



# CLAWS SEMINAR REPORT

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## Russia's Foreign Policy in a Changing Global Order, Its Regional Implications and Impact on Indo-Russian Strategic Partnership

### Executive Summary

- While on one hand Russia is not agreeable to US designs in Europe, on the other hand it is expanding its diplomatic reach in Asia.
- The Ukraine crisis is perceived by Russia as an attempt by West to undermine its presence in the region and denial of people's right for self-determination.
- Russian and Indian interests converge at the United Nations as both share the core values and principles of the UN in dealing with global and regional challenges of peace, security and development. Russia thus supports India's membership at the UNSC as a permanent member.
- BRICS and SCO have emerged as two important platforms for cooperation in a host of issues like promoting further coordination on strategic stability, international and regional security, non-proliferation of weapons of mass destruction, settlement of regional conflicts and maintenance of regional stability etc.

The Centre for Land Warfare Studies (CLAWS), New Delhi, is an autonomous think tank dealing with contemporary issues of national security and conceptual aspects of land warfare, including conventional and sub-conventional conflicts and terrorism. CLAWS conducts research that is futuristic in outlook and policy-oriented in approach.

- India- Russia strategic partnership is not only stipulated to the defense arena but goes beyond it. It also includes nuclear energy, sharing cutting-edge technologies in most sensitive spheres etc.
- Despite the strong relationship, the bilateral trade between the two countries is low and mechanism to diversify and intensify trade and investment especially in areas like energy, space, manufacturing, transport and communication etc. offer bright prospects.

## **Introduction**

The resurgence of an assertive Russia under President Putin has resulted in uneasy relationship between Russia and the Western Powers. The growing presence of NATO forces in its neighborhood followed by Moscow's insolence to accept the designs of US and allies in the region thus presents the reflection of an assertive Russia. To gain a clear understanding of the Russian view of the changing global order and its impact on the Indo- Russian Strategic Partnership, coupled with role of the regional groupings like BRICS and SCO were discussed in the seminar organized by CLAWS on 18 June 2015.

## **Special Address**

A special address was delivered by Mr Sergey Karmalito, Senior Counselor, Russian Embassy. Some of the prominent highlights of the special address were as follows:

- The Indo- Russian partnership is one of the strongest in the world and their interests also converge at the United Nations as both share the core values and principles of the UN-centrality and multi-polarity in dealing with global and regional challenges of peace, security and development. The bilateral relation is further strengthened by engagements in BRICS, SCO, G20, RIC, EAS, etc. Russia also strongly supports India's bid as a permanent membership of UNSC.
- Cooperation in BRICS is one of the pillars of the Russia-India strategic partnership. Dozens of initiatives aimed at promoting practical sartorial cooperation including solution to international problems, development of the New Development Bank and a Contingent Reserve Arrangement, prevent regime change under the garb of human rights violation etc.
- Russia believes that the SCO with India on board will become much stronger given its expertise in countering regional challenges and threats, especially emanating from still unstable Afghanistan.
- The Ukraine crisis is perceived by Russians an attempt by NATO to expand in the region and denial of the right to self- determination of the local Ukrainians.

- Over the years the Indo- Russia bilateral relation has diversified in various fields like defence, nuclear energy, hydrocarbons, manufacturing, technology etc. Keeping in mind the low trade figures efforts are in the making like trade in national currencies, investment in transport infrastructure, establishment of Free Trade zones etc. to name a few. In addition to this other untapped areas like fertilizers, pharmaceuticals, metallurgy etc. are being looked into.

## **Contours of Russian Foreign Policy**

The panel for the seminar comprised of :-

- Amb Ashok Sajjanhar, Secretary, National Foundation for Communal Harmony
- Prof Sanjay Kumar Pandey, Centre for Russian and Central Asian Studies, School of International Studies, JNU
- Maj Gen Bishamber Dayal, VSM (Retd), Former member of Indian Mission at Moscow.

## **Eurasian phase of Foreign policy**

The collapse of Soviet Union resulted in an economic crisis in which the GDP fell by as much as 50 percent in the 1990s as capital flight, industrial collapse, hyperinflation and tax avoidance took their toll. However this turned out to be a learning experience for Russia as by emulating the experiences of the West, the Russian economy rebounded in the 2000s. High energy prices helped Russian exports and thus the economy began to grow. Taking the learning experience further, the 9/11 terrorist attacks in US provided Russia with new opportunities for cooperation with the West. It openly supported US Global War on Terror, its operations in Afghanistan and in return expected US to be more accommodative to Russian aspirations and concerns in Chechnya, where it faced terrorism and separatism. Moscow was, however disappointed by the West as NATO began its eastward expansion towards Russian borders.

US unilaterally withdrew from the ABM treaty in 2001, invasion of Iraq without a clear mandate from the UN and increased presence in Central Asian Republics is some of the disturbing developments for Russia which it perceived as undue interference in the internal affairs of these states and meddling in Russia's sphere of influence. All the above factors combined together forced Russia to adopt a more assertive posture akin to any other sovereign power. The advance made by the US and NATO along Russian periphery is perceived by Russia as a threat to its security which it deems necessary to be dealt with decisively.

Adhering to its unique Eurasian identity, Russia increased its engagement with Asian powers like China and India. The thaw in Russia- China relations as is evident from the USD 400 billion deal signed in November last year is becoming a cause of concern for Europe. It also played a pivotal role in organizations like the Shanghai Co-operation Organization to engage with Central Asian Republics, thus representing a Eurasian tilt in Russia's foreign policy.

## **Ukraine Crisis**

The Ukraine crisis unfolded after the pro Russian, Ukrainian government led by Viktor Yanukovich suspended the implementation of an association agreement with the European Union on 21 Nov 2013. This decision resulted in mass protests by its opponents. An organised political movement known as 'Euromaidan' demanded closer ties with the European Union, and the ousting of Yanukovich. After months of such protests, Yanukovich was ousted by the protesters on 22 February 2014, when he fled the Ukrainian capital city of Kiev. Protests by pro-Russian and anti-revolution activists began in the largely Russophone region of Crimea. Starting on 26 February 2014, as protests gripped Crimea, pro-Russian armed men gradually began to take over the peninsula. By 27 February, the Crimean parliament building had been seized by pro-Russian forces. Russian flags were raised over these buildings, and a self-declared pro-Russian government declared that it would hold a referendum on independence from Ukraine. Following this referendum, which was held on 16 March 2014, Russia annexed Crimea on 18 March 2014. The Russians see the seizure of Crimea and the creation of Donetsk and Lugansk People's Republics as a response to the aggressive stance taken by Kiev in delaying people's right to self-determination.

After prolonged fighting, the Minsk cease-fire agreement in the South-Eastern Ukraine was reached for the second time on 12 Feb 2015 and was a welcome move to overcome the present crisis. Russia claims to support constitutional reforms, with participation of all regions, as the most important prerequisite to reach political stability, peace and tranquility in Ukraine.

The main challenge lies in containing the situation within borders of Ukraine. It may eventually end up as 'frozen conflict' like Georgia, South Ossetia etc. Further Russia suspects the Ukraine crisis as an element of the big game of the western powers towards expansion of the NATO and EU in order to restrain Russia.

**Expansion of US and NATO presence in the region:** There is growing evidence that the West does not intend to discard its plans of increasing its military presence near Russian borders. Pentagon's plan to position arms warehouses in NATO's eastern European member countries. These weapon systems are estimated to be enough to equip a brigade of 3,000 to 5,000 military personnel.

The United States is thus seen as fueling tensions in the region by exploiting anti-Russian fears of its European allies, thus bring into play current tensions for expansion of its military presence and to strengthen its influence in Europe.

## **Regional Implications of Sanctions**

The sanctions on Russia were imposed in March 2014 in the wake of self-declared independent Republic of Crimea, getting absorbed into the Russian Federation. This resulted in expulsion of Russia from the G8 forum. In addition, US joined by some other European countries imposed economic sanctions and

also travel ban on specific entities. This came at a time when the slump in global hydrocarbon prices had already affected the Russian economy. As a result, the economy of Russia contracted by about 25% and the value of Ruble fell sharply.

Russia in return, restrained food imports from Europe and the US which harshly impacted some of the EU countries highlighting the downside of sanctions on Russia resulting into internal disagreement and dissention within Europe itself. Russian economy has been showing signs of recovery after the signing of Minsk II protocols in February in coordination with Germany and France. Further extension of sanctions is doubtful.

The sanctions have forced Russia to adopt import substitution which has proved beneficial for Moscow. It also stimulated growth in industrial sector and heavy industry as well as in the realm of military technology. The situation has more or less stabilized highlighting the limitations of sanctions as an effective tool of coercion.

### **Indo- Russian Relations: Opportunities and Challenges in the Strategic Partnership**

Indian and Russian interests converge at the United Nations especially on core values and principles of the UN's centrality and multi-polarity in dealing with global and regional challenges of peace, security and development. Russia like India believes in sovereign equality of states, non-interference in domestic affairs, mutual respect and taking into account the interests and concerns of each other within the framework of institutions like UNSC, BRICS, SCO, G20, RIC, EAS, etc. Moscow also strongly supports India's bid for the permanent membership in the reformed UNSC.

### **BRICS**

Collaboration in BRICS is one of the pillars of the Indo- Russian strategic partnership. Various BRICS dialogue mechanisms are aimed at promoting further coordination on strategic stability, international and regional security, non-proliferation of weapons of mass destruction, settlement of regional conflicts and maintenance of regional stability. International financial and economic cooperation within BRICS will remain the core of financial stability and economic security in the long-term perspective. New Development Bank and a Contingent Reserve Arrangements with the aim to contribute to shaping a sustainable and fair global financial architecture are also on cards.

### **Shanghai Co-operation Organisation (SCO)**

Russia believes that the SCO with India on board will become much stronger given its expertise in countering regional challenges and threats, especially emanating from still unstable Afghanistan. The formation of Afghanistan as a strong, sustainable and prosperous state is a priority of both Moscow and New Delhi.

Similarly cooperation between the two through the Shanghai Cooperation Organization is expected, especially while dealing with the threat emanating from unsteady Afghanistan as well as boosting trade with the members by easing trade barriers.

### **Co-operation against Terrorism**

Russia and India decisively condemn terrorism in all its forms and manifestations and support collective efforts in fighting global challenges and threats. Russia supports the India-sponsored *Comprehensive Convention on International Terrorism* and expects India to join the proposal to be launched under the auspices of the UNSC for an in-depth study on the extremist and terrorist threats, emanating from the so-called Islamic State, in all their aspects across the West Asian region.

### **India- Russia Strategic Partnership**

India- Russia strategic partnership is multi faceted and goes much beyond defense arena. It includes nuclear energy and sharing of cutting-edge technologies in many spheres. Russia has also been traditionally involved in India's 'Make in India' venture as is evident from its previous contributions.

#### *Impetus to Trade and Commerce:*

Russia has taken keen interest in working out new models of interface based on diversification of exports and further increase in high-tech innovative products share in bilateral trade. In order to further boost trade, measures like settlement of mutual payments in national currencies, improving transport infrastructure through the North-South Multimodal Transport Corridor, setting up of Free Trade Zone between India and the member-states of the Eurasian Economic Union, agreement on Comprehensive Economic Cooperation etc. are in different stages of development.

Despite these optimistic measures the Indo- Russian trade figures continue to be low. Some of the prominent reasons for the low trade volumes are as follows:-

- Geographical Bottlenecks: The North South corridor is inhibited by problems like unstable Afghanistan, Pakistan and the safety of the route during crisis.
- Underdeveloped Insurance Market.
- Restrictions on bulk import of agricultural commodities.
- Preference for European entrepreneurs over their Indian counterparts

- Hurdles in getting Visas for business.
- Uncertain Transfer of Technology and problems associated with its implementation is a serious bottleneck. It has been observed that the cost of upgradation sometimes gets enhanced to an extent of 60% to 100%.

As a result, the Indian exports to Russia continued to remain in the range of USD 2 billion from 1991 to 2007 and imports were approximately USD 3-4 billion with defense equipment claiming a major share.

## **The Major highlights of the Seminar**

**Defence Partnership:** The analysis of the Russian-Indian ties indicates that cooperation in the field of Defence has significant potential in the future. It includes joint development and production of armaments and military equipment with participation of public and private companies, as well as establishment of joint ventures (service centers), capable of performing routine maintenance and repairs of military equipment.

**Hydrocarbons:** Russia being an energy surplus state can prove to be an important player in India's energy matrix and in its quest for diversifying the suppliers. India's engagement with Russia in this realm has been fairly good.

**Civil Nuclear Cooperation:** Russia has played a crucial role in India's quest to develop a robust peaceful civil nuclear energy base in the country. This area has bright future prospects.

**Space cooperation:** The integrated long term program in science and technology has been immensely successful venture between the two countries. In the space domain the collaboration between GLONAS and GAGAN, the GPS program between the two countries and additional support to Indian space program is an important indicator.

**Cooperation in other areas:** Investments in the Indian infrastructure including transport and communication domains are a field with vast potential for investments and trade. Other sectors like pharmaceuticals and chemicals, diamond industry etc, also hold promising prospects in fostering the Indo Russia bilateral trade.

The traditional areas of cooperation, such as power engineering, metallurgy, telecommunications, machinery and automobile industry, aircraft building, railway and water transport, fertilizers and chemicals, pharmaceuticals, ready-made garments and textiles, gems and jewelry, infrastructure, space, science and technology, including information, bio-and nanotechnologies, banking and financial services, tourism etc. also can be looked upon afresh for diversifying the bilateral engagements.



## Conclusion

The issues of Russian identity are an important precursor towards the Russian policy in the changing Global order as it spells out the Russian approach to the western world. Ukraine is the 'last frontier' where it has drawn a red line and clearly indicated to the western powers that it will not compromise on its commitment towards the friendly nations in the sphere of influence and the intervention in Ukraine was accordingly honoring the same commitment as it was on the request of the legitimate President of Ukraine.

Russia assumed the presidency of BRICS from Brazil on April 1, 2015. cooperation in BRICS is one of the pillars of the Russian-Indian special and privileged strategic partnership. As per Russia's foreign policy, BRICS contributes to shaping the emerging world order on the principles of multi-polarity, central role of the UN, respect for international laws, avoidance of double standards in addressing development matters, regional conflicts, dealing with new challenges and threats. Russia believes that one of the most important areas of interaction within BRICS is comprehensive cooperation and coordination in the UN. It will prevent any country from the possibility to impose policies for regime manipulations and attempts to push through their unilateral solutions to conflicts by means of sanctions and military force.

Both Indian and Russian interests converge in various areas enabling the two to further consolidate their strategic partnership. Despite the fact that certain crucial challenges continue to exist, it also presents a host of opportunities that have a potential to foster the bilateral relation to newer heights in the times to come.

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