

## **Protect America's Indo-Pacific Strategy: Grant India Full CAATSA Waiver**

### **Importance of Global Partnerships**

The United States is at a critical juncture with its presence on the world stage, and at this moment reassuring allies of American reliability and interoperability is as important as ever. This leadership is particularly needed in the Indo-Pacific region, where strong partnerships are necessary to maintain a free and open region. Building off the success of the recent meetings of “Quad” member nations India, Japan, and Australia, now is the opportunity to further demonstrate the strength of U.S. partnership for the long-term.

One challenge to that objective is the potential application of the Countering America's Adversaries Through Sanctions Act (CAATSA) that could result from India's procurement of the Russian S-400 air defense system. While recognizing the legitimate national security concerns the U.S. government has with international support of the Russian defense industry, imposing any sanctions on India upon delivery of the S-400 would have a chilling effect on bilateral relations and the growing partnership in the Indo-Pacific region. Adverse actions could reverse the regional security cooperation that has developed the past 15 years, which has increased U.S. interoperability, fostered new military cooperation and exercises, and led to \$20 billion in defense trade opportunities the past 15 years. As a consequence, the setback in the relationship could also push India back towards Russian systems undermining the rationale for CAATSA.

### **India as a Strategic U.S. Partner**

Over the past two decades, India has moved closer to the U.S. on a sustained and strategic basis, including through six foundational agreements that have expanded the defense cooperation between the two countries. India has been highly responsive to U.S. security- and supply chain-related requests including reducing energy imports from Iran and blocking Chinese-based Huawei from operating in-country. U.S. defense sales to India have displaced the reliance on Russian systems, and subsequently India's Russian asset content falling from over 75% to just over 50% today – and poised to fall further in coming years. This is a positive trend that could revert if India sees its Russian relationship as more reliable as it considers its own national security interests to deter regional adversaries.

Though intended to serve as a deterrent to Russian asset purchases, the imposition of CAATSA in this context would likely have the opposite effect as it would serve as a signal to U.S. adversaries, including Russia and China, that the U.S. would be distancing itself from India. The current balance of power in the Indo-Pacific is delicate, and any sign of fracture between the U.S. and India would play into the interest of regional adversaries.

## **Ongoing and Future U.S. Business in India**

India is a key U.S. partner in several critical business sectors including defense, energy, and technology. U.S. and Indian companies work closely together in the supply chain through joint ventures in the defense sector, creating ties both within the private sector and between companies and military customers. The enforcing of sanctions would threaten current U.S. business interests in India, as well as U.S. and Indian jobs linked to key defense industrial programs. There is enormous scope for additional business with India that would benefit from the strategic bilateral relationship and support U.S. jobs, including fighter jet, helicopter, maritime aircraft, ship and missile programs.

## **Request of U.S. Members of Congress**

For U.S. Members of Congress to reinforce the importance of the strategic relationship between the U.S. and India by supporting a full waiver of CAATSA sanctions. If the Biden Administration proceeds with sanctions, this would resurface concerns in India about the reliability of U.S. partnership and harm the significant progress that has been achieved over the past two decades. Sanctions would also have a ripple-effect beyond the defense and security sectors, to include business in the energy, trade, space, and technology arenas.

The American Chamber of Commerce in India shares the goal of India shifting away from Russia as a defense supplier, but are equally concerned that any application of CAATSA will result in the unintended effect of India distancing itself from U.S. defense cooperation. A strong continued relationship between the U.S. and India is a critical part of securing a free and open Indo-Pacific region and thus is in the clear national security interests of the United States.

As such we request that you encourage and support the Biden Administration on granting India a full waiver of CAATSA sanctions in response to the delivery of the S-400 system to India. Importantly, it will also send a signal to the rest of the world that the U.S.-India relationship remains strong during a critical time in history.