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India's Medium Fighter Purchase: Strategic Considerations

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Synopsis

India's decision to purchase 125 medium combat aircraft from Europe has upset the US. However India has also awarded the US a contract for 10 C-17 Globemaster III airlift planes to maintain a strategic balance in its air capability inventory.

Commentary

FOLLOWING THE recent announcement that India will be selecting European fighters for its US\$10 billion contract for 126 Medium Multi-Role Combat Aircraft (MMRCA), New Delhi has also stated that it will be awarding the United States a US\$5.8 billion contract for 10 C-17 Globemaster III Strategic Airlift aircraft. This move is seen as a bid to assuage the hurt felt by the Americans as India thinks it important to keep relations with the US sweet, given the strategic fluidity of the Asian region.

While the MMRCA deal delighted the Europeans, it dismayed the Russian, American and Swedish contenders. The importance of the contest went beyond commercial benefits, touching also strategic and diplomatic alignments. Rather than just considering the rationale for selection of the winner, India's dilemma was how to placate the losers of this mega deal, in particular the Americans.

Why the deal is significant

However, there is a need to take a step back and examine why the MMRCA deal was seen as significant by the bidding countries. It is about India's growing economic and military power. On a purchasing parity basis, India now ranks as the world's fourth largest economy, with a US\$4 trillion GDP. There is, of course, a direct linkage between India's economic base and the resources required to fulfill New Delhi's ambitious military modernisation programme.

With some 85 per cent of India's military assets designated as either mature or obsolete, military chiefs have been pressing for urgent replacement programmes. The MMRCA is just the start of a massive defence acquisition process. New Delhi has both the resources and the commitment to embark on a broad suite of foreign procurement plans. These include the US\$30 billion acquisition of 250-300 Russo-Indian Fifth Generation Fighter Aircraft (FGFA); a multi-billion dollar purchase of 272 Russian Sukhoi SU-30 MKI fighters; nearly 200 Tejas (Lightweight Combat Aircraft [LCA]); 12 P-8I Poseidon Maritime Multimission Aircraft; over 40 warships and submarines and over 1,000 helicopters by 2020.

Why the US faced obstacles

As defence is a top priority, India's 2011-12 defence budget has increased by nearly 12 per cent from the previous year, reaching US\$36 billion. This figure is expected to rise to nearly US\$50 billion by 2015, with almost 50 per cent of this sum devoted to capital acquisition. Moreover, procurement is anticipated to increase exponentially: between 2012 and 2017, India will spend around US\$50 billion on military acquisition. Currently, around 70% of India's weapons systems are foreign-sourced. Because of the absolute size of its spending, India accounted for some nine per cent of global arms transfers across 2006-10, making it the world's biggest arms market.

The MMRCA contract provides opportunities for Western countries to participate in India's burgeoning arms bazaar. For Washington, in particular, the programme provides the perfect opportunity to demonstrate that its recent rapprochement with India had gained tangible traction amongst the higher echelon of policymakers in New Delhi.

Yet, the US faced many obstacles in the Indian market. Outside the political and diplomatic domain, there are a number of reasons why the US bid was unlikely to have been in contention. Firstly, on technical grounds, the F-18 Super Hornet was not compliant. This fighter falls into the 'heavy' combat category of fighter aircraft, and for that role India already has the Russian SU-30MKI 'workhorse'. As the MMRCA acronym implies, India is seeking a medium combat aircraft.

The other US plane on offer was the durable and proven F-16IN Super Viper. It has benefited from numerous upgrades, but the aircraft is fast approaching the end of its life-cycle. Moreover, Pakistan, India's long-term adversary, has F-16s in its inventory, and the intent of all air forces is to fly aircraft measurably superior to that of its potential foe. This suggests that the European fighters offered greater combat superiority compared to their Swedish, US and Russian counterparts.

The Eurofighter and Rafale are both relatively new platforms, capable of serving the requirements of the Indian Air Force for the next 40 years. On logistical grounds, a purchase of US aircraft also fails to add up. India's maintenance, repair, overhaul, training and support systems have Russia and France stamped all over them; to switch to an American model would have added costs and complexity to inventory management.

Finally, at the strategic level, India has probably not forgotten American predilection for imposing arms embargoes on client states, including Pakistan, Indonesia, and India, itself. And even in the absence of embargoes, US weapons sales come with the baggage of the EUMA (End User Monitoring Agreement) and CISMOA (Communication, Interoperability, and Security Memorandum of Agreement).

A two-horse European Race

The MMRCA competition has now become a two-horse European race. The decision will likely be taken by the end of the financial year, 31 March 2012. The winner is uncertain, but the smart money is on Dassault Rafale -- for a number of reasons. When the IAF specified its precise MMRCA requirement in 2001, it was suffering an ageing MiG-21 that had the dubious reputation of 'falling-out-of-the-sky'. Aircraft attrition and a delayed LCA were additional factors fast undermining the IAF's operational capability. Thus, facing rapid deterioration in operational capability, the IAF sought the advanced version of the French Dassault Mirage 2000-V.

India had enjoyed a long partnership with the French company through its Mirage 2000 fighters. The IAF still fly over 50 of these aircraft, which have proved reliable and cost effective. The French have also been trusted allies, offering unstinting support on numerous geo-strategic challenges, such as India's nuclear test and the Kashmir issue. Significantly, Dassault has committed, unequivocally, to transfer a 'complete' technology package, accommodating India's stipulation that any deal must include a transfer of technology worth 50 per cent of contract value.

By the time India's final Request for Proposal was sent in 2007, Dassault's Mirage 2000-V production line had closed. France's chance appeared to have disappeared as a global tender was issued, but the French are now back in the fray. The final competition remains tight. The Rafale has no export successes, whilst the Eurofighter is an excellent aircraft, with exports to Austria and Saudi Arabia. However, the smart money is on France rather than the Eurofighter, which carries with it the logistical complexities and political uncertainties of four different collaborating countries.

For India, though, the immediate need was to mollify the US, deeply upset over rejection of both its contender aircraft. India's Cabinet Committee on Security, chaired by Prime Minister Manmohan Singh, has now given approval for the acquisition of the 10 C-17 Strategic Airlift aircraft. The credibility of President Obama, who pushed the MMRCA deal, is intact, and evolving US-India rapprochement survives.

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