

ALERT

Strengthened Defense Partnership With India Reflects CAT Policy Objectives

June 29, 2023

WHAT: In a prior alert, we discussed President Biden’s memorandum on the Conventional Arms Transfer (CAT) Policy. There, we mentioned that the U.S. Government is taking steps to improve its processes and programs for transferring defense articles to allies and partners due to strategic pressures from China and Russia. This includes not only modernizing the Foreign Military Sales (FMS) program within the U.S. Department of Defense (DOD) and U.S. Department of State (DOS), but also reevaluating strategic partnerships with allies and partner nations to ensure the highest level of cooperation is achieved. As DOD has begun taking steps to modernize its role in the FMS process, the federal government is making agreements with allies and partners to enhance defense industrial integration.

On June 22, 2023, the United States and India released a joint statement affirming the vision of the two countries to become among the closest partners in the world. This alert summarizes key aspects of the joint statement’s discussion of defense partnership. For a complete explanation of the defense partnership and aspirations for a stronger U.S.-India partnership as a whole, view the full statement [here](#).

- **Accelerating Defense Industrial Cooperation:** The United States and India will adopt a Defense Industrial Cooperation Roadmap to provide policy direction to defense industries and enable co-production of advanced defense systems and collaborative research, testing, and prototyping of projects. Highlights of the roadmap include encouraging greater business-to-business defense industry partnerships, dialogue between government and industry to address regulatory barriers to defense industrial cooperation, integration of the

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Indian defense industry into the global supply chains of U.S. defense and aerospace companies, and concluding the Security of Supplies Agreement (SOSA) and Reciprocal Defense Procurement (RDP) agreement. Concluding the SOSA and RDP would be significant events in the defense partnership between the United States and India because the SOSA would allow the United States and India to request priority delivery of their contracts and orders within the other nation's defense industry and the RDP would exempt qualifying Indian end products from certain Buy American requirements, chemical warfare protection clothing and specialty metal restrictions, and customs, taxes, and duties.

- **Memorandum of Understanding Between General Electric and Hindustan Aeronautics:** General Electric will manufacture GE F-414 jet engines in India for the Hindustan Aeronautics Limited Light Combat Aircraft Mk 2, enabling greater transfer of U.S. jet engine technology than ever before. This reflects the aspiration for increased co-production and technology transfer.
- **India as a Maintenance and Repair Hub for U.S. Assets:** Indian shipyards have emerged as hubs for the maintenance and repair of forward-deployed U.S. Navy assets, which allows the U.S. Navy to expedite the contracting process for mid-voyage and emergent repair. Thus, the nations have agreed to work together to create logistics, repair, and maintenance infrastructure for aircraft and vessels in India.
- **Launching the U.S.-India Defense Acceleration Ecosystem (INDUS-X):** INDUS-X, a network of universities, startups, industry, and think tanks, was launched to facilitate joint defense technology innovation and co-production of advanced defense technology. For example, INDUS-X includes an International Cooperative Research and Development Agreement between the U.S. Space Force and Indian startups 114ai and 3rdiTech.

WHAT IT MEANS FOR INDUSTRY: As the CAT Policy makes clear, the U.S. Government plans to take steps to better facilitate the transfer of defense articles and improve strategic partnerships aimed at the development of advanced technologies with allies and partner nations. This agreement with India provides an example of how the United States will enhance its defense industrial cooperation with nations around the world, especially nations in strategic locations. As more arrangements of this type are created with other nations, more opportunities for contractors to participate in the FMS program and expand their operations internationally will arise.