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Combat Aircraft Sales to South Asia: Potential Implications

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Combat Aircraft Sales to South Asia: Potential Implications

Summary

On June 28, 2006, the Bush Administration announced its proposal to sell 36 F-16 C/D Block 50/52 *Falcon* combat aircraft to Pakistan at an estimated case value of \$3 billion. The F-16 *Falcon* is a single engine multi-role aircraft manufactured by Lockheed Martin Corp. Its relatively low cost and high versatility make the F-16 one of the most exported fighter aircraft in the world. The F-16 was first fielded in 1979 and has been upgraded significantly. The capabilities of the F-16 vary greatly depending on the upgrade or modification fielded. The most modern F-16 flown by the United States is the Block 50/52. Three other F-16 related sales to Pakistan were also proposed.

Some believe that these sales are partly an effort to reward the Pakistani Government for the role it has played in support of U.S.-led anti-terrorism efforts, and this consideration is noted in the text of the formal notification of the F-16 sales. Some analysts, however, see the decision to resume F-16 sales to Pakistan as disruptive of regional stability and efforts to resolve disputes there.

Combat aircraft are considered “essential for conducting surprise attacks or initiating large-scale offensive operations.” Therefore, the transfer of combat aircraft can be a significant policy decision, especially to a region with known tensions and territorial disputes. Generally speaking, arguments for foreign military sales tend to focus on advancing U.S. industry, supporting allied countries, and promoting interoperability with those countries. Arguments against arms sales tend to focus on the negative aspects of military technology proliferation and the potential for causing regional instability. The federal government approves arms sales on a case-by case basis.

It is currently unclear what long-term effects a potential sale of combat aircraft to South Asia might have on U.S. political relations with Pakistan and India, or the political relationship between them. The reported U.S. willingness to sell F-16s or F/A-18s to India may mitigate that country’s disappointment with any renewed U.S. arms sales to Pakistan and neutralize any increase in Pakistan’s military capability. Militarily, the importance of the proposed transfer of new F-16s and the upgrade of Pakistan’s legacy F-16s can be viewed in the context of Pakistan’s conventional military confrontation with India, its nuclear confrontation with that country, and its struggle with terrorists and insurgents.

Much of the commentary following the June 28th announcement centered on how a potential sale of aircraft to Pakistan, and possibly to India, would be beneficial to industry. The potential benefits most frequently mentioned were extending the production life of U.S. aircraft with limited domestic prospects and improving U.S. industry’s position vis-a-vis other rivals in an increasingly competitive military export market. For broader discussion, see CRS Report RL33498, *Pakistan-U.S. Relations*, and CRS Issue Brief IB93097, *India-U.S.-Relations*. This report will be updated as events warrant.

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Combat Aircraft Sales to South Asia: Potential Implications

Introduction

On June 28, 2006, the Bush Administration announced its proposal to sell 36 F-16 C/D Block 50/52 *Falcon* combat aircraft to Pakistan at an estimated case value of \$3 billion. Three other F-16 related sales to Pakistan were also proposed on June 28. These sales include F16 A/B Mid-Life Update Modification Kits to upgrade existing Pakistani F-16 aircraft bought during President Reagan's first term; engine modifications and structural upgrades for existing F-16s, and various missiles, munitions and associated hardware to be utilized on the Pakistani F-16s.¹ Some believe that these sales are partly an effort to reward the Pakistani Government for the role it has played in support of U.S.-led anti-terrorism efforts, and this consideration is noted in the text of the formal notification of the F-16 sales.

From the date (June 28, 2006) when Congress was formally notified of the proposed F-16 sales to Pakistan, Congress has 30 calendar days within which to review the proposed sales, and express its will in accordance with statutory procedures set out in Section 36 of the Arms Export Control Act (AECA). Should Congress chose to block the Pakistani sales, it must act to do so within the prescribed 30 days through the enactment of a joint resolution of disapproval. Otherwise, the President is authorized to proceed with the sales.²

Pakistan-U.S. Relations

Pakistan-U.S. relations are rooted in the Cold War and South Asia regional politics of the 1950s. Differing expectations of the regional security relationship have long bedeviled bilateral ties: the United States viewed Pakistan as a valuable ally in its efforts to contain the Soviet Union; Pakistan saw the United States as a powerful guarantor of its security vis-a-vis India. In the mid-1970s, strains arose

¹ For texts of the formal notifications associated with the proposed sales of F-16 aircraft and related military equipment to Pakistan see the Defense Security Cooperation Agency at [http://www.dsca.mil/PressReleases/36-b/Pakistan_06-09.pdf]; [http://www.dsca.mil/PressReleases/36-b/2006/Pakistan_06-10.pdf]; [http://www.dsca.mil/PressReleases/36-b/2006/Pakistan_06-11.pdf]; and [http://www.dsca.mil/PressReleases/36-b/2006/Pakistan_06-34.pdf]. See, also, "Background Briefing by Administration Officials on U.S.-South Asia Relations," U.S. Department of State, Mar. 25, 2005; William Milam and Sarmila Bose, "The Right Stuff," *Christian Science Monitor*, Apr. 11, 2005.

² For details regarding the procedures involved in reviewing an arms sale, see CRS Report RL31675, *Arms Sales: Congressional Review Process*.

over Pakistan's efforts to respond to India's 1974 underground nuclear test by seeking its own nuclear weapons capability; U.S. aid was suspended in 1979. However, only months later, Pakistan again took the role of frontline ally, this time in the U.S.-supported effort to push the Soviet Army out of Afghanistan, and sanctions were waived. Despite the renewal of U.S. aid and close security ties, many in Congress remained troubled by Pakistan's nuclear weapons program. In 1985, Section 620E(e) (the Pressler amendment) was added to the Foreign Assistance Act, requiring the President to certify to Congress that Pakistan does not possess a nuclear explosive device during the fiscal year for which aid is to be provided. With the Soviet withdrawal from Afghanistan, Pakistan's nuclear activities again came under intensive U.S. scrutiny and, in 1990, President George H.W. Bush again suspended aid to Pakistan. One result of this aid cutoff was the non-delivery of 28 F-16 fighter aircraft purchased by Pakistan in 1989 (in 1998, the United States agreed to compensate Pakistan with a cash payment and goods, including surplus wheat). It was not until late-2001, when the United States again looked to Pakistan as a frontline ally, that major U.S. aid, including major weapons systems, again flowed to Pakistan.³

India-U.S. Relations

The U.S.-India relationship was for decades dictated by the politics of the Cold War. The Soviet collapse freed India-U.S. relations from the constraints of global bipolarity, but during the 1990s interactions continued to be affected by the India-Pakistan rivalry and nuclear weapons proliferation in the region. Recently, however, bilateral relations are greatly improved, with President Bush calling India a "natural partner" of the United States and his Administration seeking to assist India's rise as a major power in the new century. Despite a concurrent U.S. rapprochement with Pakistan, U.S.-India security cooperation has flourished and includes regular military exercises. In June 2005, the United States and India signed a ten-year defense framework agreement that calls for expanding bilateral cooperation in a number of security-related areas. Some laud increased U.S.-India security ties as providing potential counterbalance to Chinese influence in the region, but the emergence of an overt counterweight alliance is viewed by many as both misguided and unlikely.⁴

Pakistan-India Relations

Three full-scale wars and a constant state of military friction have marked nearly six decades of rivalry between Pakistan and India. The acrimonious nature of the partition of British India into two successor states in 1947 and the unresolved issue of Kashmiri sovereignty have been major sources of tension. Both countries have built large defense establishments at significant cost to economic and social development. Nevertheless, a peace initiative begun in 2003 has improved the relationship and led to a January 2004 summit and an agreement to re-engage in a dialogue to bring about "peaceful settlement of all bilateral issues, including Jammu

³ See also CRS Report RL33498, *Pakistan-U.S. Relations*.

⁴ See also CRS Issue Brief IB93097, *India-U.S.-Relations*.

and Kashmir, to the satisfaction of both sides.” In April 2005, the two governments released a joint statement calling their current bilateral peace process “irreversible,” although some analysts believe the process could quickly unravel following a major terrorist attack or some other unforeseen development. Officials from both countries (and the United States) offer generally positive assessments of the ongoing dialogue even as progress on territorial disputes, especially that involving Kashmir, has been minimal. The Pentagon’s June 2006 notifications to Congress assert that Pakistan’s planned purchase of new F-16s and related equipment “would not significantly reduce India’s quantitative or qualitative military advantage” nor affect the regional balance of power.

U.S. Combat Aircraft

The F-16 *Falcon* is a single engine multi-role aircraft manufactured by Lockheed Martin Corp. Its relatively low cost and high versatility make the F-16 one of the most exported fighter aircraft in the world. The F-16 was first fielded in 1979 and has been upgraded significantly. The capabilities of the F-16 vary greatly depending on the upgrade or modification fielded. The most modern F-16 flown by the United States is the Block 50/52. The aircraft being proposed for export to Pakistan will incorporate high-resolution radars capable of all-weather precision targeting and air-to-air combat at extended ranges. A helmet-mounted cuing system will improve the aircraft’s “dogfighting” capability as well as air-to-ground lethality. Integrated defensive electronic countermeasures will reduce the aircraft’s vulnerability to enemy aircraft and air defenses, and conformal fuel tanks will increase the F-16’s range without reducing the number of weapons carried.

The F/A-18E/F *Super Hornet* is a dual engine, multi-role aircraft manufactured by the Boeing Company. It is the U.S. Navy’s most modern and capable combat aircraft. The *Super Hornet* reached initial operational capability in 2001. The differences between the E/F and earlier F/A-18 variants (A/B, C/D) are so great, that many consider it to be a new aircraft rather than an upgrade of an existing model. The *Super Hornet* has been approved for export, but no sales have yet been made. The F/A-18C/D models, which are no longer in production, have been exported to eight countries.

Potential Implications

Political Implications

It is currently unclear what long-term effects a potential sale of combat aircraft to South Asia might have on U.S. political relations with Pakistan and India, or the political relationship between them. The Bush Administration’s decision to resume F-16 sales to Pakistan after a 16-year hiatus was first announced at a March 2005 press conference by unnamed senior State Department officials. At that conference, the Administration unveiled a “new strategy” for South Asia that includes an intention to help India “become a major world power in the 21st century.” Administration officials also said the United States welcomes India’s interest in the possible purchase of F-16 or F/A-18 warplanes and is ready to discuss the sale of

“transformative systems in areas such as command and control, early warning, and missile defense.”⁵ Two days before the State Department’s March 2005 statements, twenty Members of the House wrote to President Bush urging him to not license the sale of F-16 aircraft to Pakistan as such a sale would “undermine our long-term strategic interests in South Asia” and “squander an opportunity” to continue building positive relations with India.⁶ Meanwhile, Indian Prime Minister Manmohan Singh expressed “great disappointment” at the U.S. decision, saying the move “could have negative consequences for India’s security environment,” but he later softened his criticism and welcomed an apparent U.S. willingness to expand cooperation with India. Fifteen months later, when the Bush Administration formally notified Congress of a potential sale of F-16s to Pakistan, an Indian External Affairs Ministry statement said the step “is not conducive to improving ties between India and Pakistan.”⁷

Justifications for the decision to resume F-16 sales include a U.S. interest that Pakistan “feel secure” and a perception that a substantive U.S. defense relationship with both Pakistan and India will stabilize “the balance” between them. In June 2006, the White House said the planned F-16 sale “demonstrates our commitment to a long-term relationship with Pakistan.”⁸ Some believe the decision is a reward to President Gen. Musharraf and the Pakistani military for their post-9/11 cooperation with U.S.-led counterterrorism efforts, and see renewed exports as potentially increasing U.S. leverage in Islamabad while eroding anti-American sentiments there. Such leverage could include increased Pakistani cooperation in the areas of counterterrorism and nonproliferation.⁹ It may be that the timing of the June 2006 notification was influenced by developments in U.S.-India relations. Washington and New Delhi are moving forward with a landmark civil nuclear cooperation initiative. Islamabad claims the initiative will cause a power imbalance in the region and it repeatedly has requested a similar arrangement with Washington. The Bush Administration rejects such requests and also has not moved to provide Pakistan with a defense cooperation pact similar to that made with India in 2005.¹⁰

⁵ Background Briefing, op. cit., Mar. 25, 2005.

⁶ The letter (Mar. 23, 2005) is available at [<http://www.house.gov/faleomavaega/f16ltr.pdf>]. The Bush Administration response is at [<http://www.house.gov/faleomavaega/f16res.pdf>].

⁷ Diptosh Majumdar, “PM is Cautious But Positive on US Offer,” *Indian Express* (Bombay), Mar. 30, 2005; Indian Ministry of External Affairs Press Briefing, July 3, 2006.

⁸ “Background Briefing by Administration Officials on U.S.-South Asia Relations,” U.S. Department of State, Mar. 25, 2005; Secretary of State Rice, “Remarks to the National Conference of Editorial Writers,” U.S. Department of State Washington File, Apr. 4, 2005; “Press Gaggle With Tony Snow,” July 3, 2006.

⁹ Rashed Rahman, “F-16s for the Subcontinent,” *Daily Times* (Lahore), Mar. 29, 2005. See CRS Report RL32745, *Pakistan’s Nuclear Proliferation Activities and the Recommendations of the 9/11 Commission*.

¹⁰ “US-India Nuclear Deal Cause of Power Imbalance: Musharraf,” *Business Recorder* (Karachi), Apr. 6, 2006; “Pakistan Clamors for Same US Nuclear Deal as India,” Reuters, Mar. 21, 2006; James Murphy, “Pakistan Wants Defense Pact With US,” *Jane’s Defense Industry*, Sep. 1, 2005.

Some analysts see the decision to resume F-16 sales to Pakistan as disruptive of regional stability and efforts to resolve disputes there. This concern was articulated by India's external affairs minister in April 2005: "[M]ilitary assistance, particularly when unrelated to counterterrorism efforts, conveys a political signal both within Pakistan and vis-a-vis India-Pakistan relations. ... It consequently has repercussions for our dialogue that is currently at a sensitive stage."¹¹ Some in Congress voice similarly grounded opposition in more explicit terms: At a June 2005 House hearing on U.S. South Asia policy, one lawmaker said, "F-16s is how you fight India. It's not how you fight terrorists. This is outrageous." The sentiment was echoed by several other Members in attendance. However, two nongovernmental experts appearing before the House panel approved of such sales as important symbolic gestures that would likely result in much-needed improvement in U.S.-Pakistan relations.¹²

Several critics have contended that renewed F-16 sales may strengthen nondemocratic forces in Islamabad. Though the Bush Administration has made spreading democracy a cornerstone of its foreign policy, Pakistan continues to be governed by an army general who came to power through a military coup, and the State Department has noted that Pakistan's democratic institutions remain weak.¹³ In H.Rept. 109-486 (June 2006), the House Appropriations Committee expressed concern about Pakistan's "lack of progress on improving democratic governance and rule of law." Furthermore, some Pakistani commentators wonder why Islamabad plans to spend billions of dollars on weapons of allegedly questionable utility while the country's social services and infrastructure are in dire need of improvements.¹⁴ This perspective gained additional traction in the wake of Pakistan's catastrophic October 2005 earthquake, when Islamabad chose to postpone and eventually scale down the number of F-16s it would seek to purchase.

As noted above, congressional concerns about Pakistan's nuclear proliferation activities are longstanding. Some opponents of resumed F-16 sales argue that the United States should not provide sophisticated weapons to a country that has been a source of significant horizontal nuclear weapons proliferation. Legislation

¹¹ "Interview of External Affairs to Outlook," Indian Ministry of External Affairs, Apr. 19, 2005.

¹² "House International Relations Subcommittee on Asia and the Pacific Holds Hearing on United States and South Asia," June 14, 2005. See also Selig Harrison, "US Should Scrap Plane Deal With Pakistan," *Boston Globe*, Nov. 27, 2005. Some high-profile Indian and India-friendly analysts are complacent about resumed F-16 sales to Pakistan, believing such sales will have no meaningful effect on the region's strategic balance (C. Raja Mohan, "Quake Diplomacy and F-16s," *Indian Express* (Delhi), Oct. 18, 2005; Ashley Tellis, "Arming Pakistan," *Force* (Delhi), June 2005).

¹³ See Ashley Tellis, "South Asian Seesaw," Carnegie Endowment for International Peace Policy Brief 38, May 2005; Larry Pressler, "Dissing Democracy in Asia," *New York Times*, Mar. 21, 2005; U.S. Department of State, *Supporting Human Rights and Democracy*, 2005-2006. See also CRS Report RL32615, *Pakistan's Domestic Political Developments*.

¹⁴ See, for example, Farrukh Saleem, "75 F-16s for \$3 Billion!," *News* (Karachi), June 19, 2005; "Spend Money on Alleviating Human Distress and Not on Fueling Arms Race," *Daily Times* (Lahore), Oct. 27, 2005.

introduced which reflects this concern in the 109th Congress includes H.R. 1553 and S. 12 (Sec. 232), which prohibit aid or military equipment to Pakistan unless the President certifies that Pakistan is cooperating with U.S. nuclear non-proliferation efforts. In 2004, Pakistani metallurgist Abdul Qadeer Khan, known as the founder of Pakistan's nuclear weapons program and a national hero, confessed to involvement in an illicit nuclear smuggling network that sold crucial nuclear weapons technology and uranium-enrichment materials to North Korea, Libya, and Iran. To date, Pakistan refuses to allow any direct access to Khan by non-Pakistani investigators and, in May 2006, the Islamabad government declared the Khan investigation "closed." Some in Congress remain skeptical, however, and a House panel subsequently held a hearing to further discuss the issue. At that hearing, non-governmental experts urged that U.S. and international investigators be given direct access to Khan, in particular to learn more about assistance given to Iran's controversial nuclear program.¹⁵

Military Implications

The importance of the proposed transfer of new F-16s and the upgrade of Pakistan's legacy F-16s can be viewed in the context of Pakistan's conventional military confrontation with India, its nuclear confrontation with that country, and its struggle with terrorists and insurgents.

India dominated the air when it last clashed with Pakistan in 1971. According to some accounts, Pakistani air strikes were largely ineffective, and air support of ground forces was "non-existent."¹⁶ India currently enjoys a significant quantitative advantage over Pakistan's air force. It has 21 more fighter squadrons than Pakistan and a larger number (124) of modern aircraft. India operates an aircraft carrier with short-take off and vertical landing fighters. In terms of quality, the F-16 Block 50/52 aircraft appears to be roughly equivalent to India's most advanced combat aircraft, the Russian-made Su-30.¹⁷

Unlike Pakistan, however, India supports its combat aircraft with aerial refueling, electronic countermeasures, and modern airborne warning and control aircraft.¹⁸ The sale of 36 F-16s to Pakistan and the upgrade of existing F-16s would increase that country's number of modern combat aircraft but would still not bring it close to parity with India. If India were to add F-16s or F/A-18s to its inventory,

¹⁵ "House International Relations Subcommittee on International Terrorism and Nonproliferation Holds Hearing on Pakistani Aid to North Korea in Developing Nuclear Weapons," May 25, 2006. See also Daryl Kimball, "Arming Dictators, Rewarding Proliferators," *Arms Control Today*, Apr. 2005.

¹⁶ James Smith, "Developments in the Indian Air Force," *Jane's Intelligence Review*, Nov. 1991.

¹⁷ This point is debated among military analysts. Owing to recent exercises between the U.S. Air Force and the Indian Air Force, some believe the Su-30 to be a superior air superiority fighter to the U.S. F-15. However, the F-16, may compare better with the Su-30 than the F-15 as a multi-role combat aircraft.

¹⁸ See CRS Report RS20754, *National Security Implications of Airborne Early Warning (AEW) Aircraft*.

the disparity in aviation capabilities between the two countries would grow even more.

Some express concern that Pakistan could use its new F-16s to deliver nuclear weapons. The overall potential impact on nuclear deterrence and stability in South Asia of additional Pakistani F-16s, however, appears unclear. First, because the 32 F-16s that Pakistan already fields are believed to be nuclear capable, additional F-16s don't appear to introduce new capabilities but may expand existing ones. Second, Pakistan also fields nuclear-capable ballistic missiles. Some believe that ballistic missiles add instability to the security equation because they are high priority targets, and consequently the pressure to use them early in a conflict can be great.¹⁹ Thus, if additional nuclear-capable F-16s were to replace existing nuclear-capable ballistic missiles in Pakistan's arsenal, some may argue that additional F-16s could reduce nuclear instability.

Some suggest that Pakistan could use F-16s against terrorists and insurgents. It appears that F-16s could be used in such operations, but they could also be considered "over-designed" for these tasks. The Block 50/52 variant that is being proposed for export is the most advanced version of the F-16 flown by U.S. military forces. It incorporates advanced weapons and avionics for air-to-air combat that appear unnecessary for counterinsurgency operations. Less expensive and less sophisticated aircraft such as attack helicopters, unmanned aerial vehicles, and combat search and rescue aircraft would appear to have greater utility in combating insurgents and other non-state actors than supersonic fighter aircraft.²⁰ According to the Indian Defense Minister, "The F-16 and other lethal weapons are not required for fighting terrorism and are used in full-fledged wars. Given Pakistan's track record, we fear that such weapons will be directed toward India."²¹

Combat Aircraft Proliferation

Combat aircraft are considered "essential for conducting surprise attacks or initiating large-scale offensive operations."²² Therefore, the transfer of combat aircraft can be a significant policy decision, especially to a region with known tensions and territorial disputes.

The sale of F-16 Block 50/52 aircraft to Pakistan, will upgrade its inventory of this fighter, but may not completely fulfill its perceived need for a highly advanced, current generation, combat fighter. While financing the purchase of two different fighter aircraft could be problematic for Pakistan, some in Pakistan are reportedly concerned about the potential for future military sales cutoffs by the U.S. given the history of difficulties Pakistan has had with the United States over proliferation

¹⁹ See CRS Report RL32115, *Missile Proliferation and the Strategic Balance in South Asia*.

²⁰ See CRS Report RL32737, *Military Aviation: Issues and Options for Combating Terrorism and Counterinsurgency*.

²¹ "Pranab Reiterates Concern Over F-16 Sale to Pakistan," *Hindu* (Madras), Mar. 29, 2005.

²² *Conventional Armed Forces in Europe Treaty*, Fact Sheet, U.S. Department of State, June 18, 2002.

issues. They argue against limiting future aircraft procurement to the United States. Further, the proposed sale of F-16s appears to offer no opportunities for off-sets or co-production which limits the long-term benefit to Pakistan's aerospace industry. Consequently, Pakistan continues a relationship with China, including testing of China's advanced J-10 fighter, and co-development with China of the JF-17 fighter. Pakistan has been negotiating a possible purchase of the Swedish JAS *Gripen* multi-role fighter. Should the United States sell the F-16 to Pakistan, Sweden would reportedly offer to sell the *Gripen*. Thus, it seems unlikely that the United States will become Pakistan's principal supplier of advanced combat aircraft.²³

The reported U.S. willingness to sell F-16s or F/A-18s to India may mitigate that country's disappointment with any renewed U.S. arms sales to Pakistan and neutralize any increase in Pakistan's military capability. India may also use the prospect of the purchase of U.S. fighters as leverage in negotiations with its primary military supplier, Russia, to obtain more sophisticated systems, better financing, or additional licensed production options for its domestic defense industry. Should India choose to purchase U.S. fighters, it may seek not just the aircraft and support services, but some form of co-production or co-assembly options — a prospect that would raise policy questions for the United States regarding the release of military technology, and how such information might be used by India. This is particularly important given India's ambitions to develop a significant aerospace production capability and its past and present aerospace acquisitions from Russia, France, the United Kingdom, and Israel.²⁴

U.S. Industrial Base

Much of the commentary following the June 28th announcement centered on how a potential sale of aircraft to Pakistan, and possibly to India, would be beneficial to industry. The potential benefits most frequently mentioned were extending the production life of U.S. aircraft with limited domestic prospects and improving U.S. industry's position vis-a-vis other rivals in an increasingly competitive military export market. After decades of successful production, the F-16 production line appears to be approaching its end. As currently projected, the F-16 production line — which employs approximately 5,000 workers — could close in 2008. A sale of 36 or more F-16s to Pakistan could keep the line open for another year.²⁵

The larger prize, however, is a potential sale to India and the consequent opening of a market long-closed to U.S. industry. India is seeking a larger number

²³ Joshua Kucera, "IDEAS exhibition: US offers to sell F-16s to Pakistan," *Jane's Defence Weekly*, Sep. 17, 2004; Robert Sae-Liu, "JF-17 Deliveries to Pakistan Still Uncertain," *Jane's Defence Weekly*, Sep. 29, 2004; Joshua Kucera, "US Clears Sales of F-16s to Pakistan, Fighters for India," *Jane's Defence Weekly*, Apr. 6, 2005.

²⁴ "US Clears Sales of F-16s to Pakistan, Fighters for India," op. cit.; *Foreign Military Markets: Asia, Australia & Pacific Rim*, Forecast International; Alon Ben-David, "Equipment Deals Strengthen Israel, India Ties," *Jane's Defence Weekly*, Jan. 14, 2005; and Rahul Bedi, "India Approves AEWS Development," *Jane's Defence Weekly*, Sep. 22, 2004.

²⁵ Leslie Wayne, "A Deal for Jet Fighters Opens the Door to India," *New York Times*, Apr. 16, 2005.

of combat aircraft than Pakistan — 126 — and has a much larger inventory of combat aircraft, approximately 700, that it will eventually need to replace. U.S. companies are contending with competitively priced Russian and European aircraft for a share of the global military aircraft market. Penetrating the Indian market, and beating European competitors, could, many believe, help U.S. companies compete in other aircraft export markets. Also, it is argued that aircraft sales to India could prove a “tip of the iceberg” for all types of military exports to that country. India has embarked on a long-term plan to upgrade its armaments and strengthen its military, and some say that “high on its list are early warning and missile defense systems, nuclear fuel and technologies and space-related technologies.”²⁶

Questions remain about the potential domestic U.S. benefit from these prospective sales. While preserving U.S. jobs appears clearly beneficial, the number of jobs preserved and the value of those jobs remains unclear. India would likely demand that the majority of aircraft be produced in India. This would increase jobs in India and reduce jobs in the United States. Also, some say not all jobs are equal in terms of their benefit to the U.S. industrial base. Producing for India and Pakistan the exact same aircraft that is currently being produced in the United States would preserve assembly line-type jobs. Many argue this would do little to advance innovation or make U.S. industry more competitive. Only if the exported aircraft require noteworthy design and engineering changes, they say, would these skills be developed to benefit the of industrial base.

²⁶ Ibid.