



India Elevated to Strategic Trade Authorization - 1 List

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The United States (US) has eased controls on high-technology dual-use exports to India by elevating her to the Strategic Trade Authorisation - 1 (STA-1) list.

Background

- US has traditionally had a very restrictive export licensing regime. The export of defence and dual-use technology by the US is almost always based on two factors — US national security, and the recipient’s regional stability.
- In 2011, as part of the export control reforms initiative, the US government came up with the concept of Strategic Trade Authorisation (STA) — a move towards a licence-free or license exemption regime.
- Two lists were created — STA-1 and STA-2 — and countries that were not part of either list had to apply for a licence for every item on the export control list.
- STA-1 and STA-2 established a hierarchy among those the US was willing to certify as “good countries” that would not contribute towards “proliferation” in the world.

Key Highlights

- STA-1 countries have license-free access to almost 90% of dual-use technology and are eligible to import items that are controlled for reasons of national security, chemical or biological weapons, etc., irrespective of whether the technology or item impacts regional stability or American national security.
- Countries in the STA-2 list enjoy some form of licensing exemption, but cannot access dual-use items/technology that may impact regional stability, or contribute to nuclear non-proliferation, etc.

Significance for India

The decision to put India in STA-1, despite not being a member of all four multilateral export control regimes, is a “reaffirmation” of its “impeccable record” as a responsible member of multilateral export control regimes.

NOTE: The four multilateral export control regimes are Wassenaar Arrangement (WA), Missile Technology Control Regime (MTCR), Australia Group (AG) and Nuclear Suppliers Group (NSG). India is not a member of NSG as China has been blocking India's entry.

- Being part of STA-1 could open up doors for both sales and manufacturing in India as it is expected to lead to greater high-technology trade and commerce. According to US estimates, India's not being part of STA-1 has resulted in a "lost opportunity" worth \$10 billion over the last seven years since 2011.
- Post the US Senate passing the National Defence Authorization Act (NDAA), 2019, the elevation could be seen as another step in stronger India-US relations and could forge closer defence and commerce partnerships.
- STA-1 provides India greater supply chain efficiency, both for defence and for other high-tech products, that will increase activity with US systems, the interoperability of the systems, and it will reduce time and resources needed to get licensing approved.

NOTE: National Defence Authorization Act (NDAA), 2019

- The US Senate passed the National Defence Authorization Act (NDAA) 2019. The act sought to amend a law threatening secondary sanctions against American strategic partners, such as India, who conducts significant business with Russia.
- The move is being seen as a major relief to India, as it paves the way for it purchases the Russian S400 Triumph.