivities and while fulfilling U.S. requirements. In the case of USS *Trenton*, the NVDs were not intended for transfer, but when accidentally found on the ship at the last minute were included without what appears to have been adequate clarity on a proper EEUMA with India. Subsequently, India is said to have refused to allow U.S. personnel to inspect the NVDs on-site. These incidences spurred extensive negotiations over a two-year period, and these led to the widely publicized 2009 EUMA. That agreement, which is classified, is said to accommodate India's sensitivities about on-sight inspections, apart from addressing other concerns held by both sides. The 2009 EUMA appears to function as an overarching framework guiding future agreements that are tailored before inclusion with each relevant defense sale ("How India Blinked on U.S. Inspections of P.M.'s Jet," *Hindu* (Chennai), May11, 2011; interviews with Pentagon and State Department officials, June and July 2012).

to reach an overarching agreement. For example, the EUMA signed for Boeing business jets purchased to transport the Indian Prime Minister and President stipulated that certain defense articles would be detached from the plane and inspected separately if the need arose. While the final 2009 EUMA has not been made public, the solution reportedly allows for the United States and India to predetermine the timing and location of inspections, therefore restricting access of U.S. inspectors to Indian forward operating positions, and so ameliorating a key Indian concern.[93] The EUMA's "customization" is symbolic of an emergent trend in U.S.-India defense relations, with increasing realization from both parties that, for the time being, solutions may most easily be found in such special arrangements.

Since 2009, it appears that EUMA and EEUMA inspections have been conducted. EUMA checks, mostly conducted through the State Department's Blue Lantern program, are gradually being regularized. EUMA inspections on India reportedly average a response time much greater than the estimated worldwide average of 45 days, a matter of some frustration for processing officials.[94] In the case of EEUMA checks, primarily handled by the Pentagon's Golden Sentry program, some inspections reportedly have taken place and, barring the USS *Trenton* incident (see footnote 91), cooperation and trust in this area appears to be strengthening, albeit gradually. At this early stage, levels of flexibility are being tested by both parties.

The limitations on the sale of advance technology arms sales posed by the EUMA seem to be identified with each proposal and sale. For example, India reportedly has turned down the purchase of U.S.-made Javelin anti-tank missiles in a sale that would come with a co-production offer. Instead, New Delhi is said to have chosen to acquire similar equipment from another country, citing a considerably lower price and the absence of EEUMA requirements as deciding factors.[95] While the signing of the 2009 EUMA constituted an important step for defense trade between the two countries, end-use monitoring will most likely remain an important factor in India's acquisition of defense items from the United States, significantly complicating the task of encouraging high-end sales to India.

The Greater Trust Deficit

Since the mid-1980s, India has consistently expressed interest in access to U.S. high-technology goods. U.S. restrictions on the sale of sensitive dual-use equipment to non-NPT signatories (including India), and Washington's 1998 sanctions against New Delhi, curtailed any meaningful technology sharing between the two countries.[96] The 2005 defense partnership agreement and

[93] Brahma Chellaney, "Factsheet on U.S-India Accord on End-Use Monitoring," *India Abroad*, July 31, 2009.

[94] Interview with U.S. government officials, September 2012.

[95] Ibid. Nevertheless, since 2009, India has acquired Harpoon Block II missiles from the United States which it plans to fit onto its submarines and P-8I reconnaissance aircraft ("India to Fit Harpoons to Shishumar-Class Subs, *Jane's Defense Weekly*, June 25, 2012).

[96] At present, when situating India within the U.S. hierarchy for munitions sales approvals, three key considerations are involved in determining what defense articles the United States is willing to sell. The first is India's membership status with the four major arms control regimes (Wassenaar Arrangement, Nuclear Suppliers Group, Australia Group, and Missile Technology Control Regime). India has applied for membership in all four regimes and is awaiting responses. In 2010, Prime Minister Singh made a commitment to President Obama to implement Wassenaar controls in India. As a result, the U.S. President sought changes in U.S. law allowing the export of munitions that are controlled under the Wassenaar Arrangement. To date, there is no indication that India has put the mandated security controls into place. However, munitions exports under a 2011 licensing exception are being conducted. A second consideration is the set of prerequisite conditions in place for the transfer of U.S.-designated "highly sensitive technology." These items, some of which were included in the U.S. MMRCA bid, require additional agreements called Technology Security Plans (TSPs), which include more rigorous end-use checks and non-transfer controls than are stipulated by the 2009 U.S.-India EUMA. Where TSPs are called for, U.S. companies or the FMS process notes the requirement for the purchaser (in this

subsequent removal of most Indian defense organizations from the U.S. Department of Commerce Entity List in 2011 has largely eliminated broad licensing restrictions to technology sharing. The U.S. Commerce Department approved more than 99% of India's license requests for dual-use technology in FY2010-2011.[97] The State Department also approves a vast majority of munitions licenses requested from India.

U.S. officials appear to be satisfied with India's efforts to protect dual-use technology and to limit its application to non-defense uses. Nonetheless, the potential for leakage of sensitive advanced technology to U.S. rivals remains of significant concern in Washington. Even if India signs CISMOA and BECA in addition to EUM agreements, New Delhi will not be guaranteed license approval for items the U.S. government considers highly sensitive.[98] While most U.S. officials interviewed for this report said they trusted the Indian government, they also added that genuine concerns remained about the safeguards in place to protect technologies from leaking. Some U.S. officials also noted that these technologies were denied not only to India, but to U.S. allies as well, a factor that New Delhi may not adequately appreciate when reflecting upon Washington's reluctance on technology sharing requests.[99]

Many Indian analysts suggest that New Delhi is averse to becoming dependent upon the United States to supply its front-line munitions. Indian skepticism about U.S. reliability as an arms supplier is long-standing.[100] The 2011 "de-selection" of U.S.-made F-16 and F/A-18 jets for India's fleet was in part attributed to this strain of leeriness. Many Indians are concerned that, in a time of crisis, U.S. refusal to approve licenses for spare parts of U.S. defense equipment could indirectly, but significantly constrain New Delhi's foreign policy freedom. The 1990 U.S. suspension of fighter jet deliveries to Pakistan is an oft-cited example. India's own bitter experience with the suspension of nuclear fuel supply to its Tarapur reactor in the 1970s has not been forgotten. The sweeping 1998 sanctions on India provide another case in point. More recently, in 2009, a shipment of General Electric engines for India's *Shivalik*-class stealth warships was frozen pending license approval, causing controversy. The episode sent ripples through the defense community, seemingly justifying critics' claims that the United States was not a reliable defense supplier. According to one Indian analyst, a simple bureaucratic glitch had caused the incident.[101] India's limited faith in U.S. reliability may underlie its decision to favor acquisitions of U.S. transport and reconnaissance platforms, such as the C-130J, P-8I, C-17 *Globemaster* III and *Apache* helicopters, rather than more sensitive items. India is also procuring U.S. artillery (M777 howitzers) and various types of missiles, which assume less risk from licensing delays.

Washington and New Delhi are taking steps to reduce the mistrust between them. While the United States may not be willing to sell India many highly sensitive technologies at present, it has taken significant strides in closing the trust gap by removing Indian defense subsidiaries from the Entity List and approving the bulk of license requests submitted. The United States is also

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case India) up front. So far, no TSPs have been negotiated with India. A third and final consideration relates to India's defense offsets policy, which further complicates the transfer process (interview with State Department official, August 1, 2012).

[97] S. Amer Latif, "U.S.-India Defense Trade: Opportunities for Deepening the Partnership," Center for Strategic and International Studies, June 2012.

[98] Interview with State Department official, July 2012.

[99] Interviews with U.S. government officials, July and August 2012.

[100] Leaked U.S. diplomatic cables reportedly showed that senior U.S. officials had for some time been aware that, given these circumstances, major arms sales such as that for the MMRCA could prove difficult to secure ("U.S. Long Feared India Arms-Sale Snag, Cable Shows," Reuters, April 29, 2011).

[101] Interview with Indian defense analyst Balachandran Gopalan, Washington DC, July 2012.

increasing its efforts to find mutually valuable defense item sales for co-production and technology transfer. For its part, India is cooperating on end-use monitoring requirements, despite its reservations. Barring strategic limits to defense sales, both governments have shown a willingness to work seriously on eliminating barriers to greater levels of trust. Most analysts and U.S. government officials interviewed for this report agreed that the process of trust-building will involve simultaneously nudging forward incremental steps on a wide array of fronts, ranging from high-profile strategic convergence to eliminating mundane bureaucratic obstacles.

Procedural and Bureaucratic Hurdles

The United States and India each have convoluted defense trade bureaucracies. A lack of familiarity with one another's respective procurement and licensing procedures further compounds frustration in both countries.[102] Indeed, bureaucratic complexities and unfamiliarity are said to commonly result in missed bilateral defense trade opportunities.[103] In a September 2012 interview, Deputy Secretary of Defense Ashton Carter emphasized a common concern that buyers of U.S. defense items have about U.S. export control procedures:

> Secretary Gates used to say [there were concerns]; Secretary Panetta does, Secretary of State Clinton [does], and so [there is] tremendous frustration with how arcane the export control system is. And those problems are particularly acute when it comes to India because India and we were separate industrially and technologically for a long time, all during the Cold War. So we are trying to match up how they do things and how we do things. There's no history there. We have to create that history.[104]

The Foreign Military Sales (FMS) program is America's government-to-government method for selling U.S. defense equipment. To many U.S. officials and analysts, the FMS system, which directs defense sales through the Department of Defense, is often described as being overly rigid and unsuitable for India's competitive bidding procurement process. Nevertheless, the acceptance of American F-16 and F/A-18 jets into the early rounds of the MMRCA competition signaled that the FMS system could be competitive in India, a matter of some relief to U.S. officials working on the bid.[105] Strict U.S. FMS regulations against making unauthorized deals restrict the ability of U.S. firms to negotiate with Indian procurement officials, thus placing them at a disadvantage relative to those countries willing to propose concessions upfront, even if such concessions are not made in the final sale.[106] Non-U.S. firms can be far more flexible in their negotiations and are known to make promises without first vetting it with their governments. The United States tends

[102] There is a common perception expressed in India that, despite strategic agreements and removal from the entity list, licenses required for the sale of dual-use or sensitive technology are being denied. According to one State Department official, a possible reason for this perception is the (false) assumption of some potential applicants that "license requirement" and "license denial" are synonymous. Many Indian companies choose not to apply for licenses either because they believe the applications are fated to be rejected or because the process itself it considered too cumbersome. Moreover, U.S. firms may not be aware of recent changes in law concerning India and in turn relay licensing information that may be inaccurate. A number of denials are also owed to a lack of response from applicants when additional information is requested. The U.S. Departments of Commerce and State are working to better inform Indian firms and U.S. firms working with India on the licensing process (interview with State Department official, August 1, 2012).

[103] Interviews with U.S.-India defense analysts and U.S. government officials, June-August 2012.

[104] "Remarks by Deputy Secretary of Defense Carter at the Politico Pro Defense Forum," September 20, 2012, Pentagon transcript at http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5121.

[105] Interview with U.S. Pentagon official, June 2012. Major sales such as the C130J and P-8I were non-competitive—New Delhi directly approached the United States to make these purchases.

[106] See the section "Current Indian Defense Posture: Overview of Current Indian Defense Procurement" in the forthcoming CRS report *India-U.S. Security Relations: Strategic Issues*.

to be at further disadvantage when competing in the L1 system. The lowest bidder is the company that provides the specifications listed on the Request for Proposal at the lowest cost. Some analysts suggest that the L1 system does not take into consideration the technological benefits gained at greater expense, typically a strong suit of U.S. defense wares.[107]

American defense firms often find it difficult to navigate India's defense procurement environment. Executives have raised concerns about unclear taxation guidelines at the time of sale. In some instances, they reportedly claim the application of retroactive taxes fuels their reluctance to engage India's fluid defense policy environment. India's procurement system is highly favorable to known suppliers; Russia, France, and, more recently, Israel, have robust defense relationships with India of a kind that will take the United States time to build. Personal ties can also play important roles in facilitating deals. Boeing's relative success among U.S. defense firms selling to India seems in part owed to its prior experience with India's commercial aircraft market.[108]

Late 2012 saw indications that the FMS process is realizing more consistent success with India's own L1 bidding system. In August, India announced its intention to purchase 22 Boeing AH-64D Apache Longbow attack helicopters for $1.2 billion, having found the Apache superior to the Russian Mi-28N. Two months later, an MOD official stated that Boeing's CH-47F Chinook heavy-lift helicopter had bested a Russian-made competitor in extensive field trials and had been selected for purchase after issuing the L1 bid. Both helicopter sales would come through FMS.

Defense Trade Offsets

"Offsets" are the practice by which the award of contracts by foreign governments or companies is exchanged for commitments to provide industrial compensation. In defense trade, offsets typically include mandatory co-production, licensed production, technology transfer, and foreign investment. Offsets may be direct, indirect, or a combination of both. Direct offsets refer to compensation, such as co-production or subcontracting, directly related to the system being exported. Indirect offsets apply to compensation unrelated to the exported item, such as foreign investment or purchases of goods or services. According to the U.S. Commerce Department's Bureau of Industry and Security,

> Historically, offsets have served important foreign policy and national security objectives of the United States, such as increasing the industrial capabilities of allied countries, standardizing military equipment, and modernizing allied forces.... However, offsets may be detrimental to the strength of the U.S. defense industrial base, particularly small and medium-sized defense subcontractors. Offsets can displace U.S. subcontractors, enhance foreign competitors and create excess defense capacity overseas.[109]

Offsets have become a highly contentious issue in U.S. defense trade with India. Following legal changes in 2005, New Delhi now requires 30% of any defense deal valued at more than Rs3 billion (about $56 million) to be reinvested in the India as a "defense offset." India reportedly has attracted at least $4.27 billion in such offsets over the past five years.[110] Until 2011, offsets were required to be reinvested in the Indian defense industry, which included the defense public sector undertakings (DPSUs) and, more recently, private Indian defense companies. Since 2011, the

[107] Interviews with U.S.-India defense analysts and U.S. government officials, May-August 2012.

[108] Interview with U.S.-India defense analyst, May 2012.

[109] "Impact of Offsets in Defense Trade: An Annual Report to Congress," undated Commerce Department release at http://www.bis.doc.gov/defenseindustrialbaseprograms/osies/offsets/default.htm.

[110] "U.S. Wants India to Raise Defense FDI Ceiling," *Hindu* (Chennai), July 24, 2012.

MOD, in response to foreign supplier and domestic industry pressures, has steadily expanded the range of reinvestment options for offsets. In addition to the Indian defense sector, offsets currently include civil aviation, homeland security, training, technology transfer, and potentially foreign parts purchased by Indian offset partners.[111] Co-production of defense articles with domestic arms producers is a key feature that offsets were originally intended to encourage.

Many international arms suppliers claim that ambiguity about what counts as offsets, combined with the poor capacity of the Indian defense sector to absorb billions of offset dollars, and poor administrative policy and oversight by the Indian government, all serve to hinder bilateral defense trade. U.S. firms have also criticized the requirement that at least 74% of related FDI be directed to domestic (Indian) firms as being a major disincentive to fulfilling offset provisions through co-production. Some Indian defense analysts and MOD officials refute these arguments and express concerns that the dilution of offsets to benefit foreign suppliers is compromising the potential for development of the defense sector.[112] They argue that foreign companies are eager to meet their offset requirements easily and cost effectively, while the MOD approves offset proposals smoothly in the interest of facilitating a given sale.[113] Recently, high-level U.S. officials such as Defense Secretary Panetta and Ambassador Powell have weighed in on the offset issue, calling on India to clarify its policy, strengthen its oversight, and raise the controlling stake of foreign companies in defense joint ventures. India is considering a revision of its 74/26 percent defense sector FDI policy; however, progress appears to have stalled at present.[114]

The Direction of U.S.-India Defense Trade

The de-selection of U.S. fighter jets in the MMRCA competition sparked a heated debate on the future of U.S.-India defense trade, as well as on the broader U.S.-India relationship. In the run-up to India's April 2011 MMRCA announcement, many U.S. officials and analysts had hoped that the sale of U.S. jets would catalyze a relationship they argued was frustratingly stagnant.[115] A year after U.S. firms were denied a MMRCA bid, the United States appears to have redoubled its efforts to bolster defense trade relations with India. The enthusiasm with which the Pentagon and State Department are pursuing such ties with India has in large part to do with India's growing importance in the context of the U.S. "pivot" toward the Asia-Pacific, or what is sometimes called the "Indo-Pacific." Deputy Defense Secretary Carter summarizes the current U.S. push for defense sales to India: "[O]ur objective, the joint objective we have with the Indians, is to make sure that only our strategic differences—and we'll always have them—and not our bureaucratic impediments, stand in the way of how this relationship can be all that it can be."[116]

As a result of this push in defense-trade, U.S. officials now seek mutually beneficial co-production opportunities to demonstrate America's sincere interest in the further development of India's indigenous defense sector. From the American perspective, the willingness to strengthen defense ties with India through defense sales (in addition to other means) does not appear to be waning. Interviews with numerous U.S. officials found a broad consensus on the importance of

[111] "India Likely To Further Ease Offset Norms," *Aviation Week*, July 2, 2012.

[112] Interview with Indian defense analyst Balachandran Gopalan, Washington DC, July 2012. See also "Lockheed Offsets Mock MOD Norms," *Business Standard* (Delhi), December 10, 2010.

[113] "MoD Flouts Offset Rules, Favors Foreign Vendors," *Business Standard* (Delhi), September 1, 2011.

[114] See "Defense Sector," Indian Ministry of Commerce and Industry at http://www.Investindia.gov.in/?q=defence-sector; "Government Goes Slow on Higher Defense FDI," *Times of India* (Delhi), September 17, 2012.

[115] Interview with former U.S. government official, July 10, 2012.

[116] "Remarks by Deputy Secretary of Defense Carter at the Politico Pro Defense Forum," September 20, 2012, Pentagon transcript at http://www.defense.gov/transcripts/transcript.aspx?transcriptid=5121.

working closely to remove current obstacles on defense trade, despite enormous frustrations that have accrued over the years. Expectations on what specific types of trade are likely also appear to have been re-calibrated since the loss of the MMRCA deal.

India has long expressed an urgent interest in acquiring advanced U.S. technology, including defense technology. Although India's own strategic hesitations and budgetary restrictions have meant only measured acquisition of U.S. defense equipment, many analysts suggest that the expected $10 billion in sales to India over a decade-long partnership is significant. Moreover, the momentum within India to reduce corruption in the defense sector may make America's relatively rigid, yet corruption-free sales procedure more enticing for New Delhi's leaders.

The U.S. government and U.S. defense firms are in the process of learning how to operate in a competitive Indian market that has deep trade ties with other foreign arms suppliers. Both the United States and India are actively reforming their defense procurement and licensing practices. Washington and New Delhi are becoming increasingly accustomed to negotiating contracts that reflect one another's strategic and security interests, without reverting to skepticism and mistrust. The verdict is still out on whether U.S. defense companies will be sufficiently incentivized to pursue joint production in India or whether the United States will approve the co-production of advanced technologies. Likewise, it remains to be seen whether India will gain sufficient confidence to buy frontline U.S. platforms or take active steps to signal a closer partnership. Despite these uncertainties, both governments are bracing for the long haul in bilateral defense trade, as they are with the security relationship overall.

Conclusion

The new breadth and depth of U.S.-India security engagement detailed in this report constitute a gradual, but steady strengthening of bilateral defense relations over past decade. In notable contrast to the pre-2001 period, this present-day collaboration has endured political and diplomatic highs and lows without any serious suggestion that it be curtailed. As the U.S. government assesses its (deepening) strategic interests across the Asia-Pacific, India's geographic setting has no doubt increased its visibility as an important and potentially major actor. This trend is only hastened by America's "rebalancing" approach to the Asia-Pacific, which is seen to encompass the Indian Ocean region. New Delhi's leaders are mindful of the precariousness of their region's stability, and they arguably appreciate the value of leveraging an American presence in pursuing their strategic goals. Converging U.S. and Indian interests in a fluid geopolitical order have led the two governments to explore myriad new cooperative initiatives, and both are investing considerable time and effort to overcome the sometimes significant obstacles to these.

In the latter half of the previous decade, the U.S. Congress took the formal and landmark steps required to amend U.S. nonproliferation and export control laws so as to provide an exception and special status for India in the realm of nuclear and high-technology trade. The changes also served to open doors to both broader and smoother engagements in bilateral security cooperation and defense trade. While the (ostensible) proximate goals of the breakthrough 2008 civilian nuclear deal were to boost India's electricity generating capacity and benefit the U.S. economy through nuclear trade—goals as yet unmet—few observers will dismiss the more far-reaching goal of paving the way for truly strategic cooperation with New Delhi by engendering Indian trust and confidence in Washington as a partner.

Although no similar potential breakthrough bilateral initiatives involving U.S. legislation are on the horizon, the role of the U.S. Congress in overseeing the conduct of U.S. foreign relations with India remains important. In years to come, the pursuit of closer security and defense trade ties

with India—should it continue as U.S. policy—will entail many hurdles and occasional risks, some of the kind that Washington has not traditionally faced with existing international partnerships and alliances. Sales of technologically advanced weapons to India, in lieu of that country signing certain key defense agreements, are in part symbolic of the exceptional nature of the evolving relationship. To date, officials in both capitals have shown a clear willingness to work as effectively as possible within legal and political constraints they face, with some content to move forward through ad hoc procedures when necessary.

At present, difficulties surrounding sensitive issues such as end-use monitoring continue to fester, with both governments operating at what appear to be the margins of their mandates. India's insistence on co-production and technology sharing can undermine the potential for major future opportunities and constrain the scope of those that are manifest. Disagreements in such issue-areas suggest the possible need for more active congressional oversight and potentially even legislation.[117] Congress can also play a role in the progress of military-to-military ties and defense trade with an eye toward encouraging Administration action on U.S. security interests involving India. While the foundation of the U.S.-India security relationship appears to be increasingly stable, and as mutual confidence grows, interested congressional parties can play a role in shaping the extent to which this partnership serves and protects American interests in the 21st century.

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[117] An example would be in encouraging or establishing programs to better address Indian concerns about U.S. reliability, to increase levels of transparency across the gamut of security-related cooperative efforts, or even the formal designation of a senior-level U.S. official to serve as a point-of-contact for all defense trade-related matters, among others (see the recommendations in S. Amer Latif, "U.S.-India Defense Trade: Opportunities for Deepening the Partnership," Center for Strategic and International Studies, June 2012).