

INDO-US DEFENCE COOPERATION, THE INDUSTRY AGENDA

**CHANDRAJIT
BANERJEE**



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The US Secretary of Defence General Lloyd Austin's visit to India this month was the first trip by a Biden administration official to this country. The fact that India was part of the first international tour for the US defence secretary to share the new administration's priorities shows the commitment of the Biden-Harris administration to the US-India bilateral relationship. Wide-ranging discussions held between Defence Minister Rajnath Singh and Secretary Austin on regional security cooperation, military-to-military interactions and defence trade not only seek to elevate the US-India major defence partnership but also reflect our converging strategic interests.

Going forward, industry engagement must be an important priority, and comprehensive and bilateral support to business cooperation in the defence and high-technology sectors is required for us to realise the full potential of the India-US Comprehensive Global Strategic Partnership.

Recent enabling agreements between our nation and the US,

including India's recognition as a Major Defence Partner with Strategic Trade Authorisation (STA-1), the Communications Compatibility and Security Agreement (COMCASA) in 2018, the Industrial Security Annex in 2019 and the Basic Exchange and Cooperation Agreement (BECA) in 2020, have successfully increased the bilateral defence trade to \$18 billion and are the proud result of deliberate and strategic statecraft via the annual 2+2 Dialogues. These discussions have also yielded increasing numbers of multilateral exercises such as the MALABAR, RED FLAG and RIMPAC, and the rebranded US Indo-Pacific Command (USINDOPACOM).

Defence trade and investment are key considerations for India and the US' post-Covid economic recovery, and the scale for industry-led collaborations is wide-ranging. Looking at the inputs following the visit of Secretary Austin, the Confederation of Indian Industry (CII) recognises four key areas for private sector integration and collaboration to further enhance our industrial defence relationship.

1. Institutional mechanisms: Augmenting the formal defence dialogue involving private sector secretariat from both countries could provide an avenue of engagement for defence and aerospace companies on a regular basis. If co-production and co-development is to happen in a meaningful way, the private sectors of both countries must have the opportunity to connect and familiarise themselves with each other's systems and processes, address issues that inhibit collaboration, such as availability of critical/sensitive materials and security of supply to quickly redress barriers and bolster the overall relationship.

2. Research and innovation: Jump-starting the Defence Technology and Trade Initiative (DTTI) or leveraging the Defence Innovation Units (DIU) and expanding their scope would provide a boost to industrial coop-

eration in research and innovation. For example, while the DTTI currently includes, inter-alia, the development of unmanned aerial systems (UAS) and the virtual augmented mixed reality for aircraft maintenance and artillery and mortar systems, the scope of these projects should be extended to the domains of cybersecurity and space where both India and the US dominate technologically. An India-US Startup and Innovation Forum focusing on defence and aerospace could be considered as a deliverable under this initiative.

3. Manufacturing: US companies must also look at India as the next Defence Manufacturing Hub for competitive prices and strategic export locations to Asia and beyond. Spearheading this transition, US firms are not only capitalising on Indian capability and talent, but are sourcing billions of dollars of manufactured parts from India. In coordination with industry, the most critical products where US technology and expertise could come together with Indian manufacturing capabilities need to be identified, at price points that are feasible for our nation. There is an opportunity for the US and India to collaborate more closely on integrating technologies and also engaging small and medium enterprises (SMEs), providing support, training and coop-

eration in standards to build more resilient and reliable global defence supply chains.

4. Key investment sectors: From India's perspective, investments are needed in areas like maintenance, repair and overhaul (MRO) for the aerospace and defence sector for after-market services in industrial manufacturing; small arms and ammunition, and unmanned aerial vehicles (UAVs) are of particular interest.

India has the fifth largest defence budget in the world; and the value of its domestic defence production stands close to \$12 billion. With the implementation of the Defence Production and Export Promotion Policy 2020 and continued US interest and investment, Indian industry is well on track to achieving our target of \$25 billion in defence goods and services by 2024.

Secretary Austin's visit renewed Indian industry's engagement with the Biden administration, and the CII looks forward to furthering the potential and progress of the India-US bilateral partnership for greater regional and global stability. We are keen to see the impact of increased cooperation from both nations, not only within our respective economies but also as a beacon to the world, highlighting the strength of our shared values.

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