India’s Concerns with CAATS

Why in news?

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The CAATS (Countering America’s Adversaries through Sanctions) Bill has been introduced in US congress

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What is CAATS about?

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- Countering America’s Adversaries through Sanctions Act (CAATSA) aims to counter the aggression by Iran, Russia and North Korea through punitive measures.
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- The Act primarily deals with sanctions on Russian interests such as its oil and gas industry, defence and security sector, and financial institutions.
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- The Act empowers the US President to impose at least five of the 12 listed sanctions enumerated in the Act on persons engaged in a “significant transaction” with Russian defence and intelligence sectors.
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- Two of the most stringent of these sanctions are the export licence restriction by which the US President is authorised to suspend export licences related to munitions, dual-use and nuclear related items.
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- It extends to the ban on American investment in equity/debt of the sanctioned person.
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Why India need to worry about CAATS?

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- India has planned defence procurement from Russia which could potentially

come under US sanctions under the Countering America's Adversaries through Sanctions Act.
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- India is reliable much on Russia to strengthen its defence preparedness by equipping the armed forces with state-of-the-art arms
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- India since independence, followed a policy of diversification for arms import which has led it to source weapons from more than two dozen countries.
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- Both in term of the number and value of contracts, the US is way ahead of other major suppliers, though Moscow still remains India's predominant defence supplier.
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- It is needless to say that the bulk of the potent weapons in India's arsenal are of Soviet/Russian origin and that some of these are not available for purchase from any other source.
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What are the implications of CAATS over India?

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- CAATSA, if implemented in its stringent form, is likely to affect India's arms procurement from Russia in a number of ways.
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- CAATSA is likely to affect all the joint ventures (JVs) existing or planned between Indian and Russian defence companies.
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- The Act will also affect India's purchase of spare parts, components, raw materials and other assistance from Russia.
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- Thus US authorities will try to influence their Indian counterparts to ignore the Russian platforms, though it is entirely up to India to make its own judgement.
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Source: Indian Express

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