

DefExpo 2014: An Opportunity Lost?

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3 March 2014

International land and naval security system exhibition DEFEXPO INDIA-2014 will be held at Pragati Maidan exhibition complex in New Delhi, India from 6th to 9th of February 2014. As the DefExpo 2014 opens, around 455 exhibitors from thirty two countries will showcase their defence weapon systems and woo clients. The usual suspects in the list of participating countries include; Russia, France, Israel, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Finland, Germany, Greece, Hungary, Italy, Japan, Republic of Korea, Netherlands, Norway, Panama, Poland, Singapore, Slovak Republic, Spain, Sweden, Switzerland, South Africa, Turkey, USA and the UK.

In a flamboyant display of Land, Air and Water defence systems, technology and innovation by various companies from the countries mentioned above, the event will be much sought after. Among prominent companies making their presence felt in the exhibition will be Israel's Rafael. Among its advanced Air defence systems, Rafael will display: Integrated Air and Missile Defense Systems which will include the IRON DOME – Combat Proven Active defense system against Short Range Artillery Rockets, SPYDER SR/MR – Family of Short and Medium Range Air Defense systems, PYTHON-5 – Full sphere air-to-air IR missile and air defense missile, DERBY – Beyond visual range air-to-air missile and air defense missile and MIC4AD – Modular, Integrated C4I Air & Missile Defense System. In the category of Land Systems Rafael will showcase the Rafael advanced Combat Proven land systems for Survivability, Lethality and Maneuverability - Multimedia Display. The Electro Optic and Communication Systems will include RECCELITE – Real-time ISR system, LITENING – Airborne Targeting and Navigation Pod, MILITE – Multi-Source, Multi-Task Imagery Exploitation System, BNET FAMILY – Broadband MANET IP Software Defined Radio (SDR) and TACMAX – Tactical WiMAX Network. Rafael's Multi-Purpose, Tactical Guided Missile Systems will display SPIKE TEAM TRAINER – Tactical training for a SPIKE combat team.

Besides, a group of twenty odd exhibitors from the US including Honeywell International, Raytheon, Boeing and Lockheed Martin will display their weapon systems too. Russian presence will include JSC Izhevsk Electromechanical Plant Kupol (Izhevsk) being a part of Air Defence Concern Almaz-Antey. Hall number 11 of the Pragati Maidan will see 22 exhibitors from Israel including SIBAT- ISRAEL MINISTRY OF DEFENSE.

India, for itself, is expected to unveil its Catapult Mk II self-propelled howitzer at the Defence Expo 2014. Among other major displays by India at the DefExpo 2014, the LCA Tejas is also expected to catch some eyes.

The opportunity lost

Even as 450 odd defence companies from across the globe gear up to the biennial defence exposition from February 06-09 in New Delhi, the Ministry of Defence (MoD) of India treads a cautious path. The MoD's decision to keep at least 27 Indian and foreign armament companies, including the Italian conglomerate Finmeccanica as well as its subsidiaries like AgustaWestland, out of the Defexpo 2014 shows that the Indian

Defence Minister is as concerned about a message to the world concerning Indian defence sector's reputation, as he is about his 'Mr. Clean' image.

Behind such a rare and provocative stand by the MoD, lies the conviction that it is high time the Ministry does a course correction to its image which has taken a beating in the wake of several scams, secret deals and manipulations, plaguing the Ministry in recent times. Importantly, among the 27 companies which have been denied the permission to showcase in the Defexpo 2014, fifteen companies are listed in the "debarred" list and the rest of them are under CBI scanner. In the process the MoD also blocked AugustaWestland's parent company Finmeccanica from the Def-Expo 2014. Finmeccanica and its companies are already involved in several ongoing defence projects in India. By one estimate, the group of companies is in contention for Indian military contracts worth over \$6 billion, ranging from helicopters and aircraft to missiles and guns. The MoD, however, is still considering blacklisting AugustaWestland, the UK-based subsidiary of Finmeccanica, or the entire conglomerate with its different subsidiaries.

A surprising element of the MoD's decision to restrict these companies is that it came after they had booked their place in the exhibition and had paid their participating fees. There are at least three glaring possibilities for this delay. First, a clear difference of opinion in the MoD until 'Mr. Clean' thrust his decision to ban the group of companies caught in the mire of corruption. Second, the government is still under the process of 'encashing' the bank guarantees provided by AugustaWestland in the deal, which total up to around 270 million euros. The third reason, albeit less possible, could be a history of banning some exhibitors that finds a parallel in the last defence expo held in 2012 when the MoD had blacklisted six defence companies for involvement in corruption and even then at least three of them had already booked their space in the exhibition.

The moot question appears to be, whether or not the MoD, in its decision to ban as many as 27 companies, went a little overboard? The fact is that the banning of 27 companies from the DefExpo 2014 has brought down the number of exhibitors in this year's edition to a little over 450. This is substantially lower than the figures of the DefExpo 2012 when as many as 567 companies from 32 countries displayed their weapon systems for the Army, Navy and Internal Security. Significantly less number of players in the DefExpo 2014 would not augur well for a country that is listed at the top of the chart of biggest international arms importers in the SIPRI data on international arms transfer in 2011.

In DefExpo 2014, the government should have seen an opportunity to improve its credibility by inviting more defence exhibitors even if it came at the risk of appearing a tad too lenient. It is usually reckoned among the foreign defence circles and foreign investors interested in the Indian defence sector that the Indian Procurement Policy, particularly its 'Offset Policy' is convoluted and discouraging. It couldn't have been a more befitting opportunity than a three-day congregation, covering a vast spectrum of participants from across the globe, to lay bare the nitty-gritty of India's Defence Production Policy, its Procurement Policy and especially its Offset Policy.

One strong reason, among some, why the MoD should have allowed the participation of at least 12 exhibitors (which are currently banned) to showcase in the DefExpo 2014, is that they have not been found guilty or convicted already. These companies are under the CBI scanner. Banning these companies even as the probe of their possible complicity

is on, amounts to being unfair to these companies. The common argument that the MoD is being cautious by avoiding the participation of these exhibitors, flies in the face of the fact that the government's decision to ban these exhibitors smacks of a conclusive judgement when the probe regarding at least 15 companies is still on, or in some cases, has not begun. An example here is that banning an exhibitor like AugustaWestland (probably directly involved in the bribe gate) from the DefExpo 2014 appears justified but banning a parent company like Finmeccanica does not.

The decision by the MoD to play it safe at the DefExpo 2014 has shown continuity with the perceived reluctance of a government in its last few months to conclude any procurement programs of substantial relevance. MoD has already put on hold its own recent clearance to the long-pending Rs 1,800 crore naval project to buy 98 'Black Shark' heavy-weight torpedoes, manufactured by another Finmeccanica subsidiary, Whitehead Alenia Sistemi Subacquel (WASS), for the Scorpene submarines.

The government of India, led by the MoD, could have utilised the DefExpo 2014 to its full potential if it had shelved its proverbial "once bitten twice shy" approach to foreign investors and exhibitors in the defence sector in India for three days. This approach if followed could have not just boosted the defence sector's confidence but would also have improved the political prospects of the current dispensation in the forthcoming electoral contest in a few months time.

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