



Indian Council
of World Affairs



Russian International
Affairs Council

EVENT REPORT

INTERNATIONAL CONFERENCE

**“Strategic Visions of India-Russia
Relationship in a Changing World Order”**





**INDIAN COUNCIL OF WORLD AFFAIRS
RUSSIAN INTERNATIONAL AFFAIRS COUNCIL**



New Delhi- Moscow, 2018-2019

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Authors and Copy Editors:

Dr. Indrani Talukdar

The report has been prepared with the help of the Rapporteurs - Dr. Ashish Shukla, Dr. Chandra Rekha, Dr. Ankita Dutta, Dr. John Jojin, Dr. Dinoj Upadhyay, Dr. Ambreen Agha, Dr. Rakesh Puyam Singh, Research Fellows.

Dr. Athar Zafar and Dr. Stuti Banerjee have helped in editing and revising the report.

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About the Conference

Indian Council of World Affairs (ICWA) and Russian International Affairs Council (RIAC) held the 2nd International Conference "Strategic Visions of India-Russia Relations in a Changing World Order", at Sapru House, New Delhi, on November 14-15, 2018. It followed up the 1st Conference under the title "Strategic Visions of Russia-India Relations and Changes in the World Order", which took place in Moscow on October 12-13, 2017.



Inaugural Session



**Ambassador T.C.A.
RAGHAVAN**

**Director General
of the Indian
Council of World
Affairs (ICWA)**

It is a great pleasure and honour for me to welcome you all today at the second conference entitled 'Strategic Visions of India-Russia Relations in a Changing World Order. This title quite accurately identifies the three axes of our discussions - the strategic nature of India-Russia relations, the ongoing changes in international circumstances and environment, and, finally, the vision we develop of the future. I am honoured to welcome all of you here today in the ICWA. For this conference we have constituted a composite team from different research institutions so that we have substantive discussions on developments in the international and regional arenas as also on the specific dimensions of our bilateral relations such as defence cooperation, new technologies and, finally, the core area of any bilateral interactions, people-to-people contacts, cultural and educational exchanges and scientific cooperation.

Both of our countries occupy large land masses and inevitably our expanse means that the range of external policy issues we engage with is diverse. In South Asia, elections in Pakistan, Nepal, Bhutan and Maldives have thrown up new political architectures. Forthcoming elections in Bangladesh, Sri Lanka and Afghanistan and later in 2019 in India will complete the process. For India, the challenges of each bilateral relationship in our neighbourhood are influenced also by larger thematic considerations of managing the interface of the continental as well as the maritime dimensions of our external policy. When we in India speak of Indo-Pacific we look beyond the Bay of Bengal and the Arabian Sea because our links with both these regions are far too vital to be isolated from their larger environments. For Russia, the US-led NATO is returning to the paradigm of deterrence. The US's position with respect to the 1987 Intermediate-Range Nuclear Forces (INF) Treaty has given rise to new security challenges in the European region, but equally significantly raises questions about the future structure of arms control regimes - bilateral, multilateral etc. In this context, how Russia sees the future of the European process and how European states intend to outline their relationship with Russia as also the trans-Atlantic partnership have an affect far beyond Europe.

The year 2017 marked 70 years of diplomatic relations between India and Russia. Throughout these 70 years, our bilateral partnership acquired certain strengths and characteristics and stood up to the challenges of time. How our relationship will grow in the changing times is inevitably something that we will figure in our discussions. India-Russia relations have acquired certain distinguishing characteristics in the acknowledgement that the relationship is 'special and privileged strategic partnership. What have also continued as an integral part of the bilateral relations are mutual trust and understanding and concerns which in turn leads to pragmatism. The joint statement, following the visit of President Putin to India [in October 2018], is a comprehensive document in terms of a roadmap.

We also have to look at the larger picture and there are of course

larger factors at play here: the frictions in the China-US relationship, the strains in the US-Russia relations, the impact of China on our neighbourhood, how Russia positions itself vis-a-vis Europe and Asia and so on. How we insulate and grow our bilateral relations in this environment is obviously the central issue. How we embed into relationship new dimensions even as we strengthen the older basis of our interaction is the key. Inevitably, another set of questions arises from issues related to India-US, India-Russia-China and Russia-Pakistan relations. It is in this context that we discuss bilateral relations between India and Russia in the wider environment. It stands to reason that with the developments in the current international milieu, there is a need for India and Russia to re-emphasise their strong strategic partnership, goodwill and diplomatic trust that have stood the test of time.





**Dr. Andrey
KORTUNOV**

**Director General of
the Russian
International Affairs
Council (RIAC)**

It is definitely my pleasure and honour to be here today to start working on a very broad agenda that we have for our Conference. I'm glad to see all friends in this room, I'm very grateful to scholars and also governmental officials who decided to join this conversation today. I think it is important, I think it is timely, I think this is something that we should do. Let me say that we are also very grateful to everybody who participated in putting together this event and specifically I would like to mention the role of our two respective foreign ministers and the Indian Embassy in Russia as well as the Russian Embassy in India - without their involvement this event would not be possible.

When we discuss a dialogue at the second track level we should consider what kind of value added we can bring to the table. In Russia and India there are many official channels of communication and it would not be appropriate to consider that we can somehow replace these channels, we do not have the same capacities, we do not have the same access to information, we do not want to mess around. However, we want to be of assistance, we want to make contribution, we want to make sure that we can be also engaged in this cooperation. So, I keep thinking about what kind of comparative advantages project like that might have. Is there something that we can do which is more difficult to be delivered at the official level? I am thinking about three particular dimensions of our dialogue which I consider to be important. [...]

First of all, our discussions can be probably more blunt and more candid than discussions at the official level. We all know that in India-Russia relations [at the government level], it is almost like mutual admiration society, they talk about accomplishments, they talk about very serious positive results that we can see in many areas, but of course there are certain limitations. We do not have these limitations, we can be very honest and my suggestion would be to focus primarily on problems rather than on accomplishments, primarily on the bottlenecks that we have to address, primarily on issues which might look too sensitive for officials to discuss. I hope that here we can not only address these problems but we can find some potential solutions to them.

My second suggestion would be to think about different time horizons. Many very bright people who work in the government have to focus on immediate goals, they have to think about a new summit meeting, a new meeting of inter-governmental commission and it is understandable, that is how our governments operate. We have the luxury of thinking about longer term prospects, not just prospects of the relationship between Russia and India, but also the future of the international system - be it the global system or the international system in Asia, in Eurasia. So, I think that we should make full use of this opportunity. Let's think strategically and here we can make contribution.

And, finally, in terms of solutions our comparative advantage should be in what I would call 'out-of-box thinking', because a lot of good advice is already on the table, a lot has been said, a lot has been written about how we should proceed in this relationship, but in my opinion we can probably demonstrate a little bit more creativity, a little bit more of unorthodox approach to various issues that are specified in the agenda. If we do that I hope that the outcome of our deliberations

will be useful not just for the academic community, which is important itself, of course, but also it will be important for our respective decision-makers.

Let me end with saying that in my opinion we are entering a period when the value of ideas is growing, the world is changing very fast and we will discuss it during these sessions. We are entering what I would call 'unchartered waters' I do not think that anyone - be it in Russia, in India, in the United States or in China - has solutions to the problems which are looming on the horizon. We can come to these solutions only through talking to each other. We can come to these solutions only if we keep in mind interests of various players, if we understand their positions, if we respect their narratives. And to do that we need to interact more than we do.





**H.E. Nikolay
KUDASHEV**

**Ambassador
Extraordinary and
Plenipotentiary of
Russia to India**

It is really good to witness, to be present at the second India-Russia international conference, with the Indian Council of World Affairs and Russian International Affairs Council.

The relations between Russia and India enjoy special and privileged strategic partnership [status] with annual bilateral summits, and meetings of joint inter-governmental commissions, various interdepartmental mechanisms are established to further enhance our multi-faceted cooperation in priority areas. The foundation of these ties is extremely strong. It was solidified by decades of our active interactions in the international arena. We have similar approaches to most actual issues of global importance - be it the emergence of multi-polar world, upholding the central role of the UN or the support for improving global economic governance to ensure sound and stable growth to the benefit of each and every country. Our countries are committed to strengthening coordination and cooperation in a joint effort to maintain lasting peace and stability in the world. We are united in addressing issues relating to terrorism, international information security and preserving outer space as an operationally safe and conflict-free environment. Under the aegis of BRICS, Shanghai Cooperation Organization (SCO), we endeavour to respond to emerging challenges, ensure security, promote sustainable development, eradication of poverty, inequality and unemployment. The recent bilateral summit in New Delhi became a graphic example of how effectively we cooperate in many sensitive areas, including military, technical and nuclear. Also it provided an impetus to business ties and facilitated identification of new avenues of interaction thus promoting growing connectivity between Russia and India in each and every sense and dimension.

It is, naturally, a matter of satisfaction to witness such a conference on Russia-India relations taking place in New Delhi. The themes of this event were selected carefully and thoughtfully and reflect the challenges the world faces today. The growing interaction between Russian and Indian think tanks is a very important aspect. They feed our cooperation with fresh ideas, help developing approaches to the new challenges of the evolving world order.

It gives me a great pleasure to address the second meeting of ICWA and RIAC on the theme of 'Strategic Visions of India-Russia Relations in a Changing World Order.

India-Russia relations have been the one constant in a world that has changed dramatically in the last few decades. [In 2018] Prime Minister Narendra Modi and President Putin met three times: the landmark informal summit at Sochi in May, in Johannesburg on the sidelines of the BRICS summit in July and during the 19th Annual Summit in October in Delhi. Both leaders share a close relationship of trust and confidence. These regular interactions have provided an opportunity for free and frank discussions between them on all issues. In addition to this, further high level exchanges are expected between our two countries before the end of [2018].

As you all know, in the year 2000 our two countries entered into a strategic partnership which was then elevated 10 years later to a special and privileged strategic partnership. In this period, since 2000, our relations have grown from strength to strength. We have both successfully adapted partnership to the different stages of our national development and to the changing realities of the international context.

Traditionally, the India-Russia relationship has enjoyed close cooperation in the spheres of defence, space and civil nuclear energy. Russia is one of the largest defence partners of India and the strength of our strategic cooperation in the defence sector was demonstrated yet again in the last few months and particularly during the visit of President Putin to India [in October 2018]. In the field of space, respective agencies on both sides cooperate closely. During the [2018] October summit, a memorandum of understanding was agreed upon by which Russia would help India's human space flight program, Gaganyaan. It is also well known that Russia is assisting India in the construction of the six Kudankulam nuclear power plants. In addition to this, a draft action plan on cooperation in nuclear energy was concluded during the October summit which provides for joint manufacturing of equipment and possible joint collaboration in third countries. India and Russia have already signed a framework agreement to cooperate in the Rooppur nuclear power plant in Bangladesh. To date, Russia remains the only foreign partner of India which is actually constructing nuclear power plants in our country.

Energy is another critical area of cooperation. Indian investments in Russia in this field are upwards of US \$13 billion. In the last two years, Indian oil and gas companies have invested close to \$5.5 billion in the Vankorneft and Taas-Yuryakh fields. They have also concluded or rather renegotiated LNG supply contract which will run over period of 23 years. The first assignment reached [India] in the middle of [2018]. Russian investments in India totals around \$16 billion, which includes \$13 billion investment made by Rosneft in the [Essar company].

Greater cooperation between Russian regions and Indian states is another new emerging focus area of our relations. The Russian Far East, with its strategic location and abundant resources, is another area where bilateral cooperation is likely to be strengthened in the coming years provided we work hard.



**Ambassador
Pankaj
SARAN
Deputy National
Security Adviser
of India**

Obviously, we cannot be satisfied with our achievements, we need to further exploit our mutual complementarities based on our large markets, resource endowments and industrial and technological base. We all know that level of our bilateral trade is not commensurate with either the depth of the strategic partnership or the strength of our two economies. Our leaders have set a target of \$30 billion by 2025 and it is a good sign that in the last one year our total trade volume has risen to about \$10 billion. But there is an adverse balance of trade against India and this needs to be corrected. In recent years, the focus of our efforts has been to increase the economic content of our partnership and to bring businesses on both sides into closer contact with each other. It was in this context that the 1st India-Russia Business Summit was organized on the 5th October [2018] in New Delhi with the participation of over 100 Indian and Russian companies. The summit, to start with, send a strong signal to the business communities of both countries that the governments would like them to step up and provide the needed ballast for developing this partnership and to significantly enhancing our trade and investment links. It is a very promising and good sign that later [in November 2018] the first ever strategic economic dialogue or economic forum is going to be held in Russia under the chairmanship of NITI Aayog of India and Russian Ministry of Economic Development. This is a new initiative and the idea again is to underline that we need to significantly enhance the economic content of our relations.

We are also exploring new areas of cooperation and I would highlight the fields of railways, innovation, information & technology, diamond trade and infrastructure. There are efforts towards greater production, joint production and technology transfer from Russia to India. We are also working to enhance physical connectivity and intensify contacts between our scientists, universities and intellectuals and I think most importantly among the younger generations. It was again to underline this dimension that we had young children from the Sirius school in Sochi who came all the way to India to participate and to meet two leaders in October [2018] in New Delhi.

In the area of international relations, both of us support a multi-polar world. We are grateful for Russia's support to India's permanent membership in the UN Security Council. We are also heartened by Russia's support for India's membership of the Nuclear Suppliers Group. Our two countries cooperate closely in all international forums, including UN, BRICS, the Shanghai Cooperation Organisation and G20. Following India's membership of the SCO, for which again we are grateful for Russia's unstinting support, we have found another platform for cooperation in the international arena and for further initiatives in the Eurasian landmass.

In the recent times, there has been a greater impetus to the realization and operationalization of the International North South Transport Corridor. This corridor contains great opportunities for carriage of goods from the port of Mumbai through Iran and Azerbaijan up to the southern areas of Russia, including Astrakhan and thereafter north of St. Petersburg and West Europe. This corridor is likely to reduce travel time by half compared to the existing route for the goods, which are currently landing at the St. Petersburg port. India and Russia also regularly consult each other over Afghanistan. India participated at an unofficial level in the recent Moscow format on Afghanistan. Both India and Russia support the Afghan government's efforts towards the realization of an Afghan-led and Afghan-owned national peace and reconciliation process. During the October [2018] Summit, both India and Russia have

supported the idea of the establishment of regional security architecture that provides equal and indivisible security to all countries in Asia and in the regions of Indian and Pacific Oceans. We have, therefore, held bilateral consultations on Indo-Pacific region.

Therefore, the broad picture is that we find an intensification of the India—Russia relationship in recent years with an emphasis on identifying and strengthening our partnership in newer areas while continuing to reinforce our ties in the traditionally strategic spheres of cooperation. There is a strong convergence of views from both sides on upholding a multi-polar world order, affirming equality, mutual respect and non-interference as universally acknowledged norms of international law and cooperation amongst states as reflected in the UN charter. Both sides seek new vistas of consultation at every opportunity.

In conclusion, I would like to comment on what Dr. Kortunov has remarked about the role of such events and here on behalf of government I would like to make a request to the participants that we would greatly welcome recommendations of the conference on how to further strengthen, not only to strengthen, but also and more importantly to diversify the broad-based India-Russia relationship. We need to do this both at bilateral level as well as regional and global levels. We need to see how we can take our relationship to new frontiers beyond the traditional areas of cooperation and this contains vast amount of opportunities and possibilities. These conferences are ideally placed in terms of levels of professionalism and expertise available to recommend and prioritize areas where we can focus on in addition to what we are already doing. If this conference can come up with such recommendations it will provide an invaluable service to the future of our relationship. [...] I would like to thank both ICWA and RIAC of Russia for continuing this extremely important exercise which is critical to providing that intellectual impact that we need to sustain and to develop this relationship in the years ahead.

Session I. Current Trends of World Order Changes: What Do They Mean for India and Russia?

1. The world is witnessing a degradation of the Westphalian system. This process is underway not only in Europe but also in Asia and Africa and all over the world. Global economic order suffers from volatility and instability thus it is becoming impossible to provide sustainable economic growth. The world is also witnessing environmental problems, inequality in resource distribution and migration problems.

Today we can see four identifiable trends in the current world order including:

- 1) Growing Russia-West confrontation, particularly between Russia and the US, which has a profound impact on international relations;
- 2) Developing Russia-China relations demonstrated by cooperation between the Eurasian Economic Union (EAEU) and Belt and Road Initiative (BRI);
- 3) Contradictions between Europe and the US under Trump's administration;
- 4) Extraterritorial (secondary) sanctions and unilateral tariffs that have shaken the very basis of the UN and WTO systems.

2. It was argued that the paradigm of the international system led by the US has depleted its potential. It is unable to provide stable economic growth, equality of distribution of resources, political inclusiveness. India and Russia are among the main advocates of a multi-polar world order, while American strategists have not yet recognized multi-polarity. The US continues to take unilateralist position including sanctions and military interventions. Russia and India have always focused on multilateralism and 'inclusive' politics whereas the US supports 'exclusive' politics. Hence, Russia-India cooperation is vital for stabilization of the world order.

3. According to views prevailing in Moscow, there is a crisis of international organizations and international law with increasing incidence of selective use of international law. In order to resolve the existing crisis in the international system, there is a need to enhance global and regional management. India and Russia need to restore order and consolidate the role of international law in the international system. The central role of the state in the international system, and its sovereignty should be reinstated.

A way to address challenges faced by the world order might be redistribution of power amongst the great powers despite the existence of other powers, such as middle, small and non-state ones. In the great game, the big powers remain critical. In this context, possible scenarios of power redistribution may include a return of a 'normal' US unipolar pluralistic world order or bipolarity with China playing an important role. Theoretically, Russia - China pole and India - US pole might emerge in this case. However, this scenario is unlikely to take place as China is careful of being pulled into any particular bipolarity. The third scenario is multipolarity where players are strategically autonomous. Such world order would be more pluralistic than democratic. In this set up, the present UN would be the leading player. In this set up conflicts and wars will become a reality, including cyber wars.

An ideal system of world order according to this narrative would be a pyramid, consisting of the UN at its top (maybe with changes in its structure, including a more representative Security Council), then regional security and development institutions, then ad hoc coalitions and alliances, then bilateral agreements and then network of contacts between

non-governmental and non-state actors.

4. India took an extraordinarily good step to leverage its relationship with the US, much to the concern of Russia. However, there has been no concrete outcome in the Indo-US attempted strategic relations in the past 15 years. The US needs a pro-active role of India in the partnership more than India needs the US. With the US sanctions on countries like Russia and Iran, it further opens up opportunities for India to link up with these countries to cooperate as it has major and real interests with these states.

5. On Indo-Pacific, the US position varies from the Indian one as it does not recognise the Arabian Sea as a part of Indo-Pacific. Its focus is to contain China's and Russia's maritime lanes. With President Trump wanting to deploy US Pacific Fleet in this region, it is important that Russia and India should have an agreement based on UNCLOS.

6. On the Middle East and Africa, India has taken positions opposing military interventions in Syria and Libya not as a part of any regional organisations. This region can be one of the areas of cooperation between Russia and India, including humanitarian assistance using the Indian model of aid.

7. Some scenarios which would have potentially negative ripple effect on international developments have been outlined:

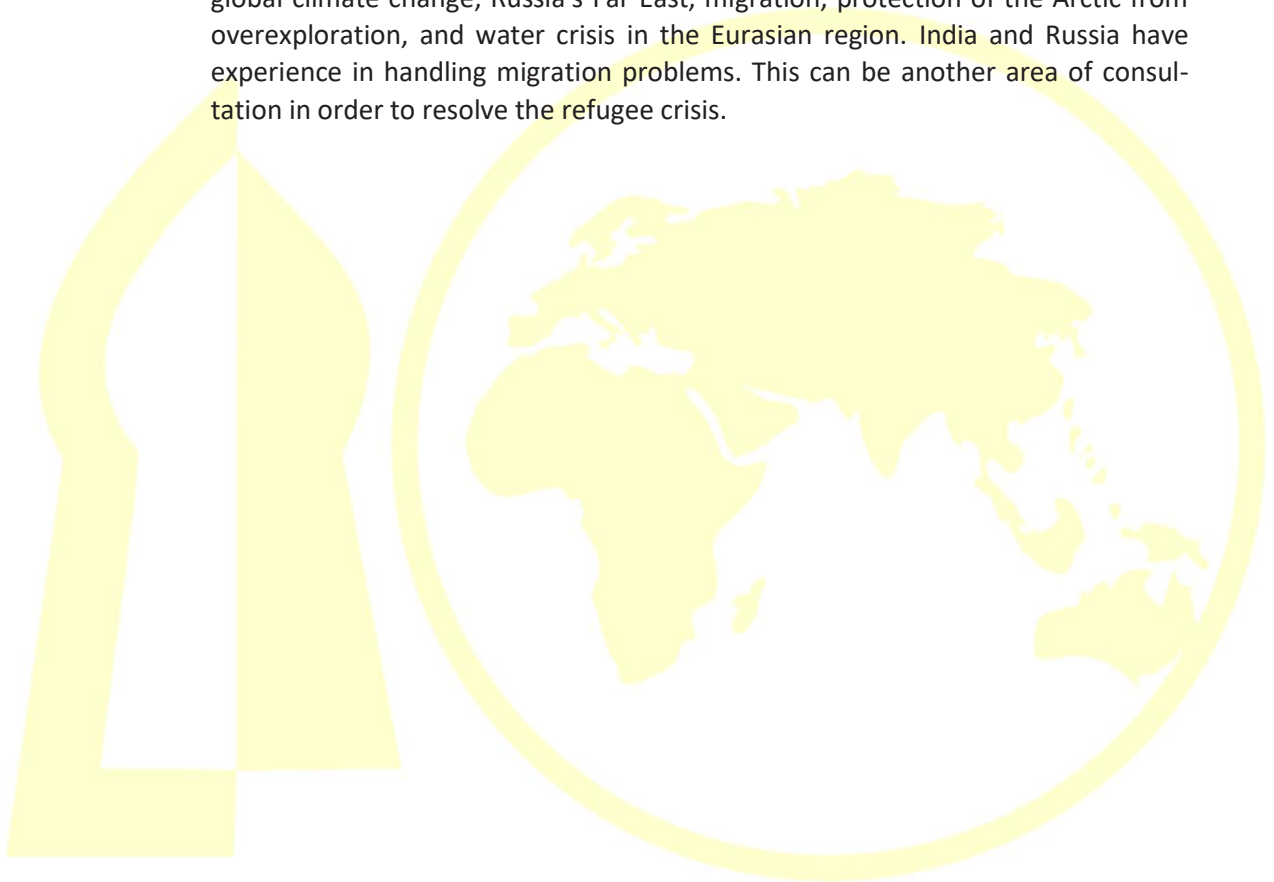
- The signing of the Caspian Convention Agreement is an important development, as it opens the energy markets further for the signatory parties, but also alters them.
- The world is witnessing the emergence of a new hub of power in the Indo-Pacific, and the refocus on Africa opens up an area of clash of interests because of the competition seen in the presence of multiple stakeholders in recent times.
- The seemingly frozen crises, such as Kosovo, Nagorno-Karabakh and Georgia can witness a potential growth of tension between Russia and the West should other crises escalate in the coming years.
- Tensions brewing in West Asia, including Iran and Saudi Arabia conflict and its impact on the region, Syria, Yemen and the Libyan crises as well as the Israel-Palestinian crisis could hamper peaceful development.
- The growing non-traditional security challenges need due attention by world players in order to establish regional and global security.

In the myriad of challenges, the special partnership between India and Russia is crucial. The multilateral engagement of these two countries through BRICS and SCO, G20, and connecting International North-South Transport Corridor (INSTC), brings out the potential of cooperation between the countries. The engagement of Russia, India and China in BRICS and SCO as well as the Russia-India-China (RIC) strategic triangle are crucial formats. However, BRICS sometimes lacks convergence of opinions but the establishment of the New Development Bank and rethinking local currency trade introduction are some of the positive initiatives for strengthening the organisation.

India and Russia should insulate the partnership from external factors through open communications, address grievances that exist at the bilateral level, work towards resolving future challenges such as refugee crisis, and global climate change.

Recommendations of the Session:

- An emerging new world order should take into account the profound transformations in the balance of power for successful redistribution of power.
- It is also important to preserve specific models of national development and cultures of individual countries. Market mechanism should be complemented by proper regulatory frameworks that need to be accepted by the participating states.
- In the India-Russia context, more open communications between the two countries should be encouraged to avoid misunderstandings (which can be created or strengthened due to third parties).
- India and Russia can work together in non-traditional security areas, such as global climate change, Russia's Far East, migration, protection of the Arctic from overexploration, and water crisis in the Eurasian region. India and Russia have experience in handling migration problems. This can be another area of consultation in order to resolve the refugee crisis.



Session II. Regional International Orders: Compatibility or Competition?

1. It is premature to say that there is a regional order in Eurasia. There exist nascent ideas and different concepts, and it is unlikely that a new order could emerge in the near future. The complexity of international arrangements in Eurasia is caused by two overlapping but still very different agendas. The security and strategic environment in the region demands simultaneous handling of both the new and traditional security agendas.

There is a continuation of the traditional security threats of the 20th century such as territorial disputes, divided nations, nuclear proliferation and intensifying arms race in Asia in the 21st century. In addition, Eurasia is also a host to a number of old animosities, historical grievances and conflicting national narratives, which have eluded resolution so far. Economic interaction, interdependence and globalisation have failed to resolve many traditional security problems among the countries. High economic growth and economic interactions amongst the Asian countries have not diminished traditional threats and issues.

Countries in the region have failed to understand and handle the new challenges of the 21st century. Various challenges posed by international terrorism, cyber, climate change, food security cannot be handled within the old paradigm of the 20th century. The world needs to take a new approach with a commitment to deal with traditional security and new emerging challenges.

It will be wrong to consider that the crisis in the Middle East is regional in nature. It is probably the most important global problem of the century. The Middle Eastern problem is not about Syria, leaders like Bashar al-Assad, international terrorism or state collapse, it is mainly about failure of modernization models in the region.

In order to deal with various challenges in the world, countries need to invest more in the existing institutions and manage institutional fatigue. Though institutions do not create security guarantees, they provide instruments to manage problems. More emphasis should be placed on international regimes which are less rigid, less binding than institutions but more flexible and more acceptable by potential members. The Russia-India-China (R-I-C) trilateral grouping could play an important role in the emerging regional and global orders.

For safety and prosperity in the Eurasian region, the new architecture should be built based on bottom-up approach rather than top-down approach. The top-down model which was assumed more successful in the 20th century will not work well in the 21st century.

2. The US-China confrontation brings the world back to a bipolar world order though this one differs from the one during the Cold War. It is a challenge not only to Washington and Beijing but also to all countries. At the same time, Russia will gain importance for China due to its increasing differences with the US.

3. It was emphasized by the Indian participants that India stands for a free, open, inclusive and prosperous Indo-Pacific policy. India is working on building security and political architecture which is based on cooperation, connectivity, and respect for global commons, inclusive mechanisms and adherence to international law. The Indo-Pacific is naturally an extension of India's political, security and economic interests in the Indian Ocean region. Therefore, India's Indo-Pacific policy aims at addressing maritime security challenges and at enhancing economic capabilities through sustainable development of marine resources.

India does not see Indo-Pacific region, where the dynamic economies are present, as a threat to any third country. For India, any military development in the Indian Ocean contradicting India's interests and its safety concerns will not be tolerated. Indian military will take all steps to mitigate all such kinds of threats that might arise.

Indo-Pacific region is a vital area where economic, security and cultural interests of many Asian countries and extra-regional powers intersect. Climate change such as rise of sea levels and tropical storms would cause inter-state movement of people. The phenomenon will challenge the socio-political and security environment in the Indo-Pacific region. Increasing maritime domain awareness and enhanced capacity building through human resource development would be India's focus in the region.

4. In Indian view, China is unmindful of India's concerns and continues its great game in the South China Sea as well as in the Indo-Pacific. China's great game is aimed at limiting the US presence in the near seas and at denying access to the US carrier battle groups to Taiwan Straits in the future. It is also intended to pursue Beijing's interest in Indian Ocean region with the aim to marginalize India's economic interests by creating posts and facilities in all these areas around India i.e. Sri Lanka, Maldives, Pakistan, Bangladesh and Myanmar. In Myanmar, the listing of the posts and military facilities in Coco Islands, including a runway, are a great concern to India, as it is close to Andaman and Nicobar islands. Securing passage for its merchant and naval vessels is a reason for China's growing presence here. However, the Chinese are aware of the capabilities of the Indian Air Force which were demonstrated during the air force exercises called 'Gagan Shakti' in 2018.

China's quest in Africa continues. India and Japan are also present on the continent and are aiming at growth through the Asia-Africa Growth Corridor (AAGC). India and Japan are clear that all development and cooperation need to be carried out in an open, transparent and non-exclusive manner and based on international standards including respect for sovereignty and territorial integrity of the nations, responsible financing and without pushing nations into unnecessarily debt traps unlike the model followed by China in Indian view.

On the Russian side, there are also concerns about China's economic dominance in Central Asia and the entire Eurasian region.

5. Russia and China have carried out many military exercises since 2012, including in the South China Sea in 2016. The maritime exercises conducted by China in 2018 aimed at demonstrating its strength to the US and the pro-independent forces in Taiwan. Russia's 'Vostok-2018' with China was seen by NATO as a rehearsal of a large conventional war. China's participation was also viewed as intended more to assuage fear of Chinese people and to keep an eye on the Russian activities near Beijing's northern border. The US also conducted military manoeuvres in the Baltic Sea to appease European countries such as Finland and Sweden. India conducts a trilateral forces Malabar exercise with the US and Japan which shows the US's commitment to work with the regional powers in the Pacific Ocean. India maintains that these exercises are not directed against any third country. It is clear that the powers are shadowboxing, spurring and testing the waters of each other's resolves. This is not a good sign for peace in the region.

6. The Northern Sea Route will cut the distance between St. Petersburg and East Asia considerably. It will also give an opportunity to avoid the Malacca Strait and South China Sea, and will be a piracy free route. China's 2018 White Paper on its strategic approach to the Northern Sea Route says to 'cooperate with Russia' in its development, however, Beijing may soon want to become dominant in the area which will not be appreciated by Russia. India fears that all members of the Arctic Council might become mute spectators just as all nations looked at China when it built its infrastructure in the South China Sea with no regard to the destruction of marine life. Arctic fragile ecosystem should be given special attention.

7. The Indian side pointed out that in Eurasia, the two most important organisations are the EAEU and the SCO. Politically, EAEU is dominated by Russia rather than the other Eurasian countries. There is skepticism in Europe towards future of EAEU. For China, EAEU is a means to reach Europe whereas Europe sees it as Russia's means to reach Europe. Europe is distancing while China is deepening its engagements with EAEU. India's biggest challenge in working with Russia on EAEU is New Delhi's reluctance to work with the BRI. This is going to be a major dilemma for India, and New Delhi needs to find a solution to it. INSTC can be a gateway for India's pivot to EAEU. It can be an energy as well as science & technology corridor.

8. If EAEU is run by economic considerations then the SCO is led more by security considerations. According to Indian participants, historically, Russia should have taken the lead in the SCO but because of the economic leverage China has been able to lead the organisation. Russian participants underlined that the SCO works on the basis of consensus among the member countries and no single country dominates the organisation.

There are several challenges facing the organisation:

- 1) Regional conflicts such as Afghanistan, Iran and India-Pakistan issues;
- 2) Countering terrorisms - an area that according to Indian participants the SCO seems to be unwilling to address;
- 3) Growing radical violence, especially amongst the youth;
- 4) Expansion of SCO membership following the inclusion of India and Pakistan;
- 5) According to India, democratic deficit in the SCO countries: most of the Central Asian countries are pursuing policies to contain any Arab Springs in the region.

The SCO members have vital stakes in peace, security and development in Afghanistan and are willing to cooperate for peace and stability through peaceful means. The Organisation might be successful as a mediator in Afghanistan because it is more likely to be accepted by all forces as an independent international actor.

The SCO is increasingly paying attention to economic component besides the security domain. India, as a full member of the SCO, needs to utilize its position to link the SCO with the INSTC and Chabahar port. According to Indian participants, within the SCO, India's main challenge will be Russia's relationship with Pakistan and China.

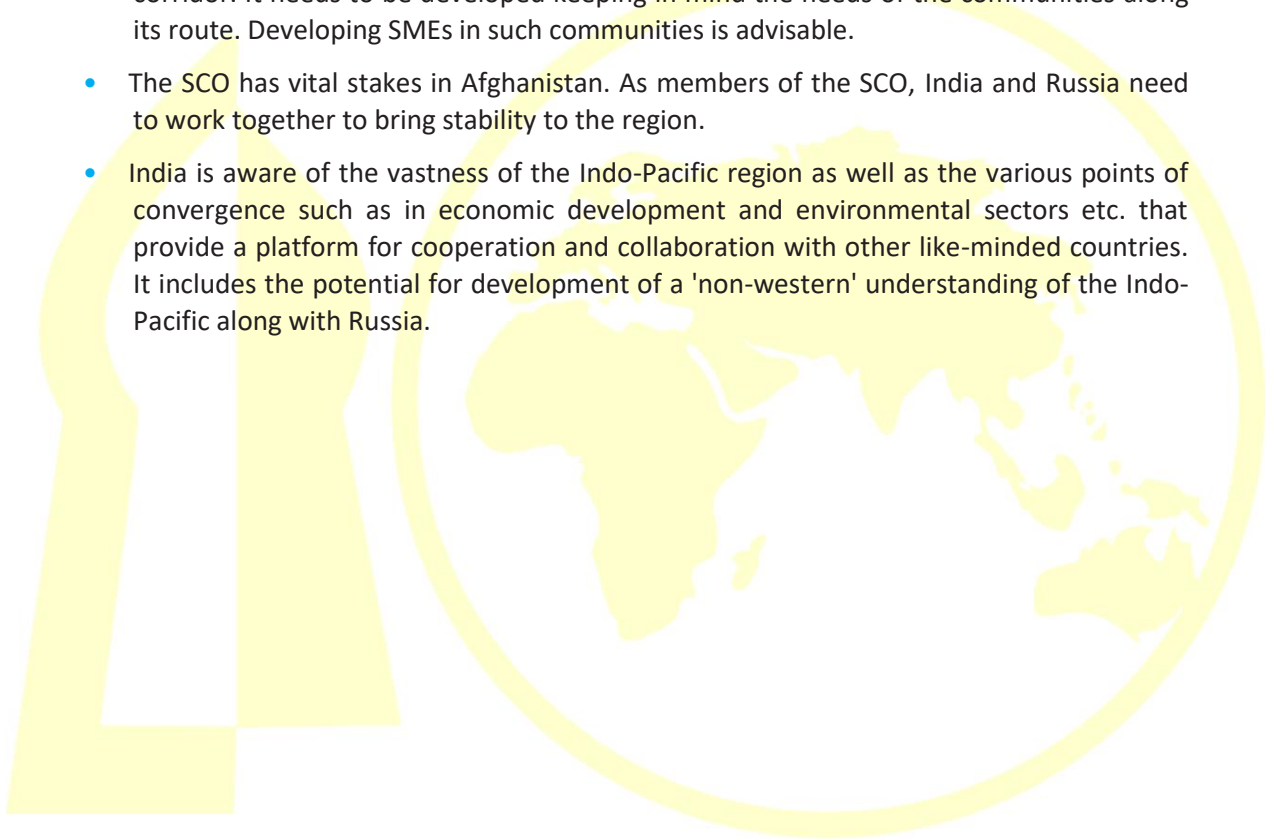
9. The BRI links all the three groupings - the EAEU, the SCO and the Arctic. This linkage is a challenge for India. In its view, in Greater Eurasia, Russia is a status quo power and China is an expansionist power. India, meanwhile, is trying to make best use of the Eurasian order. It will have to balance its opportunities and challenges. At the same time, the main challenge to Eurasia will come from outside it, from Europe and the US.

10. Central Asia and its neighbourhood have the potential to emerge as an important area for cooperation between Russia and India. Central Asia and the Eurasian region offer vast economic capabilities, opportunities for transport and trade corridors, and have

reserves of energy and natural resources, including rare earths. Coming out of initial inertia, the two countries should be focused on result-oriented relationship and practical partnership. Bilateral cooperation in Central Asia is an area yet to be researched and explored. Nevertheless, it seems that the two sides are contemplating to mutually engage with the region.

Recommendations of the Session:

- Indian participants argued that as the EAEU is now actively developing interaction with China's BRI, and India has issues with the Chinese initiative, New Delhi needs to have more dialogue with EAEU and engage closely with it to mitigate any misunderstandings.
- India along with Russia and Central Asian nations needs to develop INSTC as more than a road connectivity project, but rather as a digital highway and scientific and technological corridor. It needs to be developed keeping in mind the needs of the communities along its route. Developing SMEs in such communities is advisable.
- The SCO has vital stakes in Afghanistan. As members of the SCO, India and Russia need to work together to bring stability to the region.
- India is aware of the vastness of the Indo-Pacific region as well as the various points of convergence such as in economic development and environmental sectors etc. that provide a platform for cooperation and collaboration with other like-minded countries. It includes the potential for development of a 'non-western' understanding of the Indo-Pacific along with Russia.



Session III. External Factors in India-Russia Cooperation in the Defence Sector and Beyond

1. India-Russia relations are not only strategic but also multifaceted. The defence co-operation between the two countries is rooted in the strategic partnership. With the Mig21 fighter aircraft, Russia entered the Indian defence markets. This was followed by the advent of license manufacturing in India of the aircraft and other defence tools.

The buyer-seller relationship in the defence sector between the two states has gradually evolved into a relationship which is based on the transfer of technology and joint manufacturing. There is a fair amount of trust between the two countries with regard to technology transfer.

2. Regarding the joint military exercises between India and Russia, it was stated that there were no joint exercises between the two countries until the 1990s. Today the situation is vastly different. There are increasing interaction and exercises between the militaries of the two countries. This has boosted cooperation and inter-operability between the two forces.

3. The biggest deficiency in the military-technical relations between the two countries is that the Indian industries are focused on Western ideals of defence philosophy. India needs to move beyond this view and look at the Russian defence in a different spectrum. This is crucial as defence cooperation is a huge component of relations between the two countries. In order to expand the scope of this relation, there is a need for India to engage the private sector players in defence manufacturing. Russia is happy to deal with the public sector defence entities of India, but there is a capacity constraint as private sector companies have either been reluctant to participate or have been ignored by the government.

4. Another key issue highlighted was the need to diversify and market India-Russia joint projects. Such a move would allow and push the industries of the two countries to connect better. This marketing scheme can also lead to business development in third countries.

5. The Russian side suggested that there is a need for Russia to diversify its relations in Asia, with India and ASEAN countries as key drivers with whom it can expand the scope of its bilateral and multilateral relations.

The year 2018 was a turning point in the changing world order as the US and China descended into a kind of a new Cold War as a result of the US's demands of complete overhaul of Chinese economic practices and systems. Contrary to China-US relations, Russia-China relations have attained a new rigour with increasing military-to-military relations, with Vostok 2018 exercise being one of the evidences of the developing relations. Economically, the Russian government is reluctant to increase its debt burden by getting involved in closer relations with China. However, trade war between China and the US is good for Russian economy. As the US is the largest commodity trader in China, Russia can take advantage of the trade war to increase its footprint in China while diversifying its economy.

The US and China are investing in artificial intelligence, hypersonic missiles, laser missiles. It has become difficult for the countries of the region to feel secure. The expansion of arsenal by both China and the US could lead to a renewed arms race in the region. This situation opens areas of possible cooperation for India and Russia. The states can start joint

ventures, research and development programmes in these aforementioned areas and co-operate with third countries.

6. The US has sanctioned major military, finance and banking institutions of the Russian Federation. Sanctions have created complications for Indian companies conducting business with Russia. India-Russia relations are largely driven by two big sectors. The first one is energy in which the relations between the two are forwarded through the complementarities. India is the world's third largest consumer of energy and a major importer of oil and natural gas, and its demand is growing. Russia is the world's second largest exporter of oil and the top exporter of gas. Indian companies have invested heavily in acquiring stakes in Russian oil fields. Russia's oil major Rosneft has invested almost \$13 billion in India. Second major sector is defence - India's engagement with Russia in the defence includes bilateral trade and investment, involving joint ventures and manufacturing. Many of the Russian defence companies are important suppliers of equipment to India and partners in joint ventures with Indian defence entities. India's military imports from Russia for 2017 totalled \$1.9 billion.

As sanctions on Russia make payments in US dollars difficult, the primary problem that has emerged in the relations is payment to Russian entities outside the dollar-based system. It was suggested that India might seek to revive the Rupee-Rouble trade. However, in the absence of significant export products from India to Russia, this is not an option in the short term. Secondly, a number of smaller European banks without a presence in the US could be used to make payments to Russia. However, the idea is unfeasible in the long term.

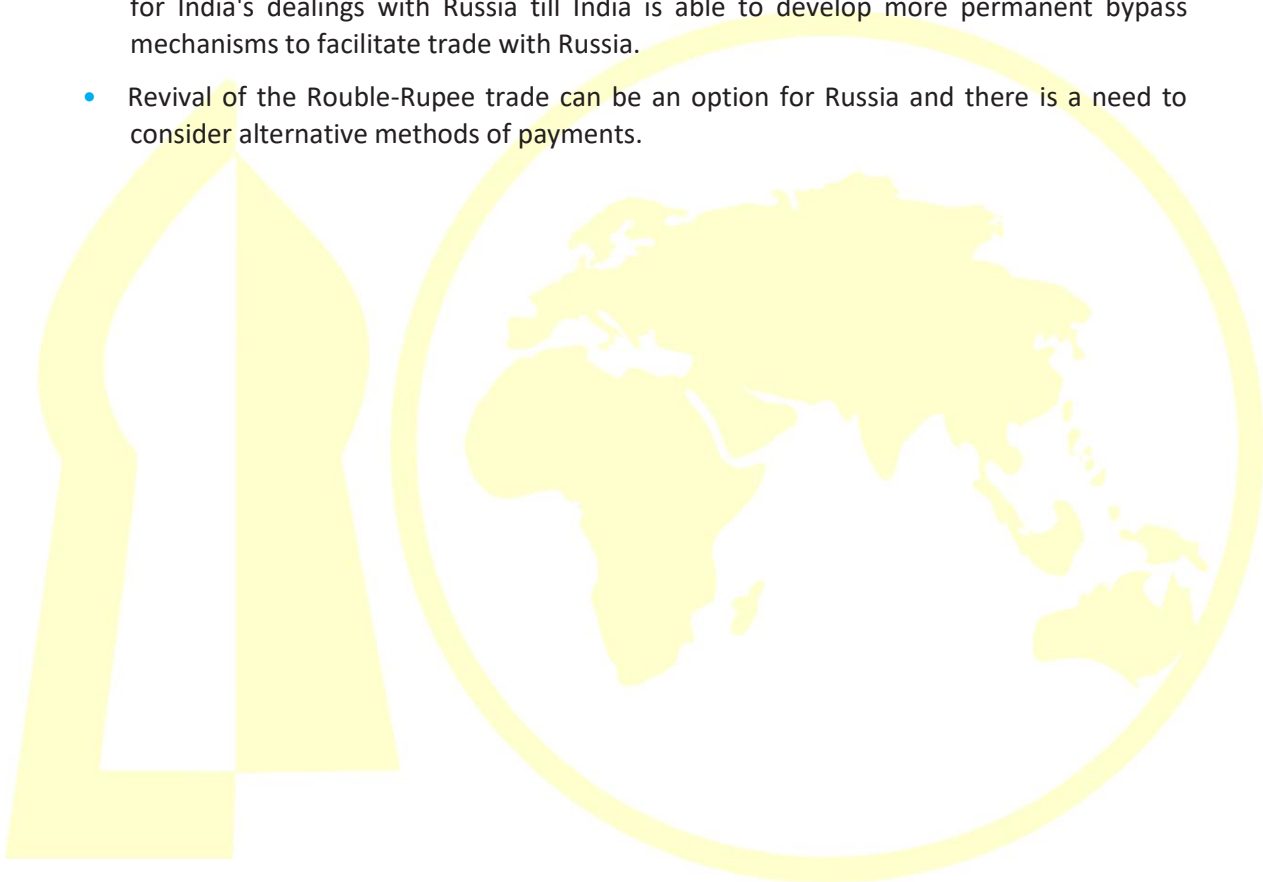
7. The US has used the maximum number of unilateral sanctions compared to any other country in the world. So far 37 countries have imposed sanctions on Russia since 2014. Sanctions are considered successful if the international coalitions imposing the sanctions are sustained. This has not been the case with Russia, as over time US has intensified the imposition of sanctions over various issues including Middle East and Syria, whereas EU has only applied sanctions under the Ukrainian package. The sanctions have resulted in direct and indirect damages to Russia. Private businesses are extremely reluctant to invest in Russia. There is an uneasy choice for Indian companies as they have to choose between the US and Russia for their investment.

Recommendations of the Session:

- Diversification and marketing for joint projects between India and Russia in defence industry are important. This marketing scheme will let the industries of the two countries connect better and can also lead to business development in third countries. However, this business development needs to be formalised at the earliest phases of negotiations and production.
- To expand the scope of cooperation, there is a need for India to engage the private sector players in defence manufacturing. At the same time, as Russian defence sector is public, it might prove difficult for Russian defence entities to cooperate with Indian private companies in the area.
- The US and China are making headway with their investments in the fields of artificial intelligence, hypersonic and laser missiles. This opens possible areas of cooperation for India and Russia that should start joint ventures, research and development programmes in these aforementioned areas.
- There is a need to develop alternative routes for payments between Russia and India. An idea of development of a 'National Investment Fund' was put forth to step up in-

vestment in Russia, which can not only allow to generate Rouble income for India but also help stabilise the Russian economy, thus reducing the impact of the economic sanctions.

- Increased dealings of Indian energy companies in Russia will surely come in for scrutiny of the US. The potential risk on this front can be reduced by linking US energy jobs with Indian energy companies. The US has become an exporter of Liquefied Natural Gas (LNG) due to shale gas production. During the financial year 2018, India imported merely 300,000 tonnes of US's LNG. This volume can be increased, in the process making the US more engaged with India's energy sector.
- CAATSA aims to get a larger share of India's defence market for US vendors. This can be utilised to selectively link US defence jobs to India's defence PSUs as a counterweight against potential US action against Indian companies. This leverage can provide cover for India's dealings with Russia till India is able to develop more permanent bypass mechanisms to facilitate trade with Russia.
- Revival of the Rouble-Rupee trade can be an option for Russia and there is a need to consider alternative methods of payments.



Session IV. New Technologies and Their Impact on India-Russia Future Cooperation

1. New technology is an emerging sector for expanding India-Russia relations. India and Russia with their long history of technology cooperation are well placed to advance partnership in the 'new technology' front to expand their respective footprint in the emerging world order.

21st century is witnessing an intense competition between countries to capitalize on opportunities of digital economy. India and Russia are lagging behind in this race, but their complementarities offer great potential to enhance their respective competitiveness through partnership.

Russia's high priority for the new technology and India's strong IT capability provide synergy between the two countries. Highlighting Russia's world leadership in robotics and artificial intelligence, there is a need for a strong Russia-India partnership in these sectors. Moreover, Russian experience and expertise in the cyber domain makes cyber security an important arena for partnership in order to enhance Indian capability to deal with cyber crime and cyber espionage.

Sharing on the e-governance sector, the Indian side highlighted that 27 countries have reached out to India for help and observed that India is rightly placed to become a model for e-governance because of proven technology and low cost. India's payment system UPI is set to challenge the western hegemony in financial transaction and offers a great opportunity for India-Russia collaboration.

The view was expressed that the two countries should invest more in initiatives like 'Russia-India Bridge for Innovations' noting that India and Russia cannot afford to miss the opportunity offered by the new technologies. Pooling resources is the key to India-Russia 'new technology' cooperation. India-Russia collaboration provides great opportunities to overcome their resource impediments to make advancement in the new military technologies like quantum cryptography, unmanned vehicles, data protection etc.

2. During the Cold War period, technology development was mostly associated with military area, however, now technology is an economy-driven process. Technology prowess is no longer associated with Western countries, and the world is witnessing a challenge in global technology leadership. Asian countries like Japan, South Korea, Taiwan, and China are becoming important players.

It was observed that the rise of China was also a technology-driven process. China is leading the world in cutting edge military technology driven by 'new technologies' like machine learning and artificial intelligence. China has overtaken the US in terms of the number of scientific publications on AI. There are three areas that have significant impact: machine learning and AI technologies; technical reconnaissance, developing possible responses for technical reconnaissance; and quantum technology. China is determined to lead the world in new technologies. Beijing's methodology to do this is through large investments in mega projects directly under the supervision of the top leadership.

Recommendations of the Session:

- India and Russia are now lagging behind the world leaders in new technologies, and it is vital for the two countries to act together in order to be competitive in cutting edge areas. More investments in such initiatives as 'Russia-India Bridge' for Innovations are desperately needed.
- India's payment system UPI is set to challenge the Western hegemony in financial transaction and offers a great opportunity for Russia-India collaboration.
- India-Russia collaboration provides great opportunities to overcome their resource impediments to make advancement in the new military technologies like quantum cryptography, unmanned vehicle, data protection etc.



Session V.

Priority Areas of India-Russia Future Bilateral Cooperation

1. 20 years ago Russia was in deep economic crisis and India was under economic sanctions after Pokhran nuclear tests. Today, the scenarios have changed. A growing India needs more energy and technology.

2. There is a need to bridge the information gap between India and Russia. People-to-people contacts, cultural and educational exchanges between India and Russia could help in image building in India and Russia. These interactions would also contribute to better mutual understanding and allow relations to develop beyond the capitals.

Educational exchange can be one of the main driving forces of India-Russia partnership.

India-Russia scientific cooperation should also move beyond the realms of defence and atomic energy cooperation.

3. The Russian side suggested that cooperation in the field of medium and small-scale industries is needed to further develop closer India-Russia partnership. There is a lack of understanding about Russian business climate in India. Russian businessmen are also not well aware of Indian business environment. Contributing to bridging this gap, Indian and Russian experts and think tanks should closely work together and organize not only closed-door expert discussions but also involve business communities and general public in their activities.

Recommendations of the Session:

- To further strengthen the relationship and iron out any issues, bridging the information gap between India and Russia should be a priority.
- Interregional cooperation between India and Russia should be given special attention; bilateral relations should not be limited to metropolitan contacts and should be expanded to their sub-centres.
- There is a great potential to further expand the cultural cooperation and people-to-people partnership. Special courses/programmes should be set up to bring the students of both the countries together to help in building people-to-people contacts.
- Indian and Russian experts and think tanks should work together in order to identify prospective areas of India-Russia cooperation that must be given priority attention.

Brainstorming

Recommendations:

1. India and Russia must compare their visions of the future and become indispensable for international system not only at the emerging global economic level but also in political situations. The common views of India and Russia on establishing a multipolar world order based on international rules of law of equality, mutual respect and non-interference will be important.

India-Russia can become transformative agents of international system. In the 'Russia-India Joint Statement during visit of President of Russia to India', both countries called upon all states to work towards the lessening of global tensions and promoting the ideas of tolerance, cooperation, transparency and openness in inter-state relations. They stressed on the primary challenge of the world to ensure rapid and environmentally sustainable economic development, removal of poverty, reducing inequality among and within states, and providing basic health care. India and Russia pledged to cooperate with each other to achieve these goals.

2. At a general level, both economic and social dimensions must be explored. It is important to move beyond military and technical cooperation and look for opportunities globally. For instance, future global markets and the role that both countries can play together should be studied. India-Russia cooperation in peacekeeping capacity, cyber security, space and others should be also given attention.

Cooperation in space situational awareness is important as it will help in respecting each other's capabilities in this sector, protecting the assets and collaborating on space. Developing Electronic Warfare System is another area of collaboration which can be explored. Other technological areas for collaboration would include a 100-seater transport aircraft development, Plasma Stealth Technology, artificial intelligence.

3. There is a glaring misunderstanding of sanctions. A system to initiate public education (outside government) on sanctions (including those against Russia) and encourage trade in national currencies should be put in place in India.

4. Broad-based economic cooperation is important; obstacles in this area that are holding the two countries back from such cooperation should be addressed. The two states need to revisit and update the already established platforms of bilateral engagement, like the one on Indian defence industries.

India and Russia need to develop business-oriented projects and organise public events that could induce India's interest in Russia and vice versa. India and Russia must look into projects that have suffered or remain halted, from a new/fresh perspective.

It is important to abandon the buyer-seller relationship that currently dominates the ties between the two countries. Instead, projects based on Joint Venture Partnership are important as they would engage the industries of the two countries.

Bringing small investors in the cooperation should be of great help. There is a new stock-exchange in Gujarat, and it might be possible to list Russian companies in this exchange or other exchanges that would give space to small investors. It is important to educate

businesses on both sides on each other's potentialities.

Import/export of rough diamonds directly from as a prospective area of cooperation is of great interest to the Indian side. Russia is the largest exporter of rough diamonds and India is the biggest importer of rough diamonds. This is a new industry they can explore without routing it through Antwerp.

Blue economy is another area where Russia-India can collaborate in the Arctic, Antarctic as well as in Indo-Pacific.

5. It is especially important to move beyond New Delhi and Moscow and look for possibilities of engagement in other parts of the countries.

6. It was also suggested exploring the possibility of opening migration of Indian workers in the Far East. Whether similar approach as for Indian labour force in Gulf countries could be taken in Russia-India cooperation should be looked into.

7. There is a bureaucratic inertia hampering the International North-South Transport Corridor. Chabahar port is to be developed. The railway line from Chabahar to Zahedan is to be a game changer. Russia could co-invest in this as Moscow can deal with Tehran better than New Delhi.

8. Investment of capital is needed to revive people-to-people contacts, which was more intense during the Soviet period. A narrow-vertical dialogue must be encouraged between institutions. For example, institutions can take particular subjects such as migration or economic issues etc. for in depth and candid discussions. It can be made a closed Track 1.5 dialogue with the involvement of government officials.

9. Joint programmes/research projects with Russian and Indian scholars are needed, especially those involving media. Russians can write in Indian media and vice versa. Inviting articles from young scholars and engage school going children in essay writing competitions, for example in a ICWA-RIAC essay writing competition, might be promising.

10. At the expert/think tanks level a system of monitoring must be put in place that would help in assessing the relationship between the two countries. A yearly monitoring of the bilateral exchanges is recommended with special attention given to the outcomes of the Summits. A summit-level analysis of the relationship will be fruitful; focus can be on the roadmap and future action plan. If possible, there can be a mid-term review of Summits.

11. Studying the history of diplomatic relations between the two nations, for example, the archives might be of interest.

Notes



INDIAN COUNCIL OF WORLD AFFAIRS
RUSSIAN INTERNATIONAL AFFAIRS COUNCIL

Event Report

INTERNATIONAL CONFERENCE
"STRATEGIC VISIONS OF INDIA-RUSSIA RELATIONS
IN A CHANGING WORLD ORDER"

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