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LOGISTICS EXCHANGE MEMORANDUM OF AGREEMENT

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RESEARCH BRIEF



Introduction

India and the United States signed Logistics Exchange Memorandum of Agreement (LEMOA) in Washington DC on 29th August 2016. By virtue of this agreement, both India and United States will be able to access each other's military facilities for fuelling and logistics support on a reimbursable basis. This agreement permits these two states to use each other's military and naval facilities for 'specific type of activities'. These activities are limited to joint military exercises, training, port calls, humanitarian missions and other military activities that both sides mutually agree to undertake. This agreement is part of a series of advancements in the U.S.-India security relationship. It will strengthen Indian navy outreach and will enable it to undertake far seas operations. This agreement has been signed at a time when U.S.-China tensions are increasing in the Asia-Pacific region and U.S.-Pakistan strategic relationship is being redefined. The CSCR has produced a research brief which seeks to explain the background and significance of the LEMOA and the implications of this agreement for regional countries.

Overview of U.S.-India Relations

Since the independence of India in 1947, its ties with the United States have weathered Cold War-era distrust and estrangement over India's nuclear program. Since the beginning of 'War on Terror' in 2001, relations between the two states have improved considerably and their co-operation has strengthened across a range of economic and political areas.

In 1949, the first Indian Prime Minister Jawaharlal Nehru visited the U.S. on a multi-week tour and met President Harry S. Truman. However, in the following years, India's indecision to take sides in the Cold War and the U.S.'s need to have a reliable ally in South Asia lead to a strong strategic alliance between the United States and Pakistan. Later, India took a leadership role within the Non-Aligned Movement; India's neutral stance during the Cold War benefited the U.S.S.R. and both India and the U.S.S.R. established strong military and economic ties. On 9th December 1959, President Dwight Eisenhower became the first American President to visit India and relations between the two states improved. During the 1962 Indo-China border war, the U.S. provided air assistance to India and also recognized McMahon line as the border between India and China. Until the 1965 India-Pakistan war, strategic and military ties between the United States and India remained close.

During the Indo-Pak war of 1971, the United States sided with Pakistan. India, on the other hand, signed a 20-years treaty of friendship and cooperation with U.S.S.R., sharply deviating from its previous position of non-alignment in the Cold War. On 18th May 1974, India detonated its first nuclear device. This move contributed to a period of estrangement between the United States and India for well over next two decades. In May 1998, the Indian government announced successful nuclear tests. These tests drew international condemnation and badly damaged Indo-U.S. relations. Consequently, the U.S. imposed economic and military sanctions on India.

Immediately after 9/11, the U.S. lifted all sanctions on India. In 2005, the U.S. and India agreed to initiate a dialogue on energy security. On 28th June 2005, the United States and India signed the New Framework for the U.S.-India Defence Relationship which set priorities for defence cooperation in maritime security, humanitarian assistance/disaster relief, and counter-terrorism. The Indo-U.S. relations surged to new heights on 18th July 2005 when the U.S. and India inked the Civil Nuclear Cooperation initiative, a ten-year defence framework that lifted the three-decade U.S. moratorium on nuclear trade with India. Under the agreement, India agreed to separate its civil and military nuclear facilities and place all of its civil resources under IAEA safeguards. Congress gave final approval to this agreement in October 2008. Since then, the two states have found common ground in various issues of regional and global importance.

Brief History of US-India Military Relations

After the end of the Cold War, Indian strategists and policymakers turned to the drawing boards to formulate new diplomatic policies and security strategies compatible with the changed international security environment in the post-Cold War era. India's new diplomatic and strategic policies were a stark contrast to its Cold War posture of neutrality and non-alignment. India moved away from its traditional emphasis on 'power of argument' towards 'argument of power'.

Although India tried to maintain a close relationship with Russia, this reorientation of its foreign and security policies demanded close cooperation with the United States especially in the areas of defence and security.

The visit of U.S. Commander-in-Chief, U.S. Army Pacific Command in 1991 marked the first step in Indo-U.S. military ties. The U.S. Commander-in-Chief presented “Kickleighter proposals” which envisaged close cooperation and partnership between the militaries of the two countries. The “Kickleighter Proposals” enabled the first-ever U.S.-India military to military level exercises in 1992 and also resulted in the establishment of the army, air force and navy executive steering groups (ESGs). The Indo-U.S. strategic ties were further enhanced by the expansion of defence cooperation between the U.S. and Indian defence departments and service to service military exchanges in 1995, statements of principles for U.S.-India high technology cooperation in 2003, the new framework for U.S.-India defence relationship signed in June 2005 and the civil nuclear cooperation in July 2005.

The following table shows increasing defence ties between U.S. and India :-
(table courtesy Brookings Institute)

India-U.S. Defense Trade

INDIA'S TOP SOURCES OF ARMS IMPORTS

1999-2003	2004-2008	2009-2013
1. Russia	1. Russia	1. Russia
2. Israel	2. Israel	2. U.S. (7.4%)
3. Uzbekistan	3. U.K.	3. Israel
4. Germany	4. Poland	4. U.K.
5. Ukraine	5. France	5. Uzbekistan
6. Poland	6. U.S. (1.9%)	6. Italy
7. France	7. Uzbekistan	7. Ukraine
8. Netherlands	8. Ukraine	8. Germany
9. Kyrgyzstan	9. Netherlands	9. France
10. U.K.	10. Germany	10. South Africa
14. U.S. (0.2%)		

India-U.S. defense trade stands at about \$12 billion and is expected to reach \$14 billion next year.

Logistics Exchange Memorandum of Agreement (LEMOA)

Background

The year 1992 marks the time when strong military to military contact was established between the United States and India. Gradually, the militaries of both the countries enhanced their cooperation. Strategic partnership between the two militaries was envisaged by the high command of both countries. After the tsunami of December 2004, the United States and India in coordination with Japan and Australia formed the Tsunami Core Group. Navies of the U.S. and India coordinated relief efforts and both saw each other as future providers of security in the Indian Ocean region. Having this in mind, the two countries signed the New Framework for Defence Cooperation in June 2005 and a Civil Nuclear Cooperation in July 2005.

Features

Cooperation between the militaries of these two states was strengthened by the signing of Logistics Exchange Memorandum of Agreement (LEMOA) by the Indian Defence Minister Manohar Parrikar and US Defence Secretary Ashton Carter on 29th August 2016. According to this agreement, the two countries will permit their militaries to use each other's bases to refuel and replenish their supplies and also provide logistical support along with some other services on a reimbursable basis under a given framework. The LEMOA will significantly enhance the capacity of the Indian Navy in particular and their army and air force in general. It will help both countries in governing the use of each other's land, air and naval bases for repair and re-supply.

The LEMOA will primarily cover four areas: port calls, training, joint exercises, and humanitarian assistance and disaster relief. Any other requirement will need to be agreed upon by both countries on basis of each case. This agreement does not call for basing of troops of both the countries on each other's soil since it is purely a logistical agreement. By virtue of this agreement, India will be able to access the string of the U.S. facilities across the globe for logistical support and the U.S. will benefit from Indian facilities. This agreement will facilitate innovative and advanced opportunities in defence, technology, and trade cooperation.

Significance

The LEMOA is a significant step forward for India and the United States. The agreement comes after more than a decade of negotiations, hence acting as a catalyst for an automatic process of approvals for the two militaries to share each other's bases for various operations. This agreement will serve as a platform for enhanced cooperation in the defence sector between the two countries. Indian strategists and scholars are trying to assert that this agreement is in no way meant to establish a strategic partnership with the United States against the regional rivals of India.

However, the most significant aspect of this agreement is the augmentation of the military capabilities of India. India will have unprecedented access to the American network of military bases, all built in strategic locations. This agreement will boost India's naval capabilities by enabling them to undertake far seas operations which they were unable to do previously. The agreement will also enhance India's naval capabilities against the growing Chinese naval powers in the Indian Ocean region. With access to facilities and bases around China, India will be able to counter the Chinese strategy of 'String of Pearls' in the Indian Ocean region.

The LEMOA has greater significance in the maritime co-operation between the two countries in the Asia-Pacific region. The United States is already shifting its focus away from the Middle East towards this region. The Indian interests in Asia Pacific are also compatible with those of the US and it is not wary of the American presence in the region. This has led both the countries to facilitate each other by opening their naval facilities.

Counter-terrorism and anti-piracy initiatives in both the countries will also gain encouragement. With efficient anti-piracy initiatives in the Indian Ocean region, the Indian shipping industry and trade will also be boosted which will ultimately reflect positively on Indian economy and trade. This agreement will enable both the countries to transform their relationship from a military buyer-seller relation to a strategic partnership which will lead to joint research, development, and production of modern weapons systems in India.

Implications of Logistics Exchange Memorandum of Agreement

India

The LEMOA has been hailed by many across the United States and India as landmark agreement strengthening Indo-U.S. relations. This agreement will indeed increase Indian naval outreach in addition to enhancing the defensive and offensive capabilities of India against its rivals but this it is not independent of implications. According to some observers, the agreement might redefine Indian relations with its long-term partners and will be the last nail in the coffin of the country's non-alignment policy of Cold War.

Russia and India are two important partners and their 'all weather friendship' will be affected by this agreement. Russian-American relations are tense and this Indo-U.S. embrace will necessitate a distance between India and Russia.

Russia sells and leases cutting-edge weapons technology to India such as the Akula-II SSN. It would be wise for Russia to withdraw Akula-II SSN and halt its sale of cutting-edge weapons technology to India to avoid the likelihood of American having access to such technology. This will certainly push Russians to find other potential weapons buyers in the same region and might even mean Russians offering modern weaponry to Pakistan which they have avoided doing so far for fear of Indian resentment.

The LEMOA will also affect Indo-Iranian relations. The U.S. and Iran made a major headway in improving relations by signing P5+1 and Iran's nuclear deal but their relationship is still far from being cordial. The development of Chabahar port as an alternative Indian land route to Central Asia through Afghanistan and to Europe will suffer. India also plans to establish a naval base in Chabahar but LEMOA will now make Iranians re-think such an endeavour with India. Iran would never want American naval forces docking at an Indian naval base at its shores. This Indo-U.S. agreement might make Iran reconsider at least some aspects of its Chabahar port project with India.

Chinese tensions with the United States are increasing in the Asia-Pacific region and to avoid any possibility of the U.S. choking its maritime trade routes, China is now in search of alternative trade routes. China's 'One Belt One Road' plan of which CPEC is a major component, is a serious effort to bypass endangered maritime sea routes. Meanwhile, Russian relations with the Americans are also tense due to conflict of interests in Syria and Eastern Ukraine. With Russia's distinct relationship with India receding and that with China strengthening, Russia might join up in China-Pakistan nexus to form a formidable a strategic triad as a counterweight to the India-US tandem, and in a tactical sense to cultivate Islamabad and the Pakistani military as its outpost of influence in South Asia.

Indian relationship with China is unpredictable while that with Pakistan is hostile due to many simmering disputes. India has asserted that it does not intend to disturb the balance of power in South Asia. But this agreement between the US and India might be interpreted in Islamabad and Beijing as an Indian effort to do exactly that. This will certainly push Pakistan and China even closer and the two might formulate a strategy to contain India. In this, India's fear of two hostile nuclear nations joining hands against the country might be realized.

The United States of America

The relationship between the U.S. and India has been improving especially over the past decade. Indian lobby in the U.S. has been propagating closer trade and military ties between the two states. The LEMOA is a major step forward for India and the United States. However, like India, this agreement has great implications for the United States as well. Pakistan has been a major American ally in the region and has also remained the front-line state in 'War on Terror'. This agreement might widen the mistrust which is already prevailing between the two countries. Pakistani establishment is trying hard to maintain a balance between the U.S. and China and it has so far successfully done so. But the U.S.'s attitude of abandoning Pakistan whenever it is convenient, the Indo-U.S. agreement, and the ever increasing China-Pakistan cooperation might make Pakistan say goodbye to the complicated Pakistan-U.S. alliance. If that's the case, the U.S. might lose a major ally in the region whose relationship with the United States is much older than this new Indo-U.S. alliance.

The tensions between the U.S. and China are increasing due to Chinese belligerence in the South China Sea. China might consider this agreement between India and the U.S. as an effort to encircle her and will try to counter it by increasing its military might. It will also push China closer to Russia which is also not a good consequence for the U.S.

China

The recent agreement between the U.S. and India indicates that the latter is opening up to the U.S. in an effort to establish a meaningful strategic partnership without considering it intrusive to its relationship with its traditional partner Russia. The concept of developing an Asia pivot with the leading powers of Asia-Pacific region like Japan, Australia, and India as envisioned by the U.S. is now crystallizing into a meaningful military cooperation. China's strategic encirclement and the creation of a new Rim-land around China, from West Asia through the Indian Ocean right up to the Sea of Japan is now becoming a reality.

This agreement has increased the importance of OBOR which is a Chinese plan to bypass contested seas and straits. The Chinese policymakers are acquainted with the Indo-U.S. plans to encircle China and the country has already started working on the CPEC project with vigour. However, Chinese problems have been exacerbated after the signing of LEMOA. China is facing unrest in its eastern Xinjiang province. Meanwhile, Japan is re-arming itself and has started to pose danger in the East China Sea. Its relations with its neighbours in the South China Sea are far from being cordial. The US is increasing support for its allies located around China. Moreover, CPEC is also facing challenges in the form of sabotaging efforts of India and the instability in Pakistan. In light of these facts, China will now have to formulate a strategy to counter the Indo-U.S. efforts for its encirclement. This strategic partnership might not be an imminent threat to China but it will cause a headache for Beijing in near future.

Russia

Russia has been a major Indian partner since the independence of the latter in 1947. Russia has earned billions of dollars by the sale of arms to India. Moreover, India has served as a reliable Russian partner in South Asia. Indian neutrality during Cold War benefited the U.S.S.R. a lot. After the signing of LEMOA, the message to Russia is clear: India is no more neutral and is now a strategic partner of the U.S. in Asia-Pacific region. (reference?) This strategic partnership will effectively become a counter-weight to the Russo-Chinese strategic partnership.

Russian economy, currently strained due to the decreasing fuel prices in the international market and the western sanctions imposed after the Crimean annexation, will suffer more from the reduction of arms sales to India which has been its greatest weapons market in the world(reference?). Russia will now have to look elsewhere for the sales of weapons. It will also have to turn to the drawing board to devise an effective strategy to counter the Indo-US tandem.

Pakistan

The LEMOA has huge implications for Pakistan. The new strategic partnership between the U.S. and India is a reminder to Pakistan that India will be given full support as a regional hegemon to play a greater role in the region and beyond on behalf of America. This agreement will increase the conventional military disparity between India and Pakistan. Having access to the latest American weapon systems, Pakistan will be vulnerable to Indian aggression. Pakistan will now have to look elsewhere for the procurement of modern weapons. This might mean a new partnership with Russia.

This agreement also indicates that the deep strategic partnership between Pakistan and U.S. in the 'war on terror' is now a thing of the past. The U.S. has other problems at hand, prominent being the containment of China. With this in mind, the U.S. considers India essential to achieving its strategic objective.

The U.S. signed this deal with India at a time when India-held Kashmir is facing unrest at a scale which is unprecedented. This indicates that the U.S. considers Kashmir dispute a dispute with which it is not concerned. If that's true, Pakistan has lost a major actor which could have influenced India to find a solution to this dispute. Experts in Pakistan believe that the agreement between India and the U.S. also indicates that the U.S. along with India is upset with the CPEC project and views it with suspicion.

Conclusion

Owing to LEMOA, both India and the United States will be able to access each other's military facilities for fuelling and logistics support on a reimbursable basis. This agreement will serve as a platform for enhanced cooperation in the defence sector between the two countries. This agreement has huge implications for the concerned parties and other major regional and global powers. After the signing of LEMOA, the message for the world is clear that India is no more neutral and is now a strategic partner of the U.S. in the Asia-Pacific region. This strategic partnership will definitely benefit India, but the biggest winner of the deal is the USA. It has secured a partnership with a country which can provide it with security in a region which will decide the fate of American hegemony.

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