

Sanctions relief: on waiver for India under CAATSA

The U.S. Congress's report allowing the introduction of a presidential waiver of its controversial [Countering America's Adversaries Through Sanctions Act \(CAATSA\)](#) will be greeted with a sense of relief in both New Delhi and Washington. The two governments have been working hard to avert a stand-off over the issue. The matter was particularly heated with India making it clear it would go ahead with the S-400 Triumf missile system deal with Russia regardless of the U.S. law and the threat of sanctions. CAATSA, signed reluctantly by President Donald Trump last August would have forced his administration to impose sanctions on any country carrying out significant defence and energy trade with sanctioned entities in Russia, Iran and North Korea. Mr. Trump had objected, arguing that the law took away his powers to decide on such matters. Indian delegations led by the Foreign Secretary had made a three-fold case for the waiver: that no weapons India bought would be used against the U.S.; that the U.S., which wants to partner with India in the Indo-Pacific, would hamper India's military abilities by applying the sanctions or denying the country crucial technology; and that India has significantly reduced its dependence on Russian military hardware while increasing defence purchases from the U.S., and it would be unfair if the U.S. rewarded the effort with punitive measures. After months of testimony, including a final push for waiver for countries like India, Indonesia and Vietnam by U.S. Defence Secretary James Mattis a few days ago, the Congressional committee has relented. The Joint Explanatory Statement of the Committee of Conference, which reconciles House and Senate versions, has accepted the need for waivers. The "modified waiver authority", or amendment to Section 231 of CAATSA proposed by Congress, allows the President to waive sanctions in certain circumstances, for six months at a time, as long as he certifies that it is in the U.S.'s national security interests and does not "endanger" ongoing operations.

While the resolution of [CAATSA-related sanctions](#) is welcome, it isn't the only irritant in the U.S.-India relationship that needs the attention of the External Affairs and Defence Ministers at the '2+2 dialogue' with their American counterparts scheduled for September. The sanctions proposed by the Trump administration for energy trade with Iran still loom, as do possible punitive measures at the World Trade Organisation over tariffs and counter-tariffs the two countries have imposed on each other. New Delhi will also be aware that the waivers are contingent on Mr. Trump's continued support to Indian defence requirements. Given the capricious and unpredictable policy swings Mr. Trump has shown, it will be prudent for New Delhi not to presume that the problems over CAATSA have fully blown over.

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