



November 2, 2021

The Honorable  
Jessica Lewis  
Assistant Secretary  
Bureau of Political-  
Military Affairs  
U.S. Department of State  
Washington, DC 20520

Dr. C.S. Eliot Kang  
Acting Assistant Secretary  
Bureau of International  
Security and Nonproliferation  
U.S. Department of State  
Washington, DC 20520

The Honorable Donald Lu  
Assistant Secretary  
Bureau of South and Central  
Asian Affairs  
U.S. Department of State  
Washington, DC 20520

Dear Ms. Jessica Lewis, Dr. C.S. Eliot Kang and Mr. Donald Lu:

On behalf of Aerospace Industries Association (AIA) and the U.S. Chamber of Commerce-affiliated U.S.-India Business Council (USIBC), we write today concerning ongoing defense cooperation between the United States and India and possible future sanctions placed on India under the Countering America's Adversaries Through Sanctions Act (CAATSA).

We understand the Government of India is expecting delivery of Russian-made air defense systems that may lead the Administration to initiate CAATSA sanctions action. We believe imposing sanctions on India will not achieve a critical goal of CAATSA, which is to provide for Congressional review and to counter aggression by the Governments of Iran, the Russian Federation, and North Korea. Instead, levying CAATSA sanctions on India will limit opportunities between the U.S. and India, place existing industrial and technology cooperation partnerships at risk, threaten future civil aviation export opportunities for U.S. manufacturers, and ultimately force India to seek strategic partnerships with other global actors. Furthermore, it would inhibit the United States' ability to support the world's largest democracy as it faces unprecedented threats on multiple borders.

India has a long history of diversified defense purchases to meet its own national security needs, though it has turned increasingly to the U.S. aerospace and defense industry in the recent past. Accordingly, Russia's share of India's arms import expenditures has decreased steadily over time. As a result, India meets the requirements for a waiver of CAATSA as it is taking steps to reduce its inventory of Russian defense equipment. India is cooperating with the U.S. Government on other security matters that are integral to our common strategic interests.

In the defense sector, U.S. and Indian manufacturers remain steadfast partners in support of broad national security objectives in the Indo-Pacific region. India's efforts to upgrade its existing fighter aircraft fleet represents a significant, long-term relationship opportunity for U.S. manufacturers. It will enhance the U.S.-India bilateral defense relationship and support the U.S.-based aerospace and defense supply chain, employing hundreds of thousands of U.S. workers. This is just one of many long-term projects that will better enable India to defend its borders and contribute to broader efforts to maintain peace and security around the world. In addition, ongoing U.S. industrial partnership agreements with India will continue to provide key connections to the

Indian supply chain. This will reduce supply chain risks in the global aerospace and defense sector and help drive innovation to help outpace the technological threat posed by China.

Previous sanctions on India, imposed after its nuclear tests in 1998, set U.S.-India defense, commercial, and space relations back significantly. Opportunities for American defense sales decreased, and domestic industry languished. These sanctions drove India towards deeper cooperation with our strategic competitors, such as Russia, and in other cases, towards allies such as France and Israel. Even after sanctions were lifted six months later, the economic damage to India resulted in decreased defense cooperation, commercial trade, and distrust in the U.S.-India strategic partnership.

In addition to repeating these historic setbacks in the bilateral relationship, the imposition of CAATSA sanctions on India would severely limit U.S.-India interoperability in the Indo-Pacific region. Defense trade relations have arguably become the foundation of the U.S.-India strategic partnership and bilateral defense cooperation. Over the last two decades, the U.S. has made major advancements in defense trade with India and has seen continued growth over time. Sanctions would grind this progress to a halt, alienating a key partner in the Quad and creating future roadblocks in America's involvement in the Indo-Pacific region. The recent Quad leaders' meetings reaffirmed a broad range of cooperation among our countries as we seek to strengthen our supply chains and boost trade and investment to confront competition from China. Sanctioning India under CAATSA would be antithetical to those goals and would undermine the very efforts that the U.S. is undertaking in this era of great power competition.

For these reasons, we strongly encourage the Administration to issue a waiver to India to prevent CAATSA sanctions. Imposing sanctions would be counterproductive to U.S.-India trade and to our bilateral strategic and defense relationship that has been over two decades in the making.

Please contact Remy Nathan, AIA Senior Vice President of Policy (703-980-6220) or Jay Gullish, USIBC Executive Director (202-423-0779) if you would like to discuss this matter further.

Best regards,



Remy Nathan  
Senior Vice President for Policy  
Aerospace Industries Association



Nisha Biswal  
Senior Vice President for International Strategy  
U.S. Chamber of Commerce