DEBATE

INDIA-RUSSIA RELATIONS IN A FAST CHANGING GLOBAL ORDER

“Relations with Russia are a key pillar of India’s foreign policy, and Russia has been a longstanding time-tested partner of India”, notes the official Indian brief on India-Russia Relations’.1 The Annual Summit meetings between the Prime Minister of India and the President of the Russian Federation have ensured that these relations are maintained at their optimum levels.

These regular summits are invariably supplemented by many other meetings in the interregnum between the two leaders during other multilateral events. In the recent past, Prime Minister Narendra Modi visited Moscow in December 2015 for the 16th bilateral summit and President Putin was in Goa in October 2016 for the 17th Annual Summit. Besides the Annual Summit meetings, the two have met on the sidelines of the SCO Summit in Tashkent (Uzbekistan) in June 2016. Further, the Indian and Russian Prime Ministers also met during the recent G-20 summit at Hangchow in September 2016.

Notwithstanding such close and frequent high-level contacts, the time-tested links have indeed come under some strain - so perceived due to the growing close relationship between India and the United States, and compounded by the concurrent rift between Washington and Moscow.

The increased procurement of defence equipment from the West in general and the United States in particular has also not been appreciated in Russia, the traditional source in the past. Recent Russian overtures to Pakistan, both in terms of defence equipment sale as well as joint exercises between the militaries of the two countries, has not been received well in New Delhi and is seen, by some, as a ‘signal’ to India. Russia’s new found ‘bonhomie’ with China is also being noted in Indian strategic circles.

‘At a time when there is talk of Russia losing importance as India’s major defence supplier, and when Pakistan is eyeing armaments purchase from India’s old friend’, India is all set to rebuild the defence relationship with Russia. This was noted in a recent lead commentary in a national daily on the eve of the Goa Summit.2 A total of 16 agreements in various sectors, including defence and civil nuclear power, were concluded during the summit.3 While releasing the Joint Press Statement, Prime Minister Modi said in a cryptic comment that “an old friend is better than two new friends.”4 At the end of the Summit, Prime Minister Modi tweeted that “our close friendship has given clear direction, fresh impulse, stronger momentum and rich content to our ties.”5
While the summit seems to have allayed some of the perceived apprehensions, the present state of the Indian-Russian bilateral relationship needs to be re-examined in the current context. Is this relationship still “a key pillar of India’s foreign policy”? Does Russia continue to be a “time-tested partner of India”? If this is not so, what does it need to correct the ‘perceptions’, and re-strengthen the links?

The Indian Foreign Affairs Journal invited five experts in the field to comment on the above, and offer their recommendations on the future course of action. Their views are published in the following pages.

(The views expressed by the authors are their own, and do not reflect the views of the Indian Foreign Affairs Journal, or that of the Association of Indian Diplomats)

Notes:

Challenges and Prospects of India’s Strategic Partnership with Russia

Kanwal Sibal*

The India-Russia relationship is and should remain a key pillar of India’s foreign policy. Despite its reduced status after the collapse of the Soviet Union, Russia remains a formidable power because of its size, resources and strategic capacities. As a permanent member of the UN Security Council, it exerts considerable weight on issues of international peace and security. With its military intervention in the Syrian conflict, it has re-emerged internationally as a more self-confident and assertive power. It possesses advanced space, nuclear and defence technologies. If India sees its interests served by forging strategic partnerships with several countries that do not possess any of these attributes, the need to nurture a close strategic relationship with Russia speaks for itself.

India and Russia established a strategic partnership in 2000. With India entering into such partnerships with several countries, India and Russia elevated theirs to a “special and privileged” one. That summits have been held annually between them without interruption since 2000 (the only country with which we have such regular summits) shows the importance both countries attach to their ties.

Strong ties with Russia enable us to maintain a balance in our foreign policy. If we believe in preserving our strategic autonomy, we must have Russia as a close partner. If we are finding common strategic ground on some issues with the USA, we also share geopolitical platforms with Russia—such as the Russia-India-China dialogue and BRICS. The conceptual framework of both of these is to promote a multi-polar world. Our views on international governance, non-interference in the internal affairs of countries, respect for sovereignty, regime change, forcing democracy on others, and using human rights as a political tool are closer to those of Russia than the USA. In the case of US policies in West Asia, particularly on Iran, and on the geopolitical use of Islam in some instances, our interests are not convergent with those of the USA, whereas with Russia we have more common ground. Our greatly improved ties with Washington reflected in the joint strategic vision for the Asia-Pacific and Indian Ocean regions and developing political

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and maritime understandings in a trilateral format with Japan should not be accompanied by a loosening of our ties with Moscow. These will weaken our diplomatic position. The challenge before India is to maintain close ties with both countries on separate tracks. Its aspiration to be a leading power requires this.

Apart from these objective factors, our experience with Russia for several decades has served our national interest. Compared to that with other major powers, our Russia relationship has been characterised by remarkable stability despite major changes in the international scene. A resilient relationship with Russia, which is basically time-tested and founded on trust, remains an asset of great diplomatic value for us even if Russian power has declined.

Russia, of course, can no longer provide the kind of political and economic support to India as it did in the Cold War years; nor does India need this as the circumstances have changed. A weakened Russia has to contend with challenges from NATO; and it has developed mutually supportive strategic understandings with China. India’s own relationship with the USA has been transformed. However, in an uncertain and fluid international environment, the core value to us of the India-Russia relationship remains.

The strongest pillar of India-Russia ties is in the defence field. A close defence relationship with any country is based on trust which, in this sensitive area, takes time to build. A critical issue is whether in a conflict situation there is risk of interruption in supplies for political reasons. Russia has been a tried and tested partner in this regard. With almost 70 percent of equipment with India’s armed forces being of Russian origin, the strategic stakes involved in the relationship are huge. Russia offers us advanced defence equipment and sensitive military technologies. We have leased nuclear submarines from Russia to obtain valuable experience in handling these platforms. Russia is technically assisting us in our own nuclear powered submarine programme. At the last summit meeting in Goa in October 2016, we announced the procurement of four units of the powerful S-400 air defence system, besides additional frigates. Collaboration on the fifth generation fighter aircraft is being pursued, though not entirely satisfactorily.

Consistent with our evolving requirements, the availability of other sources of supply and the exigencies of the enhanced partnerships that we have developed with countries such as the USA and Israel, our defence procurement has got diversified. Russia has to take a realistic view of this, and develop new strategies to preserve its privileged position in India’s defence sector. With India determined to develop an indigenous defence manufacturing
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Capability, Russia should build private sector partnerships in India to develop and manufacture defence products with accompanying technology transfers, besides joint research and development. The long Russian connection has not yielded adequate results in building such an indigenous base. Whether the deficiency of vision was on our side or it was Russian policy to keep us dependent on them for spares, overhaul, upgrades, and so on, can be debated.

At present, Russia is the only country building nuclear power plants in India. The agreement on Kudankulam 3 and 4 has been finalised, and that on units 5 and 6 is being readied for agreement. Russia will be offered a second site in Andhra Pradesh for another six units. In December 2009, the two countries signed a new nuclear cooperation agreement which, unlike the 123 Agreement with the USA, provides for lifetime support for Russian reactors notwithstanding the termination of the supply agreement for any reason, incorporates no right to return, allows reprocessing under safeguards without insisting on a specially built facility for the purpose, and does not rule out the transfer of enrichment and reprocessing technologies (ENR), though Russian willingness to transfer ENR needs to be viewed cautiously.

Russia has vast energy resources and India, which is energy deficient, will need access to more energy as its economy grows. Apart from state sector companies signing agreements with Russian companies, a positive development is the entry of the Indian private sector in developing energy ties with Russia. We have waited long for a significant entry into the Russian oil and gas sector, and now we are making progress. OVL has signed an agreement with Rosneft to acquire a 15 percent stake in the Vankorneft project. Additionally, a consortium of Oil India Ltd., Indian Oil, and Bharat Petro Resources Ltd., has signed a Sales Purchase Agreement with Rosneft for acquiring 23.9 percent in the Vankor oil block. Indian companies have acquired equity in Tass-Yuryakh and Vankorneft, making it the largest equity oil acquisition hitherto by India. In the reverse direction, Rosneft has acquired 49 percent stakes in Essar’s Vadinar Oil refinery, and will supply crude oil to Essar over 10 years.

The biggest weakness in the India-Russia strategic partnership is the low level of bilateral trade, valued at less than $8 billion. At the 2010 summit, it was decided to raise the figure to US $15 billion by 2015. The 2011 summit lifted the figure further to US $20 billion. But these targets have not been achieved. With state directed trade being no longer possible, the private sector on both sides has to fill the breach, which is not happening. India’s growth sectors, especially IT and ITES, are largely tied to western markets. The market and technology needs of the most advanced and dynamic sectors of
the Indian economy, coupled with the diminishing role of the government sector, have reduced the opportunities for Indo-Russian economic cooperation. Even if the results are slow in coming, efforts to expand economic exchanges should continue with governmental push. Without robust economic ties, the overall relationship will not acquire the requisite depth. Russia could use India’s IT and ITES capabilities more, with pharmaceuticals, bio-technology, and trade in raw diamonds providing other areas of considerable potential for building the economic pillar of the relationship.

Russia has a large Muslim population, and is threatened by religious fundamentalism and terrorism, just as we are. We are physically closer to the epicentre of this twin menace in Pakistan and adjoining areas of Afghanistan. However, Russia too sees Afghanistan as its frontline, as any spill over into Central Asia would make southern Russia vulnerable. Both India and Russia have a long term interest in insulating Central Asia from religious fundamentalism and terrorism so that our own policies are not endangered. Lately, however, some gap is developing between India and Russia on the role of the Taliban in Afghanistan and Pakistan’s role in promoting peace there. Russia has publicly opened channels of communication with the Taliban, considers it a legitimate political force in Afghanistan, and has advocated a flexible approach towards it. It has organised a Russia-China-Pakistan meeting in Moscow to discuss Afghanistan, much to the annoyance of the Afghan government.

At the Heart of the Asia conference in Amritsar in December 2016, the Russian representative made biased statements in favour of Pakistan, following attacks on its terrorist affiliations especially by the Afghan president. Russia has also been reaching out to Pakistan with objectives that are not sufficiently clear. It has supplied offensive military equipment to Pakistan, though the scale is not large. Some lobbies in Russia have been questioning why Russia should desist from arms sales to Pakistan lest India gets alienated when the USA can supply arms to both countries. With India beginning to acquire big-ticket defence equipment from the USA, our ability to dissuade Russia from arms sales to Pakistan has been eroded. Russia has held military exercises with Pakistan on the heels of the Uri attack. It is planning a naval exercise with that country. One can see this Russian activism in Pakistan as an extension of the new role that it is playing in West Asia. It also seems to be a product of a strategy to counter the USA across a broad geopolitical canvas, besides being an offshoot of its strategic partnership of coordination with China. Russia seems less concerned today about our sensitivities to its overtures to the Taliban and Pakistan. It is not unlikely that this new Russian activism in
our western neighbourhood is to signal its misgivings about the new India-US strategic equations that have emerged. Russia, of course, should not feel concerned about improved India-US ties as they meet a set of Indian interests unrelated to Russia. While India should not, of course, lose sense of its strategic direction by drawing too close to the USA, Russia should be ready to woo India more than it is habituated to. Its leaders need to evaluate better the phenomenon of India’s rise as an economic power, and the wider options it now has.

India-Russia relations cannot be taken for granted and need tending, especially when Russia is under pressure from the West and has been pushed into the arms of China, with significant implications for us. The regular summit meetings with Russia help in maintaining a level of steadiness in ties; but a view exists that we have not been engaging Russia at various levels as much as required, especially when compared to the attention we have been paying to our US relationship. This perception should be corrected. While diversifying our defence ties, we must not lose sight of the fact that Russia has provided us technical assistance in vital areas as well as advanced defence platforms. Russia remains open to us for the acquisition of advanced technologies and we should be more purposeful in securing them. We need to raise our concerns more upfront with our Russian interlocutors about their troubling overtures to Pakistan. It is believed that active engagement on this score can contain Russian proclivity to discover a role for itself in Pakistan. Hopefully, if Trump succeeds in re-setting US-Russia ties, its beneficial impact will be felt on India-Russia relations, as Russia would have less reason to misapprehend growing India-US ties.
India-Russia Strategic Partnership - a Mutual Commitment

P.S. Raghavan*

The India-Russia relationship has recently come under severe scrutiny in the Indian media and in academic writings. The developing wisdom is that the traditional links are fraying and that, with India’s political realignment with USA and Russia’s embrace of China, there is now a strategic disconnect between India and Russia.

This paper reviews the canvas of the India-Russia dialogue and the range of bilateral political, economic and defence cooperation. It argues that the legacy of the past continues to have relevance for the present and future. The geopolitical logic that cemented the India-Russia relationship remains valid. The extent of defence cooperation makes disengagement an impossibility, though India’s diversification of defence acquisitions will reduce Russia’s near-monopoly in this sector. Investment linkages are growing, though awareness of opportunities has not fully percolated to corporate India. Cooperation in nuclear energy and hydrocarbons has made significant progress.

The clouds in the relationship reflect differences in security perspectives; they can be dispersed with frank dialogue, resulting in policies, which accommodate the core interests of both sides.

There is a clear commitment from leaders of both countries to preserve and strengthen bilateral relations. It is therefore not appropriate to sound the death-knell of the India-Russia “special and privileged strategic partnership”.

At his first meeting with President Putin at the BRICS Summit in Brazil in July 2014, Prime Minister Modi said, “If you ask anyone in India who is our country’s greatest friend, every person, every child knows that it is Russia”.

At the Raisina Dialogue in Delhi (17 January 2017), the prime minister said of the India-Russia relationship, “Russia is an abiding friend. President Putin and I have held long conversations on the challenges that confront the world today. Our trusted and strategic partnership …… has deepened”.

These prime ministerial utterances, two and a half years apart, one in the presence of his Russian counterpart and the other in a setting where he was not bound by protocol niceties, are in stark contrast to the impressions of India-Russia relations prevalent at other levels in our government and in

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corporate and media circles. The prevalent narrative is that whatever the
dynamics of India-Soviet or India-Russia relations may have been in the past,
India today is a confident, globally-engaged power, which is not significantly
dependent on Russian political or strategic support. Further, plunging oil prices
and stringent western sanctions since 2014 have eroded Russia’s political
influence, weakened its economy, and driven it into Chinese arms, so that it
increasingly looks at India through a China-Pakistan prism.

This Russia-sceptic approach has been reinforced by manifestations of
strengthening Russia-Pakistan relations, and revelations about Russia’s
engagement with the Taliban in Afghanistan, which has been widely seen as
evidence of a new Russia-China-Pakistan axis. This has led some political
commentators to sound the death-knell of the India-Russia relationship. This
extreme assessment merits closer scrutiny.

The past of India-Russia relations does hold relevance for the present as
well as the future. The Soviet contribution to building newly-independent
India’s industrial base and military strength lives on in the next generations of
Indian factories and weapons systems. The security assurance to India from
the Indo-Soviet Treaty of 1971 had a lasting impact. USSR’s political support
in areas of India’s core concern was demonstrated by its six crucial vetoes in
the United Nations Security Council (UNSC) in 1957 and 1962 on Jammu &
Kashmir (J&K), in 1961 on Indian troop withdrawal from Goa and thrice in
December 1971 during the India-Pakistan war (without which the map of
today’s South Asia may have been different, since Bangladesh may not have
emerged as an independent country).

There have been numerous situations in recent years, when the knowledge
of Russian political support has restrained other powers from succumbing to
Pakistani pleas for pressure on India in UNSC over J&K.

The defence cooperation since the 1970s strengthened the Indian armed
forces and has resulted in a situation where about 60-70 percent of its defence
equipment is of Soviet/Russian origin. Over the years, these weapon systems
have been upgraded, newer generations and higher technologies inducted,
and new systems developed with joint research. The aircraft carrier INS
Vikramaditya, the nuclear-powered submarine INS Chakra and the BrahMos
Cruise Missile represent the contemporary face of the collaboration. In the
pipeline are the manufacture of Russian Kamov helicopters in India – the first
“Make in India” project in the defence sector; the joint development of a
“fifth-generation” stealth fighter aircraft, and the acquisition of the Russian
S-400 air defence system.
There are other projects of defence collaboration, which necessarily have to remain outside the public domain. Simply put, no country has transferred the level of technologies to India that Russia has done.

Even as India diversifies its sources of weapons acquisition, Russia will remain its premier arms supplier for the foreseeable future. The Russian collaboration is a good bargaining chip in India’s negotiations with other countries – to encourage higher levels of technology transfers for new weapons systems acquired from them. Russia would of course have to get used to losing its near-monopoly of defence supplies to India. On the other side, India can benefit from the fact that the supplier’s loss of monopoly status would ensure greater sensitivity to the demands and complaints of the user.

The impressive array of sophisticated weaponry that Russia deployed for its military action in Syria effectively silenced the narrative of a Russian military-industrial complex in decline.

Russia is the only foreign country involved in India’s nuclear power industry; while other countries worry about the legislation on liability for nuclear damage, Russia has pressed ahead. Two Russian-collaboration 1000 MW atomic power plants in Kudankulam (Tamil Nadu) are already on-stream. An ambitious programme for ten more units is under implementation, aiming to deliver an additional 11200 MW of nuclear power by 2025. Russia is also a leading player in the uranium fuel market; it controls about 50 percent of global uranium enrichment facilities. While it is well-known that 30 percent of Europe’s gas requirements are met by Russia, it is less well-known that Russia supplies 30 percent of Europe’s nuclear fuel.

India and Russia have recently enhanced cooperation in hydrocarbons. Between 2000 and 2014, the external arm of India’s ONGC invested about $4.5 billion in Russia’s hydrocarbons sector. In 2015–16, Indian companies made additional investments of nearly $7.5 billion. Equally significant is that a Russian consortium led by oil major Rosneft acquired about 98 percent of Essar’s port, refinery and downstream assets for a total of over Rs 86,000 crore (about US$13 billion). The consortium now owns 9 percent of India’s total refining output and 2,700 retail fuel outlets across the country.

The above example effectively refutes the often-heard contention that there is no scope for investment exchanges with Russia because plunging oil prices and western sanctions have crippled its economy. This is a persistent refrain in the corporate and media circles, drawn from western “information” sources. The International Monetary Fund (IMF) has a different analysis, documenting that even through the period of recession Russia had a healthy
current account surplus, low unemployment (under 6 percent), undervalued corporate stocks and external sovereign debt of only 13 percent of GDP. IMF has progressively upgraded its outlook on the Russian economy and is now predicting a growth of 1.1 percent in 2017.

There is also some misinformation about sanctions. The sanctions against Russia bind only a few countries, such as those in the G7 and the European Union, and are specific in their application. A large number of foreign companies have found channels to circumvent them. The recent investments by India’s hydrocarbon companies showed that recession and sanctions have in fact created lucrative business opportunities in Russia. However, Indian banks and companies have restricted their financial exposure to Russia. Ironically, the bridging loans for Indian companies’ acquisitions in Russia were extended by banks from USA and UK – the two countries at the forefront of imposing harsh sanctions on Russia.

The “international isolation”, which USA and its European allies sought to impose on Russia in 2014 disintegrated within a few months. Russia had an important role in the negotiation and implementation of the nuclear deal with Iran (nearly 8.5 tons of low-enriched uranium were transferred from Iran to Russia as part of its implementation). The Russian military actions in Syria (launched in September 2015) put it in centre-stage in the West Asian conflicts, making it imperative for all major powers to sustain a dialogue with Russia.

These are the realities, which should be held up to the prevailing narratives in India about Russia and India-Russia relations.

There is no doubt that in the past two decades, India’s political, economic and military strength have vastly expanded its global footprint. However, modesty needs to be maintained when acknowledging the limits of Indian influence. In spite of frenetic efforts, the permanent seat in the UNSC and the membership of the Nuclear Suppliers’ Group continue to elude India. Neither has China been persuaded yet to accept putting Masood Azhar in the UNSC’s 1267 Committee’s terrorists’ list, nor has USA been convinced to use its financial assistance as an instrument to compel Pakistan to stop cross-border terrorism against India. This is not a reflection on the Indian foreign policy or diplomacy; it demonstrates that India does not as yet have the international clout to further all its interests. It therefore continues to need friends like Russia, which remains a permanent member of the UNSC.

Some clouds have undoubtedly cast a shadow on the India-Russia relationship in recent years. One is the upsurge in the Russia-Pakistan relations, including exchange of military delegations, a defence cooperation agreement,
export of Mi-35 attack helicopters, and the infamous joint military exercises, which were held barely a week after the terrorist attack in Uri. Russia’s seeming unwillingness to join the Indian effort to isolate Pakistan on terrorism is attributable to this trend. More recently, revelations of Russian engagement with the Taliban in Afghanistan, followed by a Russia-China-Pakistan meeting on Afghanistan in Moscow led many to conclude that Russia had been drafted by China to play the Pakistani game in Afghanistan.

Russia has its own explanations for these actions. Since 2015, it has been alleging that the US and UK intelligence agencies have been conspiring to create conducive conditions for the injection of jihadis and drugs into Russia through the volatile Afghanistan-Tajikistan border. The Russians see this as a part of a comprehensive American strategy to pressurise Russia all along its periphery following provocations from the Baltic, Black and Caspian Seas. Since the Russians do not believe that the Ghani government in Kabul is in effective control of this territory, they reached out to the Taliban to help them thwart this suspected plot. It is a known fact that the most reliable route to the top echelons of the Taliban is through Pakistan. Russia has obviously taken that route.

Similarly, Russia’s tighter embrace of China was a political and economic necessity in the face of Western efforts to internationally isolate it and impose sanctions. It should be recognised, however, that this is not a natural geopolitical fit. Russia and China have had a chequered history, which leads Russians to view China as a potentially strategic adversary. An arrangement in which Russia would be a junior partner in furthering China’s geopolitical ambitions would be unthinkable for its leadership. Already it can be seen that as the spectre of Russia’s international isolation receded, the intensity of the Russia-China engagement reduced somewhat and Russia’s engagement with China’s bêtes noires, Japan and Vietnam, deepened.

As India-Russia relations respond to challenges from these geopolitical trends, there may also be an imminent silver lining. President Trump promises to re-orient US foreign policy from confrontation with Russia to a more accommodative relationship and to focus more on the challenge of an assertive China that threatens the US global supremacy. If this reorientation materialises overcoming widespread protests from Cold Warriors and vested interests in USA and Europe, it could have a positive impact on India-Russia relations.

In today’s complex geopolitical environment, the pursuit of national strategic interests dictates alignments for specific objectives. Russia’s “multi-vector” foreign policy and India’s “multi-alignment” are both driven by this perspective. The current need is to maintain a mature view of India-Russia
relations, considering objective realities of today. These include the following:

- India is diversifying its network of bilateral and multilateral links to maximise its room for manoeuvre in international relations, particularly in the context of an increasingly assertive northern neighbour intensifying strategic connections with a chronically hostile western neighbour.

- Russia under President Vladimir Putin has been seeking to recover the influence and prestige of a great power after the breakup of the Soviet Union. This effort encountered a pushback from USA and its European allies, as NATO expanded towards Russia’s borders. The annexation/accession of Crimea, Russia’s military action in Syria, and its actions in the “Afpak” region were Russian responses in this geopolitical tussle, as it sought to protect its influence in these regions.

- Russia’s political support in the international fora continues to be important for India and the defence collaboration crucial for its defence preparedness. The Russian leadership continues to reaffirm its commitment to the strategic partnership with India. President Putin did so in his annual address to the Russian Federal Assembly on 1 December 2016, “Developing [the] special privileged strategic partnership with India is another major foreign policy priority for Russia”.

- While India cannot have a veto on Russia’s relations with Pakistan or China, it can certainly expect its “special and privileged” strategic partner to be sensitive to its core concerns in its actions with these countries. This would include restraint in transfers of sensitive weapons and technologies, as well as not undermining the demand to end cross-border terrorism against India. These are assurances that can only be sought and given behind closed doors.

We cannot escape geography and we cannot escape abiding geostrategic truths. Even the most intimate partners could face conflicting pulls in the defence of their perceived security interests. When the considerations that unite them are overwhelming, solutions will be found to reconcile interests that divide. Given the sensitive nature of many of the collaborative mechanisms, not all such solutions will be in the public domain.

It is therefore too early to sound the death-knell of the India-Russia “special and privileged strategic partnership”.

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Time to Reinvent the Indo-Russian Strategic Partnership

Arun Mohanty*

The Indo-Russian relationship is one of the unique partnerships in the history of international relations. They are natural strategic partners, as their relationship has not been subject to fluctuation even upon change in governments and the socio-political system in either country. One seldom finds two other large countries which have such a domestic consensus about their strategic partnership. Indo-Russian friendship is truly time-tested, having withstood vicissitudes over decades. Rarely does one find any other two countries such as India and Russia who have mutual confidence in the increasing strength of each other, and do not perceive any threat from each other’s rise.

The former Soviet Union was one of the few countries that ventured to establish diplomatic relations with India even before it officially obtained independence in August 1947, thus opening the doors for the comprehensive development of relations between the two countries. Stalin’s USSR in the initial years of Indian independence had doubts about the genuine character of the acquired freedom, as it did not facilitate the flourishing of ties between the two countries. However, the Soviet dictator soon discovered virtue in Nehru’s foreign policy, particularly during the Korean War, prompting him to promote ties with India.

Under the illusion that he would receive necessary support from the West for India’s much-needed industrialisation, Nehru made his first foreign visit as independent India’s first prime minister to the USA. However, when Nehru’s expectations from the US visit were belied, he explored the possibility of visiting USSR for mobilising support for his economic development plans. Indeed, Nehru’s truly historic visit to USSR in 1955 laid the foundation for the comprehensive development of cooperation between the two countries. First and foremost, Soviet assistance came in a big way for building India’s industrial infrastructure. More than 120 industrial enterprises were built with Soviet assistance that laid the foundations for India’s rapid growth in the subsequent decades. The historic Indo-Soviet treaty of peace, friendship, and cooperation became a turning point in the bilateral relationship that subsequently came to be termed as a special relationship.

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Indo-Russian relations nose-dived in all spheres in the aftermath of the Soviet breakup. However, the two countries re-discovered their time-tested relationship by signing the Delhi Declaration on a strategic partnership in the year 2000 during President Putin’s first ever state visit to India. The strategic partnership assumed a special and privileged position in the year 2010. India has many strategic partners, and so has Russia; but the Indo-Russian strategic partnership is special and privileged.

The two countries maintain active political dialogue, with summits taking place every year. The Intergovernmental Commission on Trade, Economic, Scientific, Technical and Cultural Cooperation is also working efficiently. Our foreign ministers, heads of staff of security councils and line ministries maintain connect through contact on a regular basis. There is a gradual increase in inter-parliamentary, interregional, business, and humanitarian exchanges. Both countries have developed a strong legal framework featuring over 250 agreements.

Both India and Russia strongly condemn terrorism in all forms and manifestations, and call for comprehensive international collaboration to combat the menace. They share identical views on Afghanistan, Syria, and other regional issues. Russia was among the first global powers that supported India’s candidature for the expanded United Nations Security Council’s permanent membership and its application for NSG membership. Recognising the importance of cooperation between India and Russia for global security and stability, both countries are determined to work together to build a multi-polar international system based on the central role of the UNO and international law, common interests, equality, mutual respect, and non-interference in the internal matters of countries.

The strategic partnership between India and Russia rests on four strong pillars: mutually beneficial cooperation in defence, energy, science and technology, as well as nuclear and space.

**Defence Cooperation**

A huge percentage - ranging from 70 to 75 percent - of military hardware in the Indian Army, Navy, and Air-Force is of Soviet or Russian origin. In spite of the reduction in Moscow’s share in Indian military imports as a result of India’s procurement diversification policy, Indian acquisition of Russian military hardware does not fall below 60 percent. The new thrust of our defence cooperation is joint design, joint development of military hardware, and technology transfer in the place of only a buyer-seller relationship. Three
latest defence agreements signed during the 17th Indo-Russian summit held at Goa - that included the acquisition of the S-400 Triumph air defence system, three frigates, and the joint manufacturing of Kamov-226 T helicopters in India - speak volumes about the unique dimensions of India-Russia defence cooperation. It is expected that Russia will start the delivery of the S-400 to India by 2020. This is considered to be one of the most advanced long range missile systems in the world which can tackle most incoming airborne targets, ranging up to 400 km.

The Hindustan Aeronautics Limited (HAL) and Russia’s Rostecstate corporation will set up a joint venture to manufacture 200 Ka-226T helicopters at a location of HAL’s choice. Of the four improved Krivak or Talwar class stealth frigates, two will be built in Russia and the other two in India, with Russian assistance. These defence deals are estimated to cost India around $10 billion. The agreements on the manufacturing of Ka-226T helicopters, the construction of frigates and the acquisition and building of other defence platforms are in synergy with India’s technology and security priorities. They will help India in achieving the objectives of its ‘Make in India’ programme as was stressed by Prime Minister Narendra Modi. India and Russia are developing their defence cooperation in the framework of a programme extending up to 2020, and is worth nearly $20 billion. Joint ventures (like the BrahMos missile programme), the joint production of fifth generation fighter aircraft, the licensed production of Sukhoi-30 MKI military aircraft, T-90 tanks, and the joint development of multi-role transport aircraft are successful examples of joint cooperation between the two strategic partners.

However, there are also some problems in the supply of spares as also delays in delivery, which are no doubt irritants in India-Russia defence cooperation. Recent decisions with respect to holding a ministerial level military industrial conference to identify new projects and resolving pending issues - besides the establishment of a science and technology commission to facilitate the development and mutual sharing of cutting edge technologies - are important steps in the right direction to boost Indo-Russia cooperation in these vital sectors. While the Indo-Russian military-industrial conference will address military-equipment related issues (including spares, repair and maintenance of Russian-supplied equipment and co-production), the bilateral science and technology commission would focus on matters relating to R&D collaboration in such high tech areas as communication, cyber security, medical engineering, outer space cooperation, remote sensing, etc.
Energy Cooperation

Energy has been the traditional sector of productive Indo-Russian cooperation for decades. The former USSR played a significant role in hydro-power, thermal power generation in India, and built the very foundations of the Indian petroleum and gas industry. Cooperation in hydrocarbon and nuclear energy sectors has received a strong boost in recent years. Russia is destined to play a major role in strengthening our energy security in the coming years and decades. If our cooperation in the hydrocarbon sector in the past was limited to building India’s oil and gas industry, now this engagement has spread into areas of mutual acquisition and investment in the Russian energy sector. The ONGC’s $2.7 billion worth of investment in Russia’s Sakhalin oil and gas project is India’s largest foreign investment so far.

However, the ONGC’s even more recent acquisitions in the Russian energy sector are much more significant. India and China have been eyeing the Vancour energy field in Krasnoyarsk krai belonging to the Russian oil major Rosneft for last several years. Finally, Russia sold 15 percent of Vancourneft for $1.7 billion to ONGC, which was followed by the sale of another 23.9 percent to a consortium of Indian companies consisting of Oil India, Indian Oil, and Bharat Petroleum for approximately $2.02 billion. Thus, India has been able to purchase 49 percent of Vancourneft for $4.22 billion through a series of transactions, outdoing China in the bid. Moreover, India has acquired 29.9 percent stakes in another east Siberian company - Tass-Yuriakh Neftegazodobicha - for $1.2 billion. Apart from this, India has purchased an imperial energy company in West Siberia for $1.6 billion. These are unprecedented Indian investments in the Russian energy sector in recent years.

The real game changer in the bilateral energy cooperation is the agreement for Rosneft’s acquisition of Essar Oil which controls the second largest refinery in India (at Vadinar) for $12.9 billion. The transaction was announced in the presence of Russian President Vladimir Putin and Indian Prime Minister Narendra Modi in the Indo-Russian summit held in Goa. Under the unprecedented deal, Rosneft would supply 10 million tonnes of heavy oil annually for processing in the Vadinar refinery over a period of ten years.

Nuclear Energy

Russia has built two nuclear reactors at Kudankulam. While two more reactors at the same site are under construction, another two are under design for
building at the same place. India and Russia have expressed their intention to further expand nuclear energy cooperation under the aegis of the strategic vision to strengthen cooperation in the peaceful use of atomic energy. An agreement to this effect was signed in 2014. Russia may build as many as 12 nuclear reactors in different sites in the coming years. There are proposals for the construction of 20 Russian nuclear reactors in India with Russian assistance.

Here it has to be noted that while other countries like the USA and France are just negotiating terms and conditions of their cooperation in the nuclear energy production sphere in India, Russian-built reactors are already producing energy in India. While other countries still have lot of reservations about nuclear liability law that has stood as a stumbling block in India’s international cooperation with other countries, Russia has accommodated the law in its cooperation with India. The other advantages are that Russia has agreed to manufacture the equipment and components in India for the serial construction of Russian-designed reactors. India has to return everything to the supplier country in case of its new nuclear test, a demand that the US has been making consistently. Russia does not raise such demand.

The implementation of large promising projects is underway in engineering, chemical and mining industries, aircraft engineering, pharmaceuticals, medicine, as well as in nano-and biotechnology. Cooperation in finance and banking, which involves, among others, the VTB Bank and Sberbank of Russia, is advancing. It is obvious that Russian companies see real prospects and high attractiveness of the Indian market.

It should also be noted that many of the Russian projects in India not only have commercial importance but also play a significant social and economic role in the economies of the two countries. They fit harmoniously into the new Indian industrialisation programme proposed by Prime Minister Modi.

Companies of both countries are interested in implementing new, mutually beneficial projects. Russia’s cumulative investments in India amount to about $4 billion, while Indian businesses have invested in the Russian economy about twice as much - about $8 billion.

There is a potential for considerably boosting bilateral investments. To stimulate mutual investments, there is need to discuss the possibility of updating the bilateral Agreement for the Promotion and Mutual Protection of Investments. This is required in the context of problems and misunderstandings around a few important Russian investments in India in recent years. There is a plan to encourage the development institutes - the Russian Direct Investment Fund
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and Vnesheconombank - to be more active in providing financial support for the investment activities of the Russian companies.

A Working Group on Priority Investment Projects has been established, and is now successfully operating within the framework of the Intergovernmental Commission. Line agencies of the two countries, jointly with the India-Russia Forum on Trade and Investment, are engaged in a rigorous selection of promising business initiatives, and are working on identifying and removing barriers to the free flow of goods, capital, and services.

To date, 20 priority projects have been identified: 10 Russian projects and 10 Indian ones. These are in such spheres as transport engineering, chemical industry, aircraft industry, and pharmaceuticals. They include the construction by the SIBUR Holding of a butyl rubber facility, with an operating capacity of 100,000 tonnes per year, in the city of Jamnagar, as well as the production by Russia's Lighting Technologies Company of lighting equipment for general and specific purposes, in the city of Jigani, Karnataka. The Sistema Financial Corporation is developing a “smart city” model in India. Dauria Aerospace is working on the deployment of the NextStar telecommunication satellite constellations in the geostationary Earth orbit. The governments of the two countries will assist in the implementation of these projects.

India and Russia have excellent political relations; however, the bilateral economic cooperation does not always reflect this. Economic cooperation is not commensurate with excellent political relations enjoyed by both countries, and does not reflect the potential of the economies of both countries. With a bilateral trade volume touching barely $10 billion, economic engagement is no doubt the weakest link in the otherwise robust special strategic partnership. Presently, Russia’s share in India’s total trade is around 1 percent whereas India’s share in Russia’s total trade is less than 1 percent. This should be a matter of concern for both countries. It should be more serious for India as the trade balance is heavily in favour of Russia. One of the main reasons for low volume trade is the narrow base of our bilateral trade. If one looks at the structure of bilateral trade, one will find that only three to four groups of goods - primarily those of agricultural origin, pharma, shoes, and garments - dominate the Indian export-basket to Russia, constituting almost 80 percent of total export value. The same is the case with Russian exports to India, with metal, fertilizers, newsprint, and machines dominating its export basket. Both countries have to explore possibilities for diversifying the trade basket.

One major reason why bilateral trade is not picking up is distance and transit time. Indian goods can hardly be competitive in the Russian market
with a 50 day transit period when compared to goods coming from the Middle East, Turkey and China. These countries take much less time for supplying their goods to Russia. Here, importance should be given to accelerating the work on the North-South transport corridor that will reduce transit time and transport expenditure by almost 50 percent, thus providing a boost to bilateral trade. In order to reduce supply time, India should be permitted to have custom bound warehouses in Russia. Also, the lack of adequate banking facilities is one of the other major reasons for low trade volumes. This should be addressed by the governments of both countries seriously.

Prolonged negotiations have been going on for concluding the free trade agreement with the Eurasian Economic Union consisting of Russia, Belarus, Kazakhstan, Kirgizstan, Armenia and Tajikistan, and the Comprehensive Economic Cooperation Agreement (CICA) with Russia. An attempt should be made to successfully conclude these agreements that would no doubt provide a tremendous boost to bilateral trade and economic relations between the countries. Discussions also have been going on for trade in national currencies that can increase bilateral trade volume. Serious attempts should be made to increase bilateral trade in national currencies, and here the Russo-Chinese experience should be studied carefully.

Though the economies of both counties are dominated by the private sector, bilateral trade is still primarily state-driven. A marriage between the private sectors of the two countries is a must for bolstering trade and investment. Moreover, the private sectors of both countries have hardly started any semblance of cooperation. Joint business forums and trade fairs - to bring the private players of both countries together - would be a right step towards fostering partnerships.

Asset exchange between the two countries is another measure that needs to be seriously addressed by our governments. If these measures are taken, the targeted trade volume of $30 billion and investment of $25 billion by the year 2025 can be easily achieved.

**Conclusion**

Both countries have enjoyed excellent political relations for decades, with a convergence of views on most international and regional issues of mutual concern. It is a matter of concern that, more recently, there seems to have emerged a gap in the mutual approaches of both countries on some international and regional issues. There is lack of understanding for each other’s security and geopolitical concerns. Russia’s growing engagement with Pakistan,
particularly, has raised concerns in India’s strategic community. Russia’s military exercise with Pakistan and sales of military hardware to that country, have caused significant concern in India. The growing trilateral engagement between Russia, China and Pakistan, particularly on Afghan issue, has angered the Indian strategic community.

On the other hand, Russia has misgivings about some Indian actions, such as its growing proximity with the US, Delhi’s agreement with Washington on end use inspection, the Logistics Exchange Memorandum of Agreement (LEMOA), and the USA’s bestowing of the Major Defence Partner status on India, etc. The Malabar naval exercises with the US as well as the joint military exercises with Japan, New Zealand and Australia, are also not to the liking of Moscow. Besides, there seems to be some sort of difference in approaches to regional issues (like the Syrian crisis), along with gaps in the UN voting patterns on a host of international and regional issues. On the whole, there appears to be a gap for the first time in the understanding of geopolitical issues between New Delhi and Moscow.

One thing is clear: in the post-Cold War era, there is a change in Russia’s world view which needs to be understood by India in toto. On the other hand, India has new geopolitical ambitions and concerns that Russia needs to comprehend and appreciate. In any case, Russia - which is increasingly being guided by ‘pragmatism’ in its foreign policy - cannot be taken for granted. Both countries have to take each other’s concerns into consideration if they have to continue to be truly special and privileged strategic partners. It will be foolhardy to expect one-sided concessions. Instead of knee-jerk reactions and media-bashing, both the countries should look for greater engagement in order to address the differences, and to protect the special and privileged nature of the India Russia strategic partnership.

* * *
India - Russia: Perceptions Need to be Corrected and Relationship Strengthened

Indrani Talukdar*

In November 2016, Russian President Vladimir Putin signed the Executive Order approving the Foreign Policy Concept of the Russian Federation, which updates Russia’s foreign policy priorities, and goals and objectives. It categorically states, “Russia is committed to further strengthening its special privileged partnership with the Republic of India based on the convergence of foreign policy priorities, historical friendship and deep mutual trust, as well as enhancing mutually beneficial bilateral ties in all areas, primarily in trade and economy, with a focus on implementing long-term cooperation programmes approved by the two countries”. These words, mentioned in one of Russia’s key foreign policy documents, not only underscore India’s centrality in Russia’s foreign policy priorities and objectives but also attempt to restore the perceived lost sheen in India-Russia relations of late.

The Annual Summit between India and Russia that took place last year in October was largely reckoned as successful. India and Russia, on October 15, signed sixteen agreements and made three crucial announcements across several sectors including defence, nuclear, and space during the India-Russia Summit. After three months of the annual summit, Russian Deputy Prime Minister Dmitry Rogozin visited India again on January 9, 2017 with a large delegation to attend the four-day ‘Vibrant Gujarat’ Global Summit 2017. The signing of the agreements during the annual summit, reiteration of India’s importance in the 2016 version of Russia’s Foreign Policy Concept, and the visit of the Russian Deputy Prime Minister to India are three recent developments that showcase the importance and strength of India-Russia bilateral relations.

Russia, especially since 2013, has accelerated its drive in strengthening its position in Asia. In its 2013 foreign policy version, focus and priority to Asia-Pacific was particularly underscored. Although Russia’s Asia policy was already in place, a long-term and comprehensive Asian strategy was missing. This was primarily because for an expanded Russian continent that straddles both Europe and Asia, it was economically more rewarding to focus on the European countries than to formulate a distant Asian strategy. Hence, there

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was more focus on strengthening its relations with the European Union by Russia. However, the fast economic growth of Asia-Pacific region; the rise of China with its tentacles spreading as far as the Russian backyard and Central Asia; the US led-sanctions against Russia due to Moscow’s role in the Ukraine crisis in 2014; and above all, the need to avoid international isolation, have made Asia-Pacific a strong priority for Russia. However, newer Russian strategies have also led to establishment of strategic partnership with the ASEAN countries, growing proximity to Pakistan since lifting of Russian arms embargo in 2014, and rejuvenated interest as a pro-active player in Afghanistan.

In this backdrop, how does one answer the core questions that have been raised in this debate? What is the present state of the India-Russia bilateral relations? Is this relationship still “a key pillar of India’s foreign policy” and does Russia continue to be a “time-tested partner of India”? If so, what needs to be done to correct the “perceptions” and to strengthen the links?

The answer to the first question is that the present state of India-Russia bilateral relations largely seems to be in a positive and an upswing mode. With the reiteration of a positive statement on India-Russia relations in the 2016 issue of Russia’s foreign policy concept, a clear indication has been given that this bilateral relationship is important for Russia and that it will continue to make efforts to strengthen this special and strategic partnership. For India, Russia will continue to be a key pillar in its foreign policy and like Russia, India will also work to enhance the bilateral relationship. The bilateral deals struck during the annual summit were timely and may have “pacified” Russian concerns about India’s growing closeness with the US. For India, these agreements with Russia send a strong message to Pakistan and China on the special and privileged partnership between India and Russia, that involves augmented Russian assistance in enhancing New Delhi’s defence preparedness. Indian Prime Minister Narendra Modi during his speech at the Joint Press meet at the Annual Summit said, “...an old friend is better than two new friends”. In fact, Russia’s latest executive order on foreign policy states that there should be an increase in exchange between Russian academics and experts and Indian specialists, as Russia is keen on strengthening the expertise feedback to enhance its public diplomacy development.

However this optimism aside, lately there have been events on both sides that have given rise to some negative speculations on their all-weather mutual trust. In Russia, India’s diversification of its defence procurement, and its growing closeness to the US have not been well received. Likewise, Russia’s
growing closeness with Pakistan and China, the two countries with whom India is still trying to resolve decades-old issues, has not gone well with New Delhi.

In 2014, when the news of Russia’s lifting of arms embargo on Pakistan surfaced, India expressed its discomfort, which in turn Moscow tried to pacify. Russian Deputy Prime Minister Dmitry Rogozin said on 14 October 2012, “You must understand that we do not deal with your enemies. We don’t deliver any arms to them... If you see otherwise, you may spit on my face”. He added, “We never created problems for India on its frontiers in difference from other countries. That is a political advantage (for Russia) as a friend of India”. Although Russian diplomats have tried to calm Indian nerves by saying that Islamabad would not be given access to sensitive technologies, such assurances have not entirely wiped India’s scepticism, especially in the aftermath of Russia-Pakistan military exercise.

In September 2016, Russia and Pakistan held their first military exercise titled Friendship-2016 at the Special Forces Training Centre in Cherat. The exercise took place despite opposition from the Indian side. The Indian envoy to Russia, Pankaj Saran said, “We have conveyed our views to the Russian side that military cooperation with Pakistan, which is a state that sponsors and practices terrorism as a matter of state policy, is a wrong approach and it will only create further problems”.

It is reported that there will be a second joint exercise in 2017, as confirmed by the Russian Land Forces Command. In the economic sector, Russia and Pakistan signed an agreement in 2015 on cooperation in the construction of the “North-South” gas pipeline (from Karachi to Lahore), which aims to boost energy trade. Russia has invested $2 billion in the project. It is reported that Pakistan approved Russia’s request to use Gwadar Port and supports Moscow’s plan of merging the Moscow-led Eurasian Economic Union (EAEU) with the CPEC. Although the Russian Embassy in Islamabad has denied the reports, such future developments cannot be completely ruled out. India has been voicing its discomfort with the CPEC project connecting China’s Xinjiang region to the Gwadar Port in the Arabian Sea, as it passes through the Gilgit-Baltistan region in Pakistan occupied Kashmir. However, New Delhi expects Russia not to compromise India’s security, notwithstanding Moscow’s recent overtures to Pakistan.

India is trying to uphold the trust quotient with Russia and seems to be downplaying reports of growing bonhomie between Moscow, Pakistan and China, for now. It is not as if India-Russia bilateral relations have been without
any challenges. Earlier too, there have been issues between India and Russia regarding defence deals mainly concerning quality, cost, and delivery from Moscow. However, these problems were sorted out and both the countries have evinced positive momentum going forward. Some of the recent deals highlight India’s interest in maintaining its quotient with Russia as the major supplier of its defence equipment as well as partnership, especially in the area of joint development projects in defence. However, India’s astuteness and prudence will be important, and it should understand Russia’s message regarding its relationship with India, which has been indicated in its latest foreign policy document. Russia used the words “further strengthening” of its special and privileged partnership with India “based on the convergence of foreign policy priorities” along with historical friendship and deep mutual trust.

Russia’s earlier position in Afghanistan, which was similar to that of India’s, is seemingly diverting. Russia and India along with Iran were the three big powers that acted in unison in supporting the Northern Alliance to prevent a complete takeover of Afghanistan by the Taliban between 1996 and 2001.

The Russian President’s special representative to Afghanistan Zamir Kabulov, during the Heart of Asia Conference that took place in Amritsar last December, said that ISIS in the subcontinent cannot be eliminated without cooperation from Islamabad. He described ISIS in Afghanistan as being more insidiously dangerous than the Taliban. He said, “...some people may say, and I remember some Indian officials in the recent past were believing that Daesh is something which is not an immediate threat to India as it’s an Afghanistan maybe Central Asia or Orient problem, but not India.” He felt that India must focus on containing ISIS rather than Taliban as the former is a more real and dangerous threat.

The Kremlin as well as the Russian academics and strategic community understand Pakistan’s role in state sponsored terrorism and its support to the Taliban. However, Russia sees Pakistan as a real player in Afghanistan, which cannot be ignored. According to one Russian scholar, sometimes a player, who is not a part of the solution but a part of the problem, needs to be engaged as his role might backfire and become dangerous for the security of Russia as well as the region.

The comment of Mr. Kabulov that India sees Taliban as a threat and not ISIS, as the latter does not affect India’s security due to it being geographically distant warrants a clarification from the Indian side. It seems that Russia has
got an unintended message from India that New Delhi is not concerned about Moscow’s security concerns. Russia is insecure because of the threats posed by the ISIS to Moscow, due to its role in Syria as well as the penetration of militants/extremists/terrorists who have been fighting alongside the ISIS in Syria, into Russian territory.

The perceived difference in the understanding between India and Russia of ISIS and Taliban is a serious issue, which needs to be ironed out. Otherwise, the strategic partnership “based on the convergence of foreign policy priorities” would get weakened, and would not be healthy for both the countries.

Sincere dialogues and engagements between India and Russia in a transparent manner, including the areas of mistrust and problem, need to be held so that the “perceptions” are corrected and the relationship is strengthened.

Notes:


3 Russia was already becoming aware of Europe’s diversion from the former’s monopoly on energy. There was always the continuation of the subtle and covert tension with the West and it also wanted to develop the Far East side of Russia.


5 Asia-Pacific also features as a part of Russia’s Eurasian identity.

6 There were high-level visits and agreements between both sides as well as Russia’s keenness in India’s membership in the Shanghai Cooperation Organisation (SCO) and Eurasian Economic Union (EAEU).


8 “Foreign Policy Concept of the Russian Federation (approved by President of the Russian Federation Vladimir Putin on November 30, 2016)”, Ministry of Foreign Affairs of the Russian Federation, 30 November 2016. Op.cit. The section on “Information Support for Foreign Policy Activities of the Russian Federation” in the text states, “Delivery to the international community of unbiased information about Russia’s perspective on key international issues, its foreign policy initiatives and efforts, processes and plans of its socioeconomic development and Russia’s cultural and research achievements is an important element of foreign policy activities of the Russian Federation. Greater participation of Russia’s academics and experts in the dialogue with foreign specialists on global politics and international security is one of the areas of public diplomacy development”.
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10 The military exercise was also supposed to take place in Gilgit-Baltistan, which was abandoned later because of the concerns raised by India.


16 In November 2016, India completed the delivery of a batch of four Mi-25 Russian combat helicopters to Afghanistan. The enthusiasm regarding the Chabahar Port as well as the International North-South Transport Corridor (INSTC) is a positive trend between India, Russia, Afghanistan and Iran.

17 He added that the Taliban is “predominantly a national military-political movement”. He said, “it is local, Afghanistan-based. They believe that they should have, from their perspective, fair share in the government of Afghanistan...They should talk and deal in their local context”.


19 Excerpts from the Interaction during the First India-Russia Think-Tank Summit that took place at MGIMO, Moscow on 22–23 September 2016.
India and Russia are celebrating the 70th anniversary of the establishment of diplomatic relations this year. Major events in diverse fields have been worked out to celebrate the long standing partnership, which New Delhi and Moscow have enjoyed since diplomatic relations were established in April 1947. At a bilateral level, pragmatic considerations form the basis of this relationship.

After the disintegration of the Soviet Union, Indo-Russian relations have gone through some rough patches, the relationship notably weakened during the 1990s. The geopolitical realities and economic limitations did not allow the relationship to continue in the same way. However, all that changed after Vladimir Putin’s election as the head of the Russian state in 2000. He became the architect of a new strategic partnership between India and Russia bringing the two countries close to each other. These ties were further elevated to the level of Special and Privileged Strategic Partnership in December 2010. India–Russia strategic partnership moved in the direction of greater cooperation in every respect but remained under the shadow of the emerging Indo-US strategic partnership. A fresh impetus was given to this relationship during the annual summit in Goa in October 2016. Despite Prime Minister Narendra Modi and President Vladimir Putin’s pledge to take the relationship to a new level, the current narrative on India-Russia relations in India and Russia has raised some issues questioning the changing nature of strategic partnership.

Within India it is argued that the Russia-India relationship is entering a “difficult phase”. Similarly, the writings within Russia have noted that “Moscow is no longer New Delhi’s main international partner”. It is argued that the Indophiles once powerful in the corridors of Kremlin are no longer the only South Asian faction influencing policy related to this region. In the past few years the increasing influence of the Islamophiles led by diplomats like Zamir Kabulov are becoming a significant voice in the Russian Ministry of Foreign Affairs. It is important to note, “...this group of foreign policy experts believes that Russia must pivot towards Pakistan in order to gain access to China-Pakistan Economic Corridor (CPEC), which could eventually
reach all the way to central Siberia and thus connect Russia’s geographic centre with global nexus of 21st century trade in the Indian Ocean, and potentially even link this body of water with the equally strategic Arctic Ocean one day”. In the light of this new debate it is important to address some questions: Is Moscow no longer New Delhi’s main international partner? Is India getting into new strategic relationship with the US, and in doing so, is it moving away from Russia? Is Russia building closer ties with Pakistan and China, moving away from its most trusted partner India? What is going to be the impact of Islamophiles on India-Russia relations? To get a real picture of how India-Russia relations are going to take shape in future the aforesaid questions do merit some attention. The present study is an attempt to examine these questions and to analyse the current reality of this decades-long strong strategic partnership; to understand how India and Russia have managed the positive and negative impacts of new geopolitical realities; and finally, to explore the future prospects and opportunities for cooperation between these two strategic partners.

**Geostrategic Shifts: Keeping up with Expectations**

India-Russia relationship needs to be viewed in the context of new geopolitical and geo-economic shifts that are unfolding in the regional and global system. The current international order is characterised by the rapid shifting of global power to Asia; marked by, among other things, increasingly assertive role of China; the perceived shift in the US policy; Brexit and its impact on the EU; Russia’s “pivot to Asia” policy; the growing Sino-Russian partnership; and the emergence of a new strategic partnership between India and the US. At the regional level, the deteriorating security situation in Afghanistan and Pakistan, the volatile cauldron of West Asian geopolitics characterised by the rise of the ISIS, and the intense Shia-Sunni sectarian rivalry as well as intra-Sunni rivalry in the West Asian region are key developments. In addition, low oil prices and its global impact has generated completely different scenarios, both economic and strategic, for many countries in Asia. Finally, the new policy decisions taken by the US president Donald Trump have introduced greater uncertainties in the new global and regional order, which is still unfolding. These new developments at the global and regional level not only pose new challenges and threats, but also provide opportunities for India and Russia to engage each other at bilateral and multilateral levels.

While general pessimism about India-Russia relations are expressed by some Russian experts on India, and Indian experts on Russia, there is a strong
view that India-Russia “diplomatic and political relationship still remains strong as ever”5 and “New Delhi and Moscow have been extraordinarily successful in fostering a friction-free relationship that harks back to the Soviet era”.6 More importantly, within India there is a general consensus for sustaining and fostering of strong bilateral ties between New Delhi and Moscow. This view has been endorsed at the highest level in Moscow and New Delhi. Prime Minister Narender Modi in his recent speech has called Russia “an abiding friend” and said, “...our trusted and strategic partnership, especially in the field of defence has deepened. Our investments in new drivers of our relationship, and the emphasis on energy, trade, and S&T linkages are showing successful results”.7 Similar views were echoed by President Vladimir Putin on the eve of India’s 68th Republic Day, “...over the decades of independent development, India has achieved impressive success in economic, social, technical and other spheres. Special and Privileged strategic partnership with India is an invariable in Russia’s foreign policy”.8

An analysis of the contemporary phase of the India-Russia engagement clearly points out that every effort is being made to strengthen cooperation between the two countries. Both countries have a common position on global and regional issues. They remain engaged through many multilateral groupings like BRICS, G-20, SCO, RIC and others. Both Russians and Indians have now accepted the reality that the new pragmatic relationship away from the old romanticism of the Indo-Soviet era needs to be developed. It is also true that despite many challenges there is a great deal of potential in the two countries to take the relationship to the next level. Many Russia lovers feel, “...the best time for the Indo-Russian relationship are yet to come”. 9

A new phase of cooperation between India and Russia began in October 2016, when both the leaders, Prime Minister Modi and President Putin met in Goa for their annual Summit, which resulted in the signing of 16 agreements to boost bilateral cooperation. During the Summit, the bilateral engagement was cemented not only in the traditional areas of defence, space, energy and nuclear energy and security, emphasis was also laid on taking the economic ties to the next level. In the “Partnership for Global Peace and Stability” both countries “pledged to pursue new opportunities to take the economic ties to unprecedented heights, achieve sustainable development, promote peace and security at home and around the world, strengthen inclusive and transparent global governance, and provide global leadership on issues of shared interest”.10 The major outcome of the Goa summit got reflected in agreements signed in the areas of defence, energy, and infrastructure.
Despite India’s diversification in terms of acquiring defence equipment from other countries, Russia continues to remain India’s major defence and strategic partner. Taking the engagement further both countries agreed to the establishment of the Joint Venture for production of Ka-226T helicopters in India; the signing of IGA for the procurement of S-400 Air Defence System and acquisition, and the joint production of four additional 1135.6 frigates though partnership between the Russian and Indian shipyards. The Ka-226T deal can be seen giving a major boost to India’s “Make in India” initiative. It is important to note that Russia was the first country to be involved in “Make in India” in the defence sector, with the BrahMos, which preceded Modi’s initiatives.

In addition, both the countries agreed to conduct an annual military conference. As a follow up the Defence Minister level India-Russia Inter-Governmental Commission for Military Technical Cooperation (IRIGC-MTC) meet in Delhi on 26 October 2016 took place. Media reports also suggest that the Defence Acquisitions Council (DAC) has approved the acquisition of 464 Russian T-90MS tanks, which are already being manufactured in India under licence with a progressive degree of indigenisation. This deal would value at over US $2 billion and would be implemented as part of the “Make in India” project.

Another tangible and substantive aspect of the cooperation was seen in the area of energy cooperation. The programme of Cooperation in Oil and Gas Sector for the period 2017-18 and the MoU between Gazprom and Engineers India Limited on the joint study of a gas pipeline to India and other possible areas of cooperation were inked. A new landmark was achieved in 2016 in nuclear power cooperation when Prime Minister Modi and President Putin dedicated Kudankulam Unit-1 to India; the second unit will be put in operation soon. They also witnessed the commencement of the site work for Kudankulam Units 3 and 4.

Although economic ties between Russia and India are the most unsatisfactory part of otherwise fruitful relations, this seems to be changing. Now, the largest Foreign Direct Investment (FDI) in India is by Russian Oil major Rosenft. With an aim of building an “Energy Bridge” between the two countries, many initiatives have been taken in the last two years. Major progress has been made by Indian and Russian oil companies since the last summit with the Indian companies acquiring equity in “Tass-Yuryakh Neftegazodobycha” and “Vankorneft”making it the largest equity oil acquisition till now by India. In 2016, Indian Oil, Oil India, and a unit of BPCL agreed to buy 29.9 percent in the Tas-Yuryakh oilfield in east Siberia for $1.3 billion.
The consortium signed heads of agreement for taking a 24 percent stake in Vankor field, also in east Siberia for over $2 billion and pay another $180 million as its share of future Capex. ONGC Videsh, the overseas arm of ONGC, signed an MoU to raise its total stake in Vankor to 26 percent by acquiring additional equity at a cost of $925 million. Russia India energy cooperation got a further push with Rosneft taking a 49 percent stake in India’s Essar Oil Limited, as well as recent Indian moves into the East Siberian upstream sector. This deal amounts to a massive 5.5 billion dollars. To facilitate mutual high-technology investments, both countries agreed for creation of bilateral investment fund by the National Infrastructure Investment Fund (NIIF) of India with Russian Direct Investment Fund (RDIF). To boost economic cooperation, both countries called for the finalisation of investment proposals in sectors such as pharmaceuticals, the chemical industry, mining, machine building, and implementation of infrastructure projects, cooperation in the railway sector, in fertiliser production, automobiles and aircraft construction as well as collaborative ventures in modernising each other’s industrial facilities. The feasibility of a free trade agreement between India and the Eurasian Economic Union (EEU) is being done by the Joint Study Group, which could impart added momentum to bilateral economic cooperation.

The International North-South Transport Corridor (INSTC), which can play a key role in promoting economic integration in the region through reduction of time taken for the transit of goods, has received greater prominence from both sides. India and Russia along with Iran and other member countries have undertaken many initiatives to realise the full potential of this corridor. The full operationalisation of this corridor could provide a much needed boost to economic cooperation. In addition, India and Russia are working towards increasing the effectiveness of existing inter-regional cooperation and exploring new areas of engagements. Moscow and New Delhi are committed to enhancing their cooperation in space, renewal energy, climate change, and the Arctic region. There is continuous effort to consolidate engagement in these sectors as well.

**Are India-Russia relations going through a problematic phase?**

The aforesaid analysis of growing cooperation between Russia and India would remain incomplete without examining the current problems and limitations, afflicting their relationship. In the light of new geo-political developments, it is argued that the India-Russia relationship “is a limited one”
and that the relation between the two countries is drifting apart, despite commitment by the leadership of both countries in Goa in October 2016 to strengthen strategic partnership. Four important reasons attributed to this are—first, India-Russia relations are too focused on defence, energy and nuclear cooperation and need to grow beyond these sectors. There is a need to develop stronger ties between the people from both sides and expand the base of economic cooperation.

Second, from the Indian perspective rising power of China poses many challenges in the region, while Russia views China as a major partner to manage its confrontation with the US. Its engagement has been growing with China particularly in the light of Russia’s isolation by the West post Ukraine crisis. For Russia, getting support from China for cooperation between the EEU and the OBOR is significant. Despite many undercurrents, Moscow has accommodated China in Eurasia. More importantly, China has been supporting Pakistan and its activities, which are not in India’s interest. In this context, China seems to be pushing Russia in the same direction. There is growing concern in India that Russian defence equipment supplied to China is being further supplied to Pakistan. India has always viewed Russia as its strong balancer in the region. However, growing China-Russia cooperation with Pakistan becoming the third leg of this cooperation could have a negative impact for India in future.

Third, some recent media reports also suggest Russia’s support to the China-Pakistan Economic Corridor (CPEC). From India’s perspective, the CPEC is passing through the disputed Gilgit-Baltistan region in Pakistan occupied Kashmir, geographically an essential part of India’s extant claim. New Delhi has expressed its concerns over the CPEC. In fact, Prime Minister Modi had taken up this issue even during his visit to China in May 2015. In its official statement, the Indian Foreign Ministry official explained this as a “third country relationship”. In this context, the Russian Foreign Ministry has also dismissed this media report and clarified in its statement, “The Pakistani media reports about ‘secret negotiations’ between Russia and Pakistan on the implementation of projects as part of the CPEC are not true to the facts. Moscow is not discussing the possibility of joining this project with Islamabad”. In addition, it was noted that Russia’s bilateral engagement with Pakistan was negligible as compared to its strong strategic content of partnership with India. A Russian expert is of the view that it is possible for Russia to remain engaged with both India and Pakistan. It is argued:

A trusted partnership with both India and Pakistan is possible only if Russia realizes and articulates their independent value for itself, makes its
policy there South Asia-oriented, protects its ties with India and Pakistan from the third countries’ influence, and avoids U-turns and any kind of unpredictability in its regional strategy.15

The growing Russia-Pakistan defence cooperation is another area of concern for India. Since 2014, Russia-Pak relations have undergone major changes with growing cooperation in the defence and security arena. The visit of the Russian Defence Minister Sergey Shoygu to Islamabad in November 2014 can be considered a significant step in this context. During the Russian defence minister’s visit, an agreement on military cooperation was signed. Both the countries have agreed on the delivery of four Mi-35M Hind-E combat helicopters. These are expected to be delivered soon. In October 2016, Russia and Pakistan conducted their first ever joint military tactical exercise titled Friendship-2016 at the Special Forces Training Centre in Pakistan’s Cherat, located in the north western province of Khyber-Pakhtunkhwa. The Russian Land Forces Command has already confirmed about the second joint exercise between the two countries to be held in 2017.

What is significant to note is the growing economic engagement between the two countries. Although the present level of trade between the two countries is insignificant, in 2015 the bilateral trade volume between the two countries decreased by 13 percent and amounted to $US 395 million compared to US $453 million in 2014.16 But there are some indications of the Russian intent to strengthen trade and economic cooperation. This can be seen in a statement by the Russian Foreign Ministry,

Russia-Pakistan trade and economic cooperation has its own inherent value, and we intend to strengthen it. Russian companies are implementing business projects in the Islamic Republic of Pakistan, including the planned construction of the North-South gas pipeline from Karachi to Lahore, on a bilateral basis.17

In October 2015, both countries inked an agreement on cooperation in the construction of the “North-South” gas pipeline with Russian investment of $2 billion in this project. These developments clearly indicate the intent of Pakistan and Russia to deepen military, economic and security engagement. If Russia’s military engagement with Pakistan continues to grow in future, it is likely to cast some shadow on India-Russia relations.

Fourth, growing China-Pakistan-Russia trilateral cooperation on regional security issues, particularly on the security situation in Afghanistan and Moscow’s acceptance to engage the Taliban, is viewed by the Indian strategic community as a strategic shift in the Russian policy towards the region.
Three China-Russia-Pakistan trilateral meetings have already taken place, the last one being held in Moscow on 27 December 2016. This strategic shift in Russia’s regional policy has significant bearing for India because in the past, India and Russia have worked together in opposing the Taliban. More importantly, the growing regional engagement and understanding on the security situation among Russia, China and Pakistan will have a significant bearing in the context of India’s entry in the Shanghai Cooperation Organisation (SCO) as a full member.

Besides, some problems have been reported regarding the multi-billion dollar deal signed between the two countries for four stealth frigates in October 2016. These differences have come over pricing and local construction with transfer of technology. It will be a major setback to the existing defence cooperation between India and Russia, particularly vis-à-vis the “Make in India” initiative, if these differences over pricing do not get resolved.

**Way Ahead: Opportunities to Boost Cooperation**

The objective analysis of India-Russia relations reveals that Russia still occupies a key place in India’s foreign policy calculus. There is a continuous effort to strengthen existing ties and explore new avenues of cooperation. India’s growing ties with the US is not at the cost of its special and unique relationship with Russia. The recent apprehensions and concerns of Russia’s shifting policy towards South Asia characterised by growing engagement with Pakistan, should not be given undue weightage. Similarly, its new entente with China should be seen in the context of the Western attempts to isolate Russia. Moscow still sees India as a key partner in its pivot towards Asia. According to Russia’s “Foreign Policy Concept” of 2016, Russia stands committed to further strengthening its special privileged partnership with India based on the convergence of foreign policy priorities, deep rooted historical friendship, and mutual trust with focus on implementing long-term programmes approved by the two countries to promote cooperation in trade and economy.

While current problem areas between the two countries demand special attention, there is immense potential to raise the level of cooperation going beyond the defence sector. Innovative ways of cooperation in areas of mutual interest as have been identified during the Goa summit, will demand continuous effort to sustain the level of cooperation. The following steps merit attention to boost this longstanding relationship between the two strategic partners:

- Overhaul and make the existing mechanism of interaction between the two foreign ministries more effective taking into account each other’s sensitivities.
• In the context of maximising the human and intellectual potential of the Russian and Indian people, the need is to expand cooperation beyond the defence sector to the civilian high technology field. Russia has already taken a lead through its Skolkovo initiative that seeks to promote innovation in high technology.

• Greater cooperation is possible between the regions of the two countries, with focus on economic cooperation between the Far Eastern Federal District of Russia and the Indian states. India has already shown interest to participate in the East Economic Forum in 2017. There is great potential in the agriculture, mining, and sea transport sectors.

• Russia being a major resource periphery of energy, and India being the world’s third largest energy consumer, both need to expand their mutual investment footprint in their upstream and downstream sectors. This could help create a durable economic engagement.

• Focus more on people-to-people contact, which has declined over the years.

• Creation of Russia Chairs in universities in major cities will go a long way to revive this special relationship between the students. Regular cooperation with the Russian and Indian think tanks and joint publications would create better understanding of each other’s problems.

• Language has been a major barrier as not many Indians are interested to learn the Russian language; some incentives need to be given in schools and universities in India to students to make it more attractive for them to take up Russian language courses. This could be supplemented by teachers training programmes for both Indian and Russian teachers in their respective countries.

• Creating an Eminent Persons Group on Russia will further help address the irritants, which have surfaced over the last few years.

Notes:


3 Ibid.

4 Ibid.
Debate: India-Russia Relations in a Fast Changing Global Order


6 Harsh V. Pant, “India-Russia Ties and India’s Strategic Culture: Dominance of a Realist Worldview”, India Review, vol. 12, no. 1, 2013, pp. 1–19.


9 Ibid.


