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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

US Pushes To Increase Defense Trade Ties With India

By **Kathryn Brenzel**

Law360, New York (September 19, 2013, 6:32 PM ET) -- The United States will set aside funding for contractors looking to team up with India-based researchers as part of efforts to build closer military and defense ties between the two countries, U.S. Deputy Defense Secretary Ashton Carter said Wednesday.

Over the last decade, the relationship between the two countries has improved, marked by a significant push to work together on developing defense technology, Carter said during a press conference in Delhi, India. Now, the U.S. is looking to further shift from a vendor-buyer relationship to one that is more collaborative, he said. As part of these efforts, the U.S. plans to provide priority funding to U.S. researchers who seek out partners in India — a type of incentive that currently only applies to suitors sought out in the United Kingdom and Australia, he said.

“They don’t want to just buy our stuff,” Carter said in a statement. “They want to build our stuff with us and they want to develop new things with us, and they want to do research with us.”

In the same breath, Carter said that India's role in the Asia-Pacific region is crucial to the United States' rebalancing efforts in the region, specifically in terms of Pakistan. Economic stability in Pakistan hinges on developing peaceful relations with India and trading with the country, he said. He said that the U.S. and India are “destined to be security partners on the world stage.”

Carter's announcements come roughly a week before Indian Prime Minister Manmohan Singh is expected to arrive in Washington, D.C., to meet with President Barack Obama. Last year, the two governments announced the Defense Trade and Technology Initiative, which is focused on encouraging collaboration in science and technology research and development, Carter said.

India is currently the world's largest buyer of military equipment, according to Tanvi Madan, a fellow at the Brookings Institution and director of its India Project. Most of India's purchases are from Russia, a source of frustration for the U.S. as it seeks a larger slice of the market, Madan told Law360 on Thursday. There are some rumors that the U.S.-India initiative will come up during the prime minister's visit, she said. Joint projects between the countries have been suggested before, but the most recent push is fairly unprecedented, she said. Selling the idea to both countries will require establishing the benefits of setting up shop in India “without setting off any alarm bells that this is only in U.S. interest,” she said.

“I think people are watching and waiting to see what happens,” she said.

In the last 10 years, there's been a significant expansion of defense sales between the two countries. The push to improve defense trade sprouted in Bill Clinton's presidency and has gained considerable momentum since. The improvement of relations, however, has yet to match the hype, according to Daniel Markey, senior fellow at the Council on Foreign Relations, focusing on India, Pakistan and South Asia.

Markey, who worked for the [U.S. Department of State](#) between 2003 and 2007, told Law360 that the progression of U.S.-India relations has been positive overall, but there's been a certain reluctance on both sides to plunge into joint ventures. The U.S. has grappled with the question of what should be shared and whether it should be more forthcoming with high-level technologies, he said.

For its part, India has approached the issue with a sort of “bureaucratic and political sluggishness,” largely driven by a wariness to be dependent on the U.S. for military equipment and technology. Both Markey and Madan noted that there is a lingering apprehension as to whether the U.S. is a reliable partner.

“As a whole, the Indian government hasn't been quite ready to pull the trigger,” Markey said.

--Stephen Berg.

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