CAATSA DEFENCE SANCTION ON RUSSIA BY THE US: THE NEED FOR ‘EXCEPTIONALISM’ TO INDIA

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As influential global players, Russia and the United States share a huge responsibility alongside other global actors to maintain peace and global security. Ironically, the existence of great power rivalry, hostility and tension between the two has become a growing global security concern today. The strain in the bilateral relations is argued to have led to the emergence of a ‘new Cold War’. Interestingly, the main focus of conflict seems to be restricted to the military sphere including a defence trade war between the two.

The great power rivalry among global powers – especially Russia, the US and China – and the rise of non-traditional threats has resulted in the rise of arms sale and increase in defence budget allocation of many countries. The existence of constant threat has resulted in countries pursuing a military modernisation process. This has in turn resulted in growing competition globally among nations supplying defence equipment. The military engagement of Russia in the Syrian crisis for instance has enhanced its position in global arms trade as the anti-Islamic State campaign was seen as a testing ground for Russia’s defence systems and equipment. Additionally, some of US’ key North Atlantic Treaty Organisation (NATO) and non-NATO defence partners such as Turkey, Pakistan, Saudi Arabia and Bahrain have begun to purchase defence equipment from Russia. According to Stockholm International Peace Research Institute, the sale of major weapons has seen an increase of 10 % between 2013-2017 compared to the sale of arms from 2008-2012. The main regions that have seen an increase in arms purchase are West Asia and Indo-Pacific region while Europe, America and Africa have seen a decrease.¹
Figure 1: Sales of arms and military services by the world’s largest arms-producing and military services companies ($ billion)

Source: Sales of arms and military services by the world’s largest arms-producing and military services companies—the SIPRI Top 100—totalled $374.8 billion in 2016, according to new international arms industry data released 06 January 2018 by the Stockholm International Peace Research Institute (SIPRI). http://valdaiclub.com/multimedia/infographics/sales-of-arms/

Restricting our observation to US-Russia defence rivalry, the US has announced a defence trade war against Russia by introducing Countering America’s Adversaries Through Sanctions Act (CAATSA) in August 2017. Section 235 of the Act clearly states that any party involved in defence transaction with Russia’s defence and intelligence sectors under Section 231 (d) lists is likely to be imposed sanctions. The defence and intelligence sectors of the government of Russian Federation under CAATSA Section 231 (d) includes Rosoboronexport, Admiralty Shipyard JSC, AlmazAntey Air and Space Defence Corporation JSC, Rostec, Sukhoi Aviation, United Aircraft Corporation and many other major defence industries including intelligence agencies such as Autonomous Non-commercial Professional Organization/Professional Association of Designers of Data Processing (ANO PO KSI), Federal Security Service (FSB), Foreign Intelligence Service (SVR).

Arguably, the implementation of CAATSA sanctions is being speculated to put Russia's DIC and its position in global arms trade in jeopardy. More importantly, the impact of US-Russia rivalry is mainly felt by their respective allies, and India being a common ally of both, sanctions is said to put India in a fix. The finalising of the S-400 missile defence system agreement between India and Russia for instance is speculated to face some hurdles as Almaz-Antey Air and Space Defence Corporation, which makes the S-400, also faces sanctions under the Act. In this context, defence analysts have argued on the likely impact of CAATSA on India's military modernisation as 69% of India's defence equipment is mainly from Russia. Moreover, there is a lot at stake as the only...
successful joint production for India has been with Russia. Russian assistance in building India’s first nuclear submarine INS Arihant and BrahMos for instance is boastfully displayed as an accomplishment of India-Russia defence relations. There are other joint productions with Russia that are in the pipeline such as production of Kamov Ka 226 light helicopters, which involves significant private sector participation.

An all-out US defence trade war with Russia only means denying countries such as India the upgradation of its defence capabilities. Let us not forget that Russia has been an enthusiastic player in India’s Make in India initiative. Nevertheless, while diversification of defence cooperation has given India multiple options to engage with foreign partners other than Russia, it has so far ensured that it does not come at the cost of Russia which has been the only country that has shared advanced technology transfer to India. Under the Military Technical Cooperation programme, Russia handed over 50th AL31FP engine, manufactured from raw materials by Sukhoi engine division of Hindustan Aeronautics Ltd (Koraput) to the Indian Air Force as part of the celebration of the 70th year of India-Russia ties. Apart from Talwar-Class guided missile frigate and BrahMos (which is based on Russian P-800 Oniks cruise missile and other similar sea-skimming Russian cruise missile technology), Russia has also assisted India in space technology applications, launch vehicle, satellite navigation, space science and planetary exploration.

Hypothetically, should the US consider imposing CAATSA on India for maintaining its defence relations with Russia, eventually this would also pose a threat to US’ own defence and strategic interests in the Indo-Pacific region. We need to bear in mind that one of the factors for US’ growing strategic partnership with India is to counter China’s rise in the Indo-Pacific region. Here, one needs to bear in mind that Russia has completed the delivery of the first regiment set of S-400 to China on 10 May 2018 thus making China the sole recipient of S-400s in the Asian region. This acquisition also jeopardises India’s national security.

Hence, an Act of this nature will likely impact US partners such as India, Vietnam, and Indonesia as their respective military up-gradation and preparedness heavily depends on Russia. The US also cannot afford to have a militarily stronger China in the Indo-Pacific region while its partners with common interests and concerns such as India are stuck in the defence trade war between Russia and the US.

In addition, the US-Russia defence trade war will make the third party – China – a beneficiary given the fact that it has made tremendous progress in supplying defence equipment in the global
arms market. While weapons sold by Western countries are unaffordable and come with conditions to developing countries, the only other option other than Russia would be China for these countries for buying cost effective standard defence equipment. While countering Russia through a defence trade war, the US is thus making way for China to emerge as its potential rival in the global arms market given the fact that it has made great strides in indigenisation of its defence industry.

However, while evaluating the likely impact of CAATSA on India-Russia defence cooperation, the delay in finalising the S-400 air defence missile defence systems and the cancellation of Fifth Generation Fighter Aircraft (FGFA) shall be treated in isolation and not linked to CAATSA. The delay in the finalising of the agreement on S-400 cannot be zeroed down to CAATSA as there are other inferences that need attention to understand the delay.

a) Negotiating the final cost of payment for the S-400s between India and Russia has been an ongoing process.

b) Moreover, Russia needs to meet the growing demand for S-400s from traditional defence partners (China) and non western countries (Turkey) alike including addressing its own domestic requirements so India may have to wait with regards to the delivery.

With regards to the role of CAATSA on India pulling out of the joint project of FGFA can be ruled out given the fact that the project has been uncertain from the time it was initiated as a result of few logistics and financial disagreements. The timing of both CAATSA coming into force and the Indian withdrawal from FGFA could be a sheer coincidence. Nevertheless, with regards to joint production, India needs to find an alternative mechanism to avoid being impacted from CAATSA sanctions for future collaboration with Russia.

But at the same time, at the domestic level, India has come a long way in taking up initiatives to suffice its growing defence needs. The GaganShakti drill conducted from April 10-23, 2018 saw the Indian Air Force testing its war-fighting drills and the aim was to display real time coordination and employment of air power ‘in a short and intense battle scenario with even CBRN (chemical, biological, radiological and nuclear) attack scenarios coming into play’. This exercise is also unique as the Tejas Light Combat Aircraft–India’s very own indigenous fighter– was deployed at forward bases. The Tejas participated for the first time and by firing close combat and beyond visual range missiles it has amply demonstrated its power pack to the enemy. Even after its induction, Tejas Mark 1 is undergoing constant improvements but the IAF looks up eagerly for the improved versions in the form of Tejas Mark 1A and subsequently Tejas Mark II.8
Although India’s foreign policy has evolved over the years keeping pace with the changes taking place in international relations, it has been firm on promoting its strategic autonomy. It has experienced great power rivalry in the past and some of the lessons learnt from its past experience will be key in steering India’s foreign policy interests today including how it would continue to maintain harmonious defence relations with both Russia and the US. India’s version of ‘military diplomacy’ is to keep in tune with its multi-alignment policy. Post Soviet collapse, India’s move to diversify its supply of arms and replenishment of its arsenal from Western defence markets like the US, Israel, France, United Kingdom and other such defence markets has kept the momentum in India’s military modernisation process.

India is well placed at the negotiating table as today India has reached a position where countries are competing to gain top position in India’s defence market. With diversification of India’s defence market, it has brought competition among the global arms supplier nations. So India today is a bone of contention when it comes to defence ties, especially between Russia and the US.

In conclusion, as India’s strategic partner, the Washington administration shall be sensitive to India’s national security requirements and priorities before taking any precipitate action. In this scenario, an ‘exceptionalism’ being granted on lines with the nuclear cooperation to India shall be a viable option to be considered by the US. Hence, the US needs to proceed cautiously to avoid burning its fingers from its own actions.

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