

Liberalising U.S. Arms Sales

What is the issue?

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- Trump is attempting to rework the commercial-strategic equation of the US.
- This presents an opportunity for India to capitalise.

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What is the current scenario?

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- Arms transfers by the U.S. happen primarily through “Foreign Military Sales (FMS), Direct Commercial Sales (DCS), & Foreign Military Financing (FMF)”.
- The three domain headers aggregate “\$40, \$110 and \$6 billion” respectively.
- While FMS is a government to government sale, DCS is directly negotiated by the seller and the foreign buyer.
- The 3rd domain “FMF” is done through American grants to allies, of which more than 50% goes to Israel.
- Egypt, Jordan and Pakistan have been other significant FMF recipients in recent years, followed by 50 other countries that receive smaller amounts.
- All these segments are controlled by stringent laws, the most important of them being the Arms Export Control Act.

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What are significant aspects in the sector?

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- Arms supplies to foreign countries are critical to the U.S. for three main reasons:

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1. To leverage of a global influence

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2. To reduces the cost of procurement for the U.S. military due to economics of scale

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3. Due its significance in to the economy as the U.S. defence manufacturing sector is an employer of 1.7 million people

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- But the sale of weaponry, traditionally, is guided less by commercial considerations and more by strategic calculations.

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- The “Bureau of Political-Military Affairs, Department of Defence, the White House and the Congress”, are all involved in vetting process for arms deals.

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- Each proposed sale is considered on a case-by-case basis and approved “only if found to further U.S. foreign policy and national security interests”.

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- The actual process of a sale could be long-winded, and could take months even after it is approved in principle.

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- The aspects that go into the assessment of the deals are the capability of the buyer government to afford, operate and protect the technology sought.

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- Notably, protections are also ingrained to ensure that systems sold to one country do not end up with a third party.

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How is Trump’s view radically different?

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- While arms sales and supply has been a major arena for displaying U.S. strategic prowess, Trump sees arms purely through the commercial angle.

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- His push in favour of liberalising U.S. arms sales to undermines any humanist consideration or visionary strategic thinking.
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- He has been an aggressive salesman for American defence manufacturers during his bilateral engagements with foreign leaders.
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- More significantly, he has been vocal in his disapproval of this established defence trade norms in the US as he considers them a big failure.
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- He rather wants to reduce the aids through FMF component (except to Israel), and seeks that American partners buy more weapons from it.
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- This is also seen as a move towards stifling US's NATO contributions and also reducing trade deficits with key partners such as South Korea and Japan.
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- While the US state machinery might not easily accede to most of these aspects, Trump's voice is bound to resonate considerably in any U.S. arms policy.
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What is in store for India?

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- India is one of the largest defence buyers and has imported over \$15 billion worth of defence equipment over the last decade from the U.S. alone.
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- As many Indian arms bids have get entangled in the U.S. bureaucracy for multiple reasons in the past, Mr. Trump's approach might ease these issues.
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- Trump's business centric approach is also a positive as it tends to address India's scepticism to get entangled in operational military partnerships.
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- Also, while India's robust defence partnership with Russia was a major irritant for US's strategic viewpoint, a commercialist approach overlook this.
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- Hence, India could emerge as a reliable, big arms market for the US, which would also help in reducing the overall trade deficit that US has with India.
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Source: The Hindu

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