



Security Of Supply Arrangements (Sosas)- Its Past And Present. Does The Agreement Augur Well For India?

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Abstract

India and the US have a long-standing defence relationship that has grown in depth over some time. However, the relationship had not yet attained the level of strategic partnership in the real sense. This scenario will likely change with the signing of the Security of Supply Arrangements (SOSAs). This agreement reflects the coming of age of the partnership between the two countries. By giving a reciprocal opportunity for preferential sourcing of military supplies, the agreement lays the edifice for deeper collaboration. The present paper looks at the past, present and future of SOSA in the context of a fledging Indo-US relationship.

Index Terms- Security of Supply Arrangements (SOSAs), Indo-US relations, Reciprocal Defence Procurement Agreement.

Introduction

Indian media is flooded with news of the SOSA signed between the Indian government and the US administration during the UNION Defence minister's visit to the US. The agreement was signed by Dr Vic Ramdass, Principal Deputy Assistant Secretary of Defense for Industrial Base Policy, on behalf of the United States, and Mr Samir Kumar Sinha, Additional Secretary and Director General (Acquisitions), on behalf of the Government of India. From the side of the US, the Assistant Secretary of Defense for Industrial Base Policy (OASD(IBP), and the Defense Production Act (DPA) Title I, Manufacturing Capability Expansion and Investment Prioritization (MCEIP), ODASD(IBR) is the office responsible for securing and maintaining SOSAs (DoD, 2024). The press has generally been enthusiastic about the agreement. Amidst all the positive vibes, some details must be understood before we can paint a picture of total endorsement. First, we have to understand the broad contours of SOSA.

What is Security of Supply Arrangements (SOSAs)?

SOSAs are not your typical bilateral agreements. They are unique in that they assure each other that in peacetime emergencies or armed conflicts, the affected country shall receive preference in the supply of defence-related goods, services, and raw materials. It's important to note that, unlike most agreements, the SOSA is non-binding. The SOSAs are formulated under "Declarations of Principles for Enhanced Cooperation in Matters of Defence Equipment and Industry." (Peters, 2021) Under the agreement, the US government plays a key role, as it can request defence contractors in SOSA countries to prioritise their defence supplies during an emergency. Similarly, the latter can request that US companies prioritise their defence supplies in similar situations. The US has already entered into such agreements with 18 countries (mostly its close allies

and those with immense strategic concern for the US). If we take a factual look at the mechanism, we find that SOSA is one of the less well-targeted schemes in operation. However, it does offer the potential for enhanced cooperation among countries.

What does SOSA offer the signatories?

The SOSA must be read along with the Defence Production Act (DPA), under which the US president has the authority to prioritise the execution of specific contracts that are essential for national defence. Executive Order 13603 delegates powers to some cabinet secretaries to fulfil DPA obligations. These cabinet secretaries are required to frame norms for priority defence supplies. (Peters, 2021). These regulations cover various civilian applications, such as agriculture, health, transport, energy, emergency management and general commerce. Six regulations exist, known as the *Federal Priorities and Allocations System* (FPAS). One of the sub-items in this list is the Defense Priorities and Allocations System (DPAS) under the Department of Commerce. SOSAs are mainly implemented through the DPAS. These include priority delivery of defence-related products and services via contracts, subcontracts, or orders. Under the DPAS, there are provisions to extend priority assistance to foreign countries for accelerated defence supplies. Still, top priority is given to countries that have entered a SOSA with the Department of Defence, USA. (Peters, 2021). The ratings authorisation is provided by the Department of Commerce (DOC).

Each SOSA is unique and varies in its contents. Some SOSAs even specify the language in which they communicate the request for priority acquisition. In contrast, others cover areas such as codes of conduct, points of contact, terms of implementation and so on. (Peters, 2021). Such divergence often confuses how SOSA integrates with the USA's national security framework.

SOSA is not a one-way bridge. Its provisions are reciprocal. In return for the assurances from the US side, the partner country has to establish a government-industry Code of Conduct. The Indian government is also expected to provide priority supplies for the US in need.

In brief, the SOSA establishes a protocol whereby the US and a partner can develop a mechanism for

- Assuring each other that supply chains do not break when aggressive actors in the international arena resort to acts of hostility. This holds for countries that have hostile and dominant neighbours.
- Though the international system is touted as a self-help system, this is rarely true. The world system works through weak and strong alliances. The mechanism of mutual support acts as a deterrence against strong adversaries
- Priority supplies. At times of conflict, military supplies are of crucial importance. If there is a supply chain breakdown, the tide of war could turn adverse. The SOSA ensures the procurement and delivery of military supplies to signatories on a priority basis.

How is SOSA different from the Reciprocal Defence Procurement Agreement?

SOSA is often confused with the binding Reciprocal Defence Procurement Agreement (RDPA). The RDPA is frequently called a Free Trade Agreement for Defence purchases with good reason. The RDPAs are bilateral agreements to facilitate the smooth procurement of defence goods and services from the signatories' markets. The key features of this agreement are reducing bureaucratic bottlenecks, promoting interoperability, exchange of critical defence technologies, and fostering mutual trust and strategic partnership. The USA has signed this agreement only with 28 countries it treats as its close allies. The salient features of the RDPA are

- Priority access to each other's defence markets. This results in open access to military procurement, reduction of procurement costs and improvement in transactional efficiency
- Negation of bureaucratic delays. Most of the licenses and statutory requirements associated with defence procurements from the US, such as multiple certifications, export licences etc are waived off for such procurement

- Enhanced levels of transparency in the mutual defence procurement process
- Some of the “Buy America” requirements imposed by the federal government are waived in the case of US procurement from foreign partners under the RDPA and vice versa.
- The information transmitted during the transactions shall be deemed as classified.
- Leads to joint manufacture and technological transfers in defence supplies.

The major point of divergence between the two is that while SOSA acts as an emergency provision, the RDPA is a long-term arrangement. While the SOSA is not legally binding, the RDPA is. However, without the RDPA, the SOSA may sometimes be ineffective since the partners in question would not be bound to honour the supply arrangement during a crisis. However, if a signatory to SOSA lodges a complaint with the Defence Ministry that their request for priority supply has not been honoured by that country's supplier, then there is a commitment to investigate the matter.

India's defence engagement with the US and SOSA

The level of engagement between the two countries has increased by leaps and bounds. The long journey culminating in the SOSA can be traced back to several low-profile yet significant military, nuclear and logistical agreements the two countries signed in the preceding three decades. The two countries started sharing sensitive military information after signing the General Security of Military Information Agreement (GSOMIA) in 2002. The GSOMIA has greatly benefited India through access to classified military information from the US which was hitherto unavailable to India. The Civil Nuclear Deal signed in 2008 strengthened the mutual trust between the two countries in sharing sensitive information and critical technologies. Along with the deal came the recognition that India is a responsible nuclear power. In 2016, the defence cooperation between the two countries was upgraded to Major Defence Partnership (MDP). The Logistics Exchange Memorandum of Agreement (LEMOA) signed in 2016 between the two countries was a significant event promoting close cooperation between the two countries' militaries. The LEMOA facilitated mutual logistical support between the two countries' militaries. LEMOA could be considered as a significant confidence-building measure between the two countries. In 2018, the status of India was upgraded to that of Tier-1 of the US Department of Commerce's Strategic Trade Authorization license exception (MEA, India- US Bilateral Relations, 2023). The Communications Compatibility and Security Agreement (COMCASA) of 2018 and the Basic Exchange and Cooperation Agreement (BECA) signed in 2020 greatly enhanced the partners' confidence in moving ahead with greater cooperation. The COMCASA not only facilitated the transfer of advanced military and communication technologies to India but also enabled critical military data in times of need. On the other hand, the BECA enabled the US to share geospatial data for military operations. It is reasonable to assume that BECA helped India counter the Chinese infiltration in Arunachal Pradesh and other bordering areas in the post-Galwan skirmish period. The India-US Defense Acceleration Ecosystem (INDUS X), through which private enterprises, public sector units, universities, think tanks and other stakeholders come together to brainstorm defence issues is yet another useful mechanism for building confidence in the partnerships between the two countries (MEA, India- US Bilateral Relations, 2023). Similarly, the Initiative for Critical and Emerging Technology [iCET] was launched by the two National Security Advisors (NSA) to promote cooperation in developing cutting-edge technologies in various sectors.

SOSA is the next upgrade to defence cooperation between the two countries. Analysts feel that the SOSA was signed to strengthen the Major Defence Partner Status given to India in 2016 (Bhandari, 2024). However, it needs to be noted that the US defence procurement is often strained due to supply chain constraints. The signing of SOSA with India will enable the US to diversify its supply chain, especially for critical intermediary products. The cost of production of such products will be significantly lower in India. Further, the highly skilled manpower available in India can contribute to technical innovations. There is also an inherent assumption that the signing of SOSA would gradually wean India away from the Russian hardware and technologies that form the backbone of the Indian armed forces. (Bhandari, 2024). However, a matter that needs deep understanding is the traditional reluctance of the US to part with critical technologies to India. The supply delays of the GE-F404 engines to HAL for the production of Thejas MK1 stand as testimony to this mindset.

In the case of the agreement to transfer the technology of GE-F414 engines, GE will retain the core technology and proprietary design. The traditional Indian preference for Russian technology and equipment had a lot to do with the reluctance on the part of the Americans to part with critical technologies. The clause that specific companies would be invited to participate in the code of conduct is quite confusing. The nature of the companies to be asked for the discussion and the framework is also unclear. However, the fact that SOSA will provide Indian companies with deep insights into the procurement policies and an acquaintance with the defence bureaucracy of the US will stand them in good stead. There could be an added advantage that India may get better service support for the equipment already procured from the US. The US can in the future transfer technology and procure essential supplies from Indian partners on a priority basis in times of need. Given the current geo political realities, the US may face such requirements anytime.

The geo-political significance of the SOSA needs to be highlighted. The Indo-Pacific is the next hot theatre of conflict. The Chinese have laid territorial claim on lands belonging to many nations of the region. India has also been at the receiving end of unprovoked aggression by the Chinese. The bone of contention has been the line of control between the two countries. The Chinese endeavour is to include the entire Arunachal Pradesh under its territory and term it South Tibet, which India has successfully thwarted repeatedly. The Chinese attempt to unilaterally alter the "line of Control" was at the root of its effort to capture the Galwan Valley. The US has been steadfast in its support to India in maintaining its territorial integrity. Most of such support seems to have been in the form of supplying real-time logistical information, which has enabled India to counter the Chinese threat. The weakening of India will ultimately increase China's threat to the US. So, an India that is fully capable of defending itself and challenging China in both the military and economic spheres is essential for the success of the American Grand Strategy.

Conclusion

Though there is no doubt that the SOSA is an important step forward in building transparency and confidence in defence matters and the transfer of technologies between India and the US, the non-binding nature lowers its utility significantly. Further progress is mandatory to deepen the defence ties between the two nations. The geopolitical importance of the SOSA is significant as it sends clear signals to potential adversaries about the probable impact of their aggression. It must also be noted that many civil use technologies first emerged as military use technologies and later got adopted. Therefore, getting access to cutting-edge American technologies will benefit the country's development. The SOSA is expected to facilitate this process. The signing of the RDP will be a significant step that will cement the benefits envisaged by the SOSA.

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