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Russia and India in the Evolving World Order. Introduction to the special issue

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Abstract: The introductory article delves into the evolving dynamics of the India-Russia relationship in the post-Soviet era, characterized by carefully forged cooperation, managed differences, and adaptation to the ever-changing international landscape. The authors emphasize that amidst the current state of global disorder, India and Russia can mutually assist each other within certain constraints. The article highlights how bilateral ties enable Moscow and New Delhi to pursue their national interests, with a commitment to safeguarding their respective sovereignty. The authors propose a nuanced understanding of the relationship, wherein India and Russia continue to engage in ways that uphold their own interests and prevent any infringement upon each other. The article sets the stage for further exploration of the numerous facets of the India-Russia relationship, examining areas such as strategic cooperation, economic ties, multilateral engagement, and addressing global challenges like climate change. Ultimately, it aims to provide insights into the complex and evolving nature of this bilateral partnership.

Keywords: India-Russia relationship, post-Soviet era, strategic cooperation, multilateral engagement, sovereignty, bilateral partnership

The idea of a comprehensive publication on the multifaceted relations between India and Russia has been discussed for several years, but no individual or institution has successfully realized this project.

In this context, the proposal last year for an issue of MGIMO's prestigious *Vestnik* publication focusing on various aspects of the current relations between India and Russia seemed timely, especially considering the changes in the international landscape since February 24th, 2022.

The conflict in Ukraine and the severe sanctions imposed on Russia by the West have caused significant turbulence in global politics and economics. What was initially perceived as a "small European brawl" has now become a challenge to all nations due to the unprecedented nature of the sanctions against Russia.

But as with all matters, there is a history...

The competition between the United States and the Soviet Union, as the victors of the Second World War, played a significant role in shaping the Cold War world order. The collapse of the Soviet Union marked the beginning of a unipolar world, with the United States wielding unprecedented and seemingly limitless power. However, within a few decades, this power began to decline, albeit relatively, leaving the international system in a state of disorder rather than order. Despite this, states, including India and Russia, continue to present their own visions of a future international system, favoring multipolarity.

India and Russia have expressed their aspirations for a multipolar world through joint statements, multilateral declarations, and policy speeches. However, they face challenges in achieving this goal in a global system that remains in flux. This situation underscores both the strengths and weaknesses of these two powers in shaping the structure of polarity. They possess significant power in their own right, but not enough to tip the balance of power in their favor. They hold central positions in their respective regions, but face challenges from other regional actors. They are resilient in the face of international pressure, yet not powerful enough to prevent such pressure from emerging.

In essence, India and Russia are not superpowers and must contend with the limitations that come with that status. Furthermore, as internal shifts occur within both countries, their engagement with the outside world is undergoing significant transformation, which will inevitably impact their relationship with each other.

The future of the India-Russia strategic partnership has sparked intense debates, with diverging interpretations of every event based on individual beliefs. The cancellation of the 2022 bilateral summit was seen by some as a sign of the relationship's decline, while India's abstention from UN votes on the Ukraine conflict was viewed as a symbol of a strong and enduring partnership. When Prime Minister Modi told President Putin that this was not a time for military conflict, it was perceived as a sign of India's opposition to Russia, but at the same time the very fact of their meeting was interpreted as a reassuring signal. The Russia-China partnership is seen as a threat to India, yet Russia's National Security Strategy places India and China on equal footing, which is seen as indicating its intentions toward both Asian giants. The multitude of opinions and passionate positions on the future of the Indo-Russia ties is extensive.

However, acknowledging the merits and good faith behind these arguments, it becomes evident that the ongoing developments in the bilateral partnership are critical and complex. The issues that India and Russia must navigate within their strategic relationship have grown more intricate over the years and require careful attention. This necessitates an unbiased analysis of the various factors – bilateral, regional, and global – that exert unique pressures on the Indo-Russian partnership, leading to effective policy recommendations. In line with this objective, this special edition

of the *MGIMO Review of International Relations* brings together experts from India and Russia to delve into the most significant aspects of the bilateral relationship in the 21st century.

The conversations in the following pages reveal much about how the two sides perceive each other, where their views converge and where they diverge. The authors offer a sober analysis, avoiding extremes and hubris, and instead tracing patterns to determine the trajectory of a relationship that has been officially declared to be a "special and privileged strategic partnership". While a book project documenting the full spectrum of contemporary India-Russia ties remains a gap to be filled, this special edition seeks to cover maximum ground amidst once-in-a-lifetime changes in domestic and foreign policies of both countries.

On the one hand are internal developments, which will in the long term have a fundamental bearing on the balance of capabilities they bring to the table. These processes are ongoing and the results are as yet undetermined. On the other hand are external factors that form a common theme, running through the articles in this edition, either directly or indirectly. These include the pressures exerted by the evolving world order, the US-China rivalry, the nature of China's rise, the conflict in Ukraine as well as Russia's ties with the West. At a time when the international order remains unstable and neither India nor Russia can claim to have fully resolved the issue of their positioning in the international system, these factors together are set to exert their own repercussions for the bilateral relationship.

A pragmatic partnership

While different experts have offered their own separate interpretations of the issues facing Indo-Russian ties, the pragmatic nature of the bilateral engagement emerges as a cornerstone in these pages, which has helped the two sides navigate the steadily rising number of challenges in the world around them. As the authors trace the developments of the relationship in the 21st century, they find a pattern of behaviour that can only be described as realist and steadfast in pursuit of national interests, not hesitating in diverging from a strategic partner if a better option emerges.

Ivan Safranchuk and Alexandre Knyazev reveal how in the case of Central Asia and Afghanistan, India was entirely on board with the Western geoeconomic plan for the region that came with the US presence in Afghanistan, even though this would come at the cost of Russian interests. But instead of this driving a wedge, Russia focused on building on its own outreach in Afghanistan after 2010, and both sides remained focused on their common interests in this volatile region. When US withdrawal from Afghanistan created new conditions on the ground, the two sides could expect their respective common interests to create space for cooperation. This ability to continue working on convergences even as divergences keep piling up is once again a reflection of these states pursuing rational policies towards attainment of national goals.

And it is this ruthless pursuit of national interests that is also responsible for new challenges in India-Russia ties. As Nivedita Kapoor explains, the change in balance of threat perception regarding China has altered the trajectory of Indian foreign policy. As New Delhi pursues relations with the US as the sole power capable of balancing China, it has paid little attention to Russian protests about the Indo-Pacific or Quad. Russia too has transformed its partnership with China given its own breakdown of relations with the West, evoking much concern in India. Even amidst the multi-alignment policy of India or multi-vector foreign policy of Russia, the hierarchy of emerging relations is discernible. This heralds an ushering in of a period where according to Kapoor, bilateral goodwill might not always translate into cooperation at regional or global level. Or in other cases, as Safranchuk and Knyazev point out, there might be times when India and Russia converge on global issues but diverge on regional Eurasian agenda. The experts take a realistic view of the prevailing situation, which is evident in Alexey Kupriyanov's argument that builds on a study of elites of the two countries. Especially in the case of Indian elites, as they execute their strategic plan, the author argues it is unclear if they will choose Russia if it does not fit with their broader goals for the nation. The experts are clear-eyed about the leeway available to each other even in an old partnership amidst the uncertainties of the current international system.

This is also an acknowledgement of their own limitations, and a recognition that the US-China axis will be key towards determining the future international order, wherein their respective relations with these two players will be consequential. Already, the US has played an indirect role in Indo-Russian interaction in Eurasia. India's wariness of China aside, as Srikanth Kondapalli points out, China does not want to lose a major political supporter like Russia in the international system. At the same time, as the author notes, there are limits wherein the rising power is loath to fritter away benefits of globalisation that have accrued to it. Sergey Lukonin agrees, contrasting the radical breakdown narrative of Russia with that of China still looking to preserve its advantages in a system that has facilitated its spectacular growth. The push and pull exerted by machinations of great power politics, and the role of the US and China in the foreign policy choices of New Delhi and Moscow thus remain a recurrent theme.

Despite the complex challenges they face, India and Russia are able to identify and establish areas of cooperation in pursuit of their shared objectives. The authors illustrate that these areas encompass a wide range of domains, including connectivity, defense partnership, energy, trade, and multilateral engagement. It is important to note that these cooperative endeavors are not without their difficulties, yet there remains a consistent underlying thread of pragmatism guiding the decision-making process in these areas.

Is the "special and privileged strategic partnership" more of a "normal relationship"?

Aleksei Zakharov's comprehensive examination of the International North-South Transport Corridor (INSTC) sheds light on the significance of infrastructure development and connectivity in fostering bilateral cooperation in emerging regions. This aligns with Athar Zafar's perspective, who also identifies connectivity as a key area for Indo-Russia engagement in Central Asia, which can contribute to the fulfillment of national objectives in terms of regional presence. These endeavors to achieve national goals extend to the broader economic relationship between the two countries as well.

A notable example of this is India's decision to import discounted oil from Russia in order to mitigate domestic inflationary pressures. While India has not joined the Western sanctions on Russia, which were imposed in response to the conflict in Ukraine, it has also not displayed a proactive approach in violating these sanctions or significantly altering its economic ties with Moscow beyond energy imports. Thus, India's economic engagement with Russia has primarily centered around energy imports, with limited visible shifts in response to the Western sanctions.

The existing economic relationship between India and Russia has persisted, as highlighted by Abhijit Mukhopadhyay, who identifies priority sectors for bilateral trade based on historical import and export patterns. Lydia Kulik also explores emerging areas that have the potential to boost economic ties, fueled by Russia's increased interest in the Indian market. However, Mukhopadhyay expresses scepticism regarding the expansion of trade, contending that progress hinges on the resolution of the ongoing conflagration, as it directly impacts various challenges faced by the trade relationship, such as sluggish economic growth, logistical hurdles, and payment settlements.

Both authors emphasize the need to address structural issues that have long characterized the trade ties between the two countries, which have often been overshadowed by the more notable aspects of the "special and privileged strategic partnership". They highlight the importance of tackling these issues to strengthen and diversify the economic relationship.

The moniker of a "special and privileged strategic partnership" has traditionally been more applicable to the defence aspect of the India-Russia relationship, but Rajorshi Roy suggests that this dynamic may be gradually changing. While defence ties between the two countries continue to be mutually beneficial, the exclusivity of the relationship has been diluted, particularly due to the closer military cooperation between Russia and China. The ongoing conflict in Ukraine poses additional challenges, including potential disruptions to supplies from Russia to India and reputational risks for Russia.

However, despite this dilution of exclusivity, both sides exhibit pragmatism and a willingness to adapt to new conditions. Roy and Vasily Kashin both identify joint production and technology transfer as key avenues to sustain the defence relationship. Kashin delves into the lessons that Indian defence planners can learn from the ongoing

conflict and how these developments shape the Russian military-industrial complex, influencing their future post-conflict actions. He advises Russia to support India's domestic defence manufacturing goals to achieve self-sufficiency, a goal that aligns with India's objectives. This move would help Russia maintain its position in the Indian defence sector, albeit with some changes, and contribute to bilateral gains as India diversifies its sources of arms imports.

The articles presented in this special edition paint a picture that diverges from the notion of an exceptionally special relationship between India and Russia, despite the official designation of a "special and privileged strategic partnership" in 2010. Instead, the engagements between the two countries reflect a pragmatic and balanced relationship, devoid of grand narratives or binding alliance commitments. This pragmatic approach enables the two sides to build upon areas of convergence while managing divergences without jeopardizing the entire partnership.

The authors delve into the various challenges that the India-Russia relationship faces, which are expected to multiply in the current context of an evolving world order. This recognition of the limitations and complexities helps shape the contours of bilateral cooperation. The works of Raj Kumar Sharma and Geetanjali Atri, Rashmi Doraiswamy, and Uma Purushothaman and Reinhart Philip featured in this special edition of the journal highlight the importance of addressing these challenges and finding avenues for collaboration within the existing framework.

Sharma and Atri's research focuses on the importance of cooperation in multilateral fora for India and Russia. They highlight India's desire for Russian neutrality as it navigates its relationship with China while managing concerns from Western countries. Their findings emphasize the role of multilateral organizations such as BRICS and SCO in shaping a favorable balance of power in Eurasia.

Doraiswamy's analysis acknowledges the evolving use of soft power by India and Russia over the years. The author observes a renewed effort from Moscow to cultivate deeper cultural ties with India, an aspect that had been overlooked in the post-Soviet period.

Purushothaman and Philip delve into the pressing issue of climate change and find that both Russia and India have not adequately addressed the crisis, despite its significant implications for their respective futures. Their work emphasizes the need for both countries to explore cooperation in areas such as green technology, liquefied natural gas (LNG), and nuclear energy to collectively work towards achieving climate goals and benefit the world at large.

Who are India and Russia to each other?

The post-Soviet trajectory of India-Russia relations has been one of carefully forged cooperation, managed differences and methodical adaptation to the continuously shifting international circumstances. In the current moment, there is a frank acknowledgement of the momentous nature of ongoing shifts - both within India and

Russia and in the world around them. The authors do not underestimate either the extent of the changes that this entails or the challenges these shifts introduce in their wake. However, they do surmise that in the current state of world disorder, India and Russia can help each other in specific ways, even if their plans remain circumscribed. They do not deny the differences but rather highlight ways in which both Moscow and New Delhi through their bilateral ties can continue a pursuit of their national interests, with the understanding the former shall not be allowed to infringe on the latter under any circumstances.

So, considering all the factors together, where does this special edition take us in understanding the India-Russia relationship? Unsurprisingly, given the focus of both partners on China, the clue to this can be found in the article on Russia-China relations by Sergey Lukonin, in which he asks a very pertinent question:

"Who is China for Russia in the current conditions: a friend, an ally, a partner, a neutral business partner, a tough negotiator, an implicit opponent? The answer can be – depending on the situation and interests at the given moment – China is all of these for Russia at the same time."

One could ask the same question about India and Russia – who are they to each other – and the answer based on these following articles would not be very different – "depends on the situation and interests at the given moment".

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The authors declare the absence of conflict of interests.

Россия и Индия в меняющемся мировом порядке. Предисловие к тематическому номеру

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В предисловии к тематическому номеру авторы кратко характеризуют динамику индийско-российских отношений в постсоветскую эпоху, делая акцент на их выверенности и высокой адаптивности к постоянно меняющемуся международному ландшафту. Авторы подчёркивают, что в настоящий момент, в условиях глобального беспорядка, Индия и Россия способны поддерживать друг друга, несмотря на известные ограничения. Двусторонние отношения дают возможность Москве и Нью-Дели эффективнее отстаивать свои национальные интересы, защищать свой суверенитет. При этом страны стараются не ущемлять интересы друг друга. Введение кратко представляет статьи номера, в которых рассматриваются различные аспекты индийско-российских отношений, включая стратегическое сотрудничество, экономические связи и решение глобальных проблем, таких как изменение климата.

Ключевые слова: индийско-российские отношения, постсоветская эпоха, стратегическое сотрудничество, многостороннее взаимодействие, суверенитет, двустороннее партнёрство.

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Multi-alignment under "Uneven Multipolarity": India's Relations with Russia in an Evolving World Order

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Abstract: The article explores the ongoing evolution of India's relationship with Russia, using the concept of "uneven multipolarity" and its specific distribution of capabilities. It argues that India's perception of the balance of threats has shifted with respect to China, particularly in the Asia-Pacific and Indian Ocean regions, which are crucial to India's national security and future power projection ambitions. In the current context of uneven multipolarity, the capabilities of the US and China exceed those of weaker major powers, such as India, Russia, and Japan, without tipping the system into explicit bipolarity. This specific nature of current polarity and India's "China challenge" have led to shifting alignments in its foreign policy.

When combined with changes in Russia's external relations, particularly the breakdown of its relations with the West and growing closeness with China, these factors have created particular constraints on New Delhi's partnership with Moscow. Multi-alignment for India represents a choice other than the formation of alliances as a balancing response, but it does introduce a hierarchy in its foreign relations. Under prevailing conditions, it emphasizes the importance of the relationship with the US while diminishing the significance of the relationship with Russia, even as the value of the bilateral partnership is retained in specific ways. These observations are instrumental in the assessment of the present and future trajectory of Indo-Russian ties presented in the article.

Keywords: India-Russia relations, Indian foreign policy, China, multipolarity, Asia-Pacific, multi-alignment, Russia-China relations, India-US relations

Since the establishment of diplomatic relations between India and Russia in 1947, the two countries have encountered various challenges in managing their partnership amidst the evolving world order. India and Russia have undergone significant changes in the 21st century, as evidenced by their foreign policy choices. Pur-

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suings their national interests has been facilitated and hindered by the changing global order and their respective positions within it. In a speech in Moscow, Indian Foreign Minister S. Jaishankar emphasized that the current India-Russia relationship is based on the acceptance of multipolarity as both a reality and an aspiration¹. He further noted that constraints on state interests in this system are determined by the balance of interests rather than the balance of power, which requires a flexible approach without seeking exclusivity.

In recent years, the notion of a multipolar world order has been a recurrent theme in the official discourse of both India and Russia. However, neither state appears to be entirely convinced that such an order has been effectively established, as evidenced by statements that rather emphasize the belief that the world is gradually becoming multipolar without specifying that the process has reached its intended conclusion². This reluctance to announce the arrival of a new multipolar world order can be attributed to the absence of a clearly established international order, despite the acknowledged decline of American unipolarity and the rise of China. In the present context, the world is characterized by a specific type of disorder that requires India to tailor its response to threats while avoiding entanglement in any alliance system. The alignments adopted as a result of these developments also shape India's strategic partnership with Russia, which no longer operates within the same systemic parameters that existed at the end of the Cold War in a unipolar system.

The purpose of this article is to investigate the impact of the changing global order on the current strategic partnership between India and Russia. Specifically, the article examines how the evolving international system affects India's role, interests, and constraints and how this impacts its engagement with Moscow in the 21st century. The article adopts a structural realist perspective, which looks beyond the formation of alliances as a balancing response to explore alternative strategies. The theoretical framework of structural realism is used to provide an understanding of the contours of the changing global order. The article then applies this understanding to Indian foreign policy more broadly and the India-Russia relationship in particular, linking theoretical insights with empirical observations. To achieve the stated objective, the article will investigate three central research inquiries. Firstly, the study will examine whether the present global order is that of multipolarity. Secondly, it will explore whether India is moving towards a balance of threat perception in its approach towards China concerning both the Asia-Pacific region and the Indian Ocean. Finally, the research

¹ Jaishankar S. 2021. India-Russia ties in a changing world. *Embassy of India*. July 8. Available at: <https://indianembassy-moscow.gov.in/press-releases-EAM-08-07-2021-1.php> (accessed 25.02.2023)

² Kortunov A. 2018. Why the World is Not Becoming Multipolar. *RIAC*. June 27. Available at: https://russiancouncil.ru/en/analytics-and-comments/analytics/why-the-world-is-not-becoming-multipolar/?sphrase_id=90036059 (accessed 25.02.2023)

Raja Mohan C. 2021. Reconnecting to the West: India's New Geopolitics. *IIMB*. October 28. Available at: <https://www.iimb.ac.in/sites/default/files/inline-files/Foundation-Day-Lecture-Raja-Mohan-2021.pdf> (accessed 25.02.2023)

will evaluate whether the answers gained from the previous two questions impose any limitations on India's multi-alignment policy and, correspondingly, whether it has any impact on the country's ties with Russia.

A multipolar world?

Although the United States and China are currently the two strongest states in the world, the global system cannot be described as bipolar. However, there are indications of emerging bipolarity in the Asia-Pacific region³. The relative decline of the US has marked the end of its unipolar moment, while China's economic growth has fuelled its ascent as a great power. Although the gap between their capabilities has narrowed, it has not been completely bridged, with certain aspects of Chinese "comprehensive national strength" (such as military capability, partnership networks, and soft power) still lagging behind that of the US.⁴

Realists posit that a state's increased economic influence, which is the foundation of long-term power projection, broadens the range of its interests and increases their significance (Waltz 1993). This is particularly evident in East Asia, where China's rising power is at its strongest and seeks to assert more significant influence over the region, putting it in direct competition with the United States, which has held a position of primacy since the Cold War.⁵ In recent years, this competition has extended to the Asia-Pacific, where Beijing comes close to matching the former superpower on several but not all characteristics of a great power, including the size of its population and territory, resource endowment, economic capability, military strength, political stability, and competence (Waltz 1993; Lemahieu and Leng 2021).⁶

However, the current global order cannot be accurately described as multipolar. A balanced multipolarity requires power to be distributed relatively evenly among major states without a clear potential hegemon, but this is not the case in the current state (Mearsheimer 2001). On the other hand, an unbalanced multipolarity entails three or more great powers, one of which has the potential to become a hegemon. Although

³ Xuetong Y. 2015. A Bipolar World is more likely than a Unipolar or a Multipolar One. *Carnegie Endowment for International Peace*. April 20. Available at: <https://carnegieendowment.org/2015/04/20/bipolar-world-is-more-likely-than-unipolar-or-multipolar-one-pub-59915> (accessed 25.02.2023)

⁴ Ibid.

⁵ Mearsheimer J.J. 2005. The Rise of China Will Not Be Peaceful at All. *The Australian*. November 18. Available at: <https://www.mearsheimer.com/wp-content/uploads/2019/06/The-Australian-November-18-2005.pdf> (accessed 25.02.2023)

⁶ Based on the calculations presented in the Asia Power Index 2021, the United States is considered the most powerful country in Asia, as it outperforms other countries across eight power indicators. Despite China's economic dominance and its influence over Asian economies through interdependencies, it is not as strong as the US in terms of conventional military capability, resilience to potential threats, future resources, defense networks, diplomatic influence, and cultural influence. Consequently, the United States holds the top position in the region while China ranks second, according to the index.

other significant powers such as India, Russia, and Japan possess certain aspects of great power status that enable them to influence specific regional contexts, they lag behind the US and China in overall capacity. As a result, the current structure appears to be tilted in favor of what Rodrik and Walt have described as a "highly uneven multipolarity", where countries like India, Russia, and Japan occupy much weaker positions among major powers, with the US and China significantly stronger than others⁷.

The significance of states that possess most but not all of the capabilities of great power should not be underestimated, but they do face constraints on their conduct due to the potential risk posed by those states that do possess all of these capabilities (Waltz 1993). Such differences in capabilities have led to the formation of alignments in the contemporary international system (Snyder 1991). To address their vulnerabilities, states have established alignments with other powers, highlighting the tendency towards balancing in the international system.

In the current state of uneven multipolarity, India and Russia's avoidance of forming alliances with either of the two major powers highlights the significance of their alignments⁸. Such alignments help them address the disparities in their capabilities and distinguish between "opponents and friends". Several factors, including aggregate power, proximity, offensive capability, and offensive intentions, influence these alignments' formation. For middle powers like India, their alignment decisions are shaped by additional factors beyond the total resources that major powers possess. Given that both the US and China surpass India in terms of economic, technological, and military capacity, India's alignment choices will be impacted by China's growing aggregate power, which has affected India's threat perceptions based on its proximity, offensive capability, and intentions.

Indian assessment of China's "peaceful rise"

India and China share a disputed land border that spans over 3488 kilometres. Both countries have disagreements about the demarcation of the Line of Actual Control (LAC) in certain areas. Recently, the People's Liberation Army (PLA) has significantly increased its military presence on the border, occupying areas that were previously under Indian control. Incidents along the border have also been increasing since

⁷ Rodrik D., Walt S. 2021. How to Construct a New Global Order. *HKS Faculty Research Working Paper Series*, RWP21-013. May 2021. URL: <https://www.hks.harvard.edu/publications/how-construct-new-global-order> (accessed 25.02.2023).

⁸ When confronted by a potentially hostile state, countries have a range of options available to them beyond forming an alliance or siding with the said power. Snyder (1991) suggests that they could choose to remain neutral, improve relations with a third party (without forming an alliance), or seek a compromise with the threatening state. In this context, alignment refers to the expectations that states have about whether they will be supported or opposed by other states in future interactions (Snyder 2007). These expectations are shaped by their perceived interests, capabilities, and observed behaviour of other states. On the other hand, alliances are a subset of alignments that involve a pledge of mutual military assistance between two or more independent states. Allies are expected to provide support to one another even when not in a state of war, a feature that is not necessarily present in alignment.

2012. India has expressed concerns about China's growing presence in the Indian Ocean, which, when combined with the rising tensions on the border, China's decision to build the China-Pakistan Economic Corridor (CPEC) through Indian territory, and China's opposition to India's membership in the Nuclear Suppliers Group (NSG), has led to a steady deterioration of relations between the two countries. The military standoff that began in Ladakh in 2020 has further strained their relationship. Talks to resolve the standoff have been ongoing while China continues its rapid infrastructure build-up. As a result, India now sees China as a "national security existential challenge".⁹

The rise of Chinese aggregate power, coupled with its actions in close proximity to India and its increasing offensive capabilities, has led many to conclude that China has offensive intentions towards India.¹⁰ This observation is supported by the fact that states that appear to be more aggressive are more likely to face opposing coalitions forming against them (Walt 1985). As a result, India has strengthened its alignment with the US and other like-minded states in the Asia-Pacific region to deal with the threat posed by a more assertive China. The focus of this alignment has been on the Asia-Pacific and Indian Ocean regions, as these are the areas where India and China compete the most for influence and where India, as a middle power, has enough capabilities to be an influential player when coordinating with other partners.

Chinese assertiveness has increased in the Asia-Pacific region, particularly in its territorial disputes with Southeast Asian neighbours over the South China Sea, with Japan over the Senkaku Islands, and with Australia over trade. This behaviour is believed to have contributed to an increase in military spending by regional states such as Japan and Australia.¹¹ Scholars attribute this trend to a shift in Chinese foreign policy after the global financial crisis of 2008, as Beijing became more assertive in line with its growing global ambitions¹², and with an aim to establish regional hegemony in Asia.¹³ China's rapid economic growth has been accompanied by a consistent expansion of

⁹ Jacob H. 2022. A New Delhi View on the World Order. *Institut Montaigne*. October 6. Available at: <https://www.institut-montaigne.org/en/analysis/new-delhi-view-world-order> (accessed 25.02.2023)

¹⁰ Ibid.

¹¹ World military expenditure passes \$2 trillion for the first time. 2022. April 25. *SIPRI*. Available at: <https://www.sipri.org/media/press-release/2022/world-military-expenditure-passes-2-trillion-first-time> (accessed 25.02.2023)

¹² Gokhale, V. 2021a. The Road from Galwan: The Future of India-China Relations. *Carnegie India*. March 10. Available at: <https://carnegieindia.org/2021/03/10/road-from-galwan-future-of-india-china-relations-pub-84019> (accessed 25.02.2023)

¹³ The rise of China on the back of impressive economic growth, with annual real GDP averaging 9.5% from 1979 to 2018, has catapulted it into the League of great powers. This has also been accompanied by a steady expansion of its military expenditure, which according to SIPRI, has grown for 27 consecutive years, and in 2021 is estimated to be \$293 billion.

Doshi R. 2021. The long game - China's grand strategy to displace American order. *The Brookings Institution*. August 2. Available at: <https://www.brookings.edu/essay/the-long-game-chinas-grand-strategy-to-displace-american-order/> (accessed 25.02.2023)

its military spending, second only to the US, and its military-technological policies have resulted in it becoming a formidable regional military with continuously growing capacity.¹⁴

India's decision to balance against China was motivated by its perception of a shift in Chinese intentions towards regional domination, particularly in the Asia-Pacific and Indian Ocean regions. This perception of China as a threatening power has led India to adopt a balancing strategy, which is a common tendency among states in response to such threats (Snyder 1991). Although India initially attempted to engage with China to settle border disputes and maintain cooperation, it eventually concluded that its concerns were not being taken into consideration by China.¹⁵ Unlike some smaller Asian states that have chosen to bandwagon with China due to their economic dependence and weaker relationships with other powerful stakeholders,¹⁶ India and other middle powers have pursued a strategy of balancing by strengthening their other alignments.

In the Asia-Pacific and Indian Ocean regions, there is a competition for influence between New Delhi and Beijing, with India perceiving China as a hindrance to its progress¹⁷. As such, India has aligned with the United States as a major power, given that balancing against China requires the presence of another major power that has the capacity to manage the threatening power.¹⁸ Furthermore, there is a long-term concern that China's hegemony in Asia would enable it to expand its influence beyond the re-

¹⁴ Campbell C. 2021. China's Military: The People's Liberation Army (PLA). *Congressional Research Service*. June 4. Available at: <https://crsreports.congress.gov/product/pdf/R/R46808> (accessed 25.02.2023)

¹⁵ Beginning in 1999, India and China resumed ministerial-level meetings, established a security dialogue, and initiated talks on resolving their boundary question. Over time, the two countries organized regular summit-level meetings and saw a significant increase in economic ties and the establishment of defense exchanges. In 2004-05, the relationship was elevated to a strategic and cooperative partnership for peace and prosperity. However, in 2005-06, China began to dispute India's claims over Arunachal Pradesh and issued stapled visas to Indians from that state and Jammu and Kashmir. As a result, experts note that India's China Study Group recommended the government focus on building border infrastructure due to the rapid pace of similar development on the Chinese side. Despite this, the pace of such efforts, particularly focused on building roads in border areas, remained slow during the Manmohan Singh government. Nonetheless, these developments signaled an ongoing shift in India's response to what it perceived as an emerging threat of a two-front war with Pakistan and China. Tensions have been rising on the Line of Actual Control, especially since 2012, and efforts to settle the border issue have stalled. This has coincided with a shift in the balance of power in China's favor, with its economy and defense capacities surpassing those of India. During border negotiations, India has come to believe that China is now less interested in adhering to previous understandings in dealing with border disputes.

For more, see Gokhale V. 2021. The Road from Galwan: The Future of India-China Relations. *Carnegie India*. March 10. Available at: <https://carnegieindia.org/2021/03/10/road-from-galwan-future-of-india-china-relations-pub-84019> (accessed 25.02.2023)

¹⁶ Jackson V. 2016. Asian Security after US Hegemony: Spheres of Influence and the Third Wave of Regional Order. *The Asian Forum*. October 14. Available at: <https://theasianforum.org/asian-security-after-us-hegemony-spheres-of-influence-and-the-third-wave-of-regional-order/#a17> (accessed 25.02.2023)

¹⁷ Raja Mohan C. 2017. Between Eurasia and the Indo-Pacific: India's New Geopolitics. *Valdai Discussion Club*. December 20. Available at: <https://valdaiclub.com/a/highlights/between-eurasia-and-the-indo-pacific-india/> (accessed 25.02.2023)

¹⁸ In the case of Asia-Pacific, the presence of the US has been seen as having contributed to its economic growth and stability. The rise of China in the past years has given rise to fears among the key middle powers about its assertive nature, leading them to get closer to the US to encourage a balancing strategy to manage Beijing, which has again discouraged states from pursuing this strategy vs. Washington.

gion, thereby undermining Indian ambitions, particularly on the Eurasian landmass¹⁹. This has made China the "main national challenge" for India, leading to a reorientation of its alignments around this focal point²⁰. Consequently, India has prioritized balancing China in the Asia-Pacific and Indian Ocean by building domestic capacities and enhancing strength through partnerships with like-minded regional stakeholders. In this context, the US's intentions towards India have leaned towards cooperation, and policymakers do not perceive it as a current source of threat to the country.

Despite the US maintaining its relationship with Pakistan, even selling F-16s in 2022, which has caused discontent in New Delhi, there is a perception that India has surpassed its South Asian neighbour and become the dominant power in the region.²¹ Furthermore, India views the threat from Pakistan not only through cross-border terrorism but also through its relationship with China, which raises concerns about any changes in US-Pakistan ties that may alleviate pressure on Pakistan. The US withdrawal from Afghanistan has also impacted India's policy, where it relied on the Western presence to develop economic and strategic ties. Nevertheless, the India-US partnership has gained momentum with the aim of balancing China (Rajagopalan 2017).

The current period is marked by increasing tensions between the US and China, coinciding with a shift in the distribution of capabilities in the international system, which has led to China's transformation into a major power. China's rise has fuelled its resistance to the presence of another great power in the region where it is based.²² The US, in response, is pursuing efforts to maintain its own primacy in the Asia-Pacific region, which it considers critical to its status as a global power. Other US allies, such as Japan and Australia, are also grappling with their respective concerns about China's intentions, leading to a renewed emphasis on the Quad and the promotion of the Indo-Pacific, as well as the formation of AUKUS. These developments have been met with opposition from Beijing, and India is either a participant or a supporter of these initiatives.

Multi-alignment and Indo-Russian partnership

Salience of Indo-Russia ties

India's tendency to seek alignment in response to external threats has been observed throughout the Cold War period, despite its official policy of non-alignment (Walt 1988). This trend has resurfaced recently due to an increased threat perceived

¹⁹ Walt S. M. 2013. How Long Will China Tolerate America's Role in Asia? *Foreign Policy*. December 2. Available at: <https://foreignpolicy.com/2013/12/02/how-long-will-china-tolerate-americas-role-in-asia/> (accessed 25.02.2023)

²⁰ Raja Mohan C. 2022. India, America, and the China challenge. *The Indian Express*. October 19. Available at: <https://indian-express.com/article/opinion/columns/india-america-and-the-china-challenge-8214579/> (accessed 25.02.2023)

²¹ Jaishankar S. 2022a. Today, the world doesn't see India, Pakistan equally. *Hindustan Times*. December 10. Available at: <https://www.hindustantimes.com/india-news/today-world-doesn-t-see-india-pakistan-equally-s-jaishankar-watch-101670691163569.html> (accessed 25.02.2023)

²² Walt, S. M. 2013. How Long Will China Tolerate America's Role in Asia? *Foreign Policy*. December 2. Available at: <https://foreignpolicy.com/2013/12/02/how-long-will-china-tolerate-americas-role-in-asia/> (accessed 25.02.2023)

from China, which has become a central factor in India's bilateral and multilateral interactions in the Asia-Pacific and beyond. India is concerned about China's expansion of power and influence, which is upsetting the regional balance of power. India's current policy, termed "multi-alignment"²³, aims to address this challenge. India's non-membership in any alliance system enables the pursuit of this policy, which may be seen as opportunistic as India seeks strategic convergence²⁴. The strategic partnership between India and Russia is considered an important element of this policy direction. There is an acknowledgment that the world order remains in transition, with no clear bipolar or multipolar system having been established. Thus, middle powers such as India need to maintain multiple ties to pursue their interests in various regional settings. Indo-Russian defence ties are critical as they involve a willingness to supply or transfer military technology that is not available from other sources²⁵. Moscow is perceived as a partner that can help India secure its interests in the Eurasian landmass, particularly in Afghanistan, Central Asia, and West Asia. With the withdrawal of US forces from Afghanistan, India has limited leverage and is more dependent on other players like Russia in the region. India calculates that its own policy is critical in providing the former superpower with strategic space vis-à-vis China. A failure to do so could create a hostile quasi-alliance power relationship on the Eurasian landmass, where India's Western partners have a weak presence. Both sides are interested in avoiding a bipolar system²⁶ from emerging (Raghavan 2020), and disengaging from a strategic partner with whom India enjoys a cordial relationship is not considered a wise move.

²³ Lok Sabha MP Shashi Tharoor, who has been credited with coining the term multi-alignment, explains it in his book *Pax Indica* as moving beyond non-alignment. This would be a situation where India plays an important role in a whole range of multilateral platforms, including UN, G20, Nonaligned Movement, Community of Democracies, G77, SAARC, BRICS, RIC, IBSA, and BASIC. It would involve cooperating with democracies but also dissenting from them when expedient. No country would be "exempt from its embrace", and it is a "strategy of making and running shifting coalitions of interests". He further argues that this is in response to a situation in the present geopolitics where "neither autonomy nor alliance offers adequate answers in themselves". For the current foreign minister S. Jaishankar, multi-alignment is "more energetic and participative as compared to an earlier posture of abstention or non-involvement". Expanding on this in his book *"The India Way,"* he adds that given the range of tasks that Indian foreign policy needs to fulfill, it "will be convergence with many but congruence with none". This includes efforts to "engage with America, manage China, cultivate relations with Europe, reassure Russia, coordinate with Japan, strengthen ties with neighboring countries, and expand support of India's traditional constituencies".

²⁴ Jaishankar S. 2021. India-Russia ties in a changing world. *Embassy of India*. July 8. Available at: <https://indianembassy-moscow.gov.in/press-releases-EAM-08-07-2021-1.php> (accessed 25.02.2023)

²⁵ It is estimated that more than 70% of the military equipment used by India is of Russian or Soviet origin. From 2014 to 2018, 58% of India's arms imports were from Russia, a decrease from 70% during the 2010-2014 period. Numerous arms deals were made between the two countries in 2018 and 2019, with an estimated value of \$14.5 billion. The Indian and Russian governments have also agreed to collaborate on the production of spare parts for military equipment of Russian or Soviet origin. They have also decided to continue joint manufacturing of spare parts and other equipment as part of the "Make in India" program.

²⁶ In the Indo-Pacific region, India views a balance of power as more favourable to its interests than having either the United States or China exert dominance, as noted by Gokhale in his work "China's Vision of Hegemony: The View from India" (ASPI). India achieves this balance by avoiding aligning with one partner on all issues. Foreign Minister Jaishankar emphasized that cooperation with a partner in one conflict area does not necessarily extend to cooperation in a different conflict, reflecting a transactional relationship rather than a formal alliance.

The fact that India and Russia are members of non-western multilateral organizations such as BRICS and SCO has further strengthened their bilateral partnership. Russia supported India's application for full membership in the SCO, which was successfully completed in 2017, with the intention of managing Chinese influence (Lanteigne 2017). The two countries share a "commonality of interests" that has deepened their relationship amid changes in the international system during and after the Cold War, including Russia's support for India in the UN Security Council (Pant 2013). Furthermore, the establishment of the 2+2 defence and foreign ministers meeting between the two sides, with its inaugural meeting held in December 2021, signifies their strong commitment to deepening bilateral ties. However, economic ties between the two countries continue to be a weak point in the Indo-Russian relationship. While bilateral trade has increased recently due to oil imports in the wake of a growing global energy crisis, there has been no corresponding increase in exports from India.²⁷

Shifting Alignments

In recent years, the alignment between Russia and India has been experiencing strains, particularly due to Russia's deteriorating relations with the West, which are expected to remain in long-term decline following the conflict in Ukraine. China has emerged as Russia's key external partner, further contributing to the strain. China has become a crucial trade partner for Russia, and, despite earlier policies of not selling the latest defence technologies to China, Russia has reversed its stance, which has raised concerns for India (Raghavan 2020). This situation has resulted in an asymmetrical relationship between Russia and China becoming more unbalanced. Differences in the distribution of capabilities are continuing to rise, even as Russia's leverage against the rising power is diminishing.

Despite China's growing power, Moscow remains comfortable aligning with it and balancing against the US. Russia views the US as its rival and perceives China's intentions toward it as non-threatening at present. Russia asserts that the world is moving toward a multipolar direction, with the US trying to prevent such a move by containing China. Russia also categorizes the Indo-Pacific²⁸, Quad, and AUKUS²⁹ within this

²⁷ During the decade spanning 2010-2020, the bilateral trade between India and Russia remained within the \$8-12 billion range. The joint statement issued in 2014 established the goal of increasing this trade to \$30 billion by 2025. However, due to India's import of heavily discounted oil in response to the energy crisis caused by Russia's invasion of Ukraine, the trade volume increased to \$18 billion in April-August 2022. Additionally, there has been a significant rise in India's import of fertilizers from Russia. As a result, Russia has become India's seventh-largest trading partner, a substantial increase from its 25th position in 2021. The majority of this increase can be attributed to Indian imports from Moscow, while exports from India to Russia during this period remained at less than one billion dollars.

²⁸ Lavrov S. 2022. Foreign Minister Sergey Lavrov's remarks at the 30th Assembly of the Council on Foreign and Defence Policy. *The Ministry of Foreign Affairs of the Russian Federation*. May 14. Available at: https://mid.ru/en/foreign_policy/news/1813377/ (accessed 25.02.2023)

²⁹ Lavrov S. 2022. Foreign Minister Sergey Lavrov's interview with the NTV network. *The Ministry of Foreign Affairs of the Russian Federation*. June 16. Available at: https://mid.ru/en/foreign_policy/news/1818292/ (accessed 25.02.2023)

understanding. However, India's assessment of the implications of China's rise and its policy prescription for balancing the rising power sharply contrasts with Russia's position. This discrepancy has raised concerns about whether Moscow can play an independent role in the event of an India-China conflict, where it has so far remained neutral³⁰.

The current situation has also undermined India's efforts to provide strategic space to Russia in relation to China, as Moscow has become closer to Beijing than ever before, aligning itself with China on issues related to regional order in Asia and opposing US "hegemony", in contrast to India's position. The former superpower has always had a weak presence in the Asia-Pacific region due to various factors, such as limited historical experience, weak economic linkages, the presence of other influential powers, and a weak strategy³¹. The ongoing conflict will further impact Russia's power projection capacity in the broader Eurasian landmass, making it both a weaker partner for other regional players and more dependent on China. India, which is not yet a strong enough regional player, may find it challenging to work with Russia in the future.

The current state of uneven multipolarity has compelled India to shift its alignment, which is more likely to happen in such a situation compared to balanced or unbalanced multipolarity. In a balanced multipolar system, major states have a mostly equal power distribution, reducing the possibility of forming a balancing coalition against each other. In an unbalanced multipolarity, the presence of a potential hegemon that poses a threat to other states due to a clear preponderance of power makes coalition formation against a common target more likely (Mearsheimer 2001). However, in the current state of uneven multipolarity, where two powers clearly outpace others without transitioning to bipolarity, it gives weaker major powers more flexibility in their alignments but also makes them more susceptible to shifts than would be the case under either balanced or unbalanced multipolarity. The fact that India and Russia are becoming more strongly aligned with the two opposing major powers (the US and China, respectively) only further creates conditions for divergences in their current state of alignment.

In the Indo-Russia partnership, the future alignment of the two strategic partners will depend on the "lines of conflict and commonality" on different issues, with "mutually reinforcing lines" on common interests leading to stronger alignment (Snyder 1991). Additionally, "changing patterns of power" and "issue priorities" also have a direct impact on alignment between states (Snyder 2007). While there is continued commonality on some issues between India and Russia, the conflict lines over China

³⁰ Chaudhuri R. 2022. How Russia's invasion of Ukraine has undermined strategic choices available to India. *The Print*. March 2. Available at: <https://theprint.in/opinion/how-russias-invasion-of-ukraine-has-undermined-strategic-choices-available-to-india/854376/> (accessed 25.02.2023)

³¹ Kapoor N. 2022. Russia's Pivot to Asia – A 10-Year Policy Review. *Valdai Discussion Club*. March 21. Available at: <https://valdaiclub.com/a/highlights/russia-s-pivot-to-asia-a-decadal-policy-review/> (accessed 25.02.2023)

are widening. Moreover, the issues of common interest are affected by a relative decline of overall Russian capacities and questions about the limits of its power projection capacities in the aftermath of the conflict in Ukraine³². This has been reflected in Moscow's struggles to translate visions of both the pivot to the East and the Greater Eurasian Partnership into reality.

India's China Question

The emergence of China as India's foremost foreign policy challenge has had a direct impact on its relationship with the US and other like-minded stakeholders. As China continues its rapid ascent, India has taken measures to ensure that it does not become a hegemonic power in Asia, which is vital in constraining China's influence beyond the region. Consequently, effectively managing China's ascent in Asia has become essential to managing its rise in Eurasia. However, India's limited capacity to balance China in the region necessitates strong partnerships. There is a recognition that India and other regional powers cannot confront China alone and that the combined capacities of like-minded middle powers would still fall short compared to the rising power. Although the US is no longer a hegemonic power, it remains the strongest state capable of balancing China with its allies and partners.

The absence of a strong American presence in Asia might prompt middle powers in the region to make concessions to China on specific issues, potentially leading to an undesirable shift in the balance of power for India³³. As a result, India has developed a shared interest with the United States, reinforced by burgeoning economic ties that contribute to achieving national economic development objectives. Although India may not agree with the United States on all matters and is not engaged in an alliance, it can no longer afford to overlook the critical strategic importance of aligning with the United States. This has made the West a "necessary" partner for India, while Russia remains a "desirable" partner³⁴.

India's efforts to strengthen its position in the Eurasian landmass are being hindered by its limited economic and security connections and by the constraints imposed by one of its key regional partners – Russia. While maintaining good relations with Moscow is essential for preventing the emergence of a hostile coalition comprising Russia and China against India, the India-Russia partnership has failed to enhance New Delhi's regional presence. This is evident in the limited progress made by the partnership in advancing India's interests through bilateral or multilateral means, as well as in dissuading Russia's closer engagement with China.

³² Ashford E. 2022. Ukraine and the Return of the Multipolar World. *The National Interest*. July 4. Available at: <https://nationalinterest.org/feature/ukraine-and-return-multipolar-world-203276> (accessed 25.02.2023)

³³ Porter P. 2022. What world order comes after Ukraine? *YouTube*. April 13. Available at: <https://www.youtube.com/watch?v=YNW0LHboywY> (accessed 25.02.2023)

³⁴ Menon S. 2022. India in a World Adrift. *Centre for Air Power Studies – YouTube*. May 13. Available at: <https://www.youtube.com/watch?v=m7LoYpQeAIs> (accessed 25.02.2023)

For instance, in Central Asia, while Russia is still perceived by regional states (and India) as a buffer against Chinese influence, the former superpower's role in the region has been evolving, even as a "security provider". Experts have noted that the increasing Chinese economic influence in Central Asia has started affecting security. However, given the present state of the amicable Sino-Russian relationship, the Kremlin does not consider this development a matter of concern (Kazantsev et al. 2021).

India is particularly concerned about the impact of the ongoing conflict on Russia's future power projection in Eurasia, which could give China additional advantages. A decline in Russian capacities increases Beijing's weight in the bilateral relationship, limits options for regional states in Eurasia, and makes them more likely to align with China due to the absence of clear balancing options. As a result, India may find it more challenging to maintain equally beneficial ties with both Russia and the West, putting it in a weaker position³⁵. Furthermore, this weakening of Russia also makes it difficult to accelerate India's ties with Russia³⁶, despite India's refusal to implement Western sanctions and the acceleration of the energy relationship. Structural constraints continue to hinder the bilateral partnership.

In an era of uneven multipolarity, India faces a policy challenge as a middle power that depends on a variety of alignments to advance its national interests. If Russia's ability to balance China in key regions of concern to India declines due to a reduction in capacity and a reliance on China, there is potential for divergences to emerge between the two strategic partners, driven by shifts in the international system. Despite India's policy of multi-alignment, certain relationships will become more important than others due to specific threat perceptions and the distribution of capabilities, while others will weaken due to emerging lines of conflict over issues of top priority for one or both partners.

Alignments, not alliances

Nevertheless, a shift towards one partner does not necessarily entail a breakdown in relations with other states. The absence of formal alliance obligations of India and Russia with other major powers provides them with greater leeway to maintain cordial ties with various nations. Moreover, balancing against a particular power does not inevitably result in a confrontational course of action. As Walt (Walt 1988) suggests, states balancing against their rivals may also seek amicable relations with them. In India's case, this has been manifested in its efforts to engage in military and diplomatic talks with China to resolve border issues and to continue developing a strong eco-

³⁵ Jacob H. 2022. A New Delhi View on the World Order. *Institut Montaigne*. October 6. Available at: <https://www.institut-montaigne.org/en/analysis/new-delhi-view-world-order> (accessed 25.02.2023)

³⁶ Chenoy A. 2022. Russia-India Relations in a Transformative World Order. *Valdai Discussion Club*. July 20. Available at: <https://valdaiclub.com/a/highlights/russia-india-relations-in-a-transformative-world/> (accessed 25.02.2023)

conomic partnership, with bilateral trade reaching \$135.98 billion in 2022, despite the Indian government's insistence that normalizing relations with China requires an end to Chinese attempts to alter the LAC. India's recognition of the need to prioritize economic growth, given the widening power disparity and potential fallout of a full-scale conflict, is one reason why it understands that it cannot address its "main strategic challenge" through a "purely antagonistic" approach³⁷.

The rapid expansion of India's relations with the West and its alignment with the US have not led to an alliance relationship. Instead, India pursues relationships across the board, including with Russia. Although the principle of multi-alignment is facing stress due to current conditions, India recognizes that abandoning this concept will harm its relations with Russia. As India continues to rely heavily on Russian weaponry, particularly to address the threat from China, it would not be in its best interest to damage these linkages. Despite recent diversification efforts, it may take some time before a noticeable impact is seen³⁸. Furthermore, India cannot overlook that Russia has been the only willing partner to provide sensitive information to help with local defence production in specific sectors of military technologies. Unless India's Western partners increase their efforts, the defence relationship with Russia will remain relevant for India. Energy has also emerged as another significant area of bilateral cooperation, with India as a net energy importer with increasing demand. Therefore, India's willingness to continue purchasing Russian oil is not surprising. In this regard, India has argued that its approach is guided by a balance of its own values and interests³⁹. Meanwhile, Moscow acknowledges the importance of furthering its partnership with power centres other than China, particularly in light of the breakdown of relations with the West.

These contradictory trends have resulted in a unique form of engagement between India and Russia. While New Delhi is committed to avoiding alliances and forging relationships with multiple powers, it has prioritized specific alignments over others. Specifically, in the Indo-Pacific region, India has aligned with the US and other Quad partners who share common interests and have the capacity to collaborate effectively. Nevertheless, this does not imply that India and its partners hold identical views on every issue, as evidenced by India's stance on the ongoing conflict in Ukraine. Instead, cooperation occurs only when there is convergence⁴⁰.

³⁷ Menon S. 2020. The Crisis in India-China Relations. *ICS Occasional Paper* No. 63. November 2020. URL: <https://www.icsin.org/uploads/2020/12/15/25da5b22cbfc731c25bd931c20127ca8.pdf> (accessed 25.02.2023).

³⁸ While in overall terms, Russia remained India's top supplier of defence items during 2014-18, the total exports fell by 42 percent between 2014-18 and 2009-13. Russia still commands 58 percent of total arms imports by India (2014-18), followed by Israel and the US at 15 and 12%, respectively. Nevertheless, compared to 2010-14, Russia's share has declined from 70 to 58%, while that of Israel has gone up from 7 to 15%.

³⁹ Jaishankar S. 2022b. India is not sitting on the fence, entitled to have its own side: S Jaishankar on Russia-Ukraine war. *The Economic Times*. June 4. Available at: <https://economictimes.indiatimes.com/news/india/india-not-sitting-on-fence-entitled-to-have-its-own-side-s-jaishankar-on-russia-ukraine-war/articleshow/91993466.cms> (accessed 25.02.2023)

⁴⁰ Ibid.

This approach also applies to India's relationship with Russia, where defence and energy issues, particularly, are expected to continue converging at the bilateral level. Through this engagement, India aims to prevent the emergence of a Sino-Russian security alliance in its vicinity while hoping that Moscow will eventually seek to balance China if it continues to expand its influence in Eurasia. Russia, too, recognizes the growing gap in capabilities between itself and China and does not wish to be a subordinate partner (Torkunov et al. 2020), which could lead to increased bipolar tendencies and harm its relations with India. Therefore, Russia seeks to avoid such outcomes.

However, the challenges associated with extensive regional or multilateral cooperation may result in a lack of progress at this level of engagement. Russia's relationship with China will remain its primary partnership, and India must adjust its expectations regarding the extent to which its engagement with Moscow can alter the prevailing balance of power or always benefit India. For instance, India is concerned that attempts to shift from current systems, such as de-dollarization or creating an alternative to SWIFT, could lead to the emergence of a more "China-centric" system that would be detrimental to its interests⁴¹. This stagnation is also apparent in the limited scope of agenda-setting within regional organizations such as BRICS and SCO, where India and Russia are key members, reflecting the power differences in the prevailing uneven multipolarity.

Over the years, BRICS and SCO have successfully established cooperative mechanisms in the economic and security domains, respectively, which remain relevant to their member-states. These organizations were established, and their agendas were set when the US was still a hegemonic power. Other states were interested in cooperating to promote a multipolar order and hedge their bets by pursuing multi-vector foreign policies. This contributed to the alignment among these varied powers, who were also emerging as important powers in their own right. However, the nature of their growth and the evolving international system has slowed down the effectiveness of these groupings, highlighting their internal fault lines. Today, neither BRICS nor SCO presents a united alternative vision for dealing with crises or collectively addressing issues of regional or global concern despite being billed as non-western groupings that will be instrumental in shaping the future world order.

In essence, India and Russia have expressed their preference for a multipolar global order, but the current situation of "highly uneven multipolarity" has made it challenging for them to manage the uncertainty associated with such a system, given their limited capabilities. This situation is particularly evident for weaker major powers like India and Russia, whose individual power is inadequate to alter the balance of power in the international system fundamentally. They lack both the collective power to bring about a balanced multipolar order and a common threat perception to act in concert effectively to promote their national interests.

⁴¹ Jacob H. 2022. A New Delhi View on the World Order. *Institut Montaigne*. October 6. Available at: <https://www.institut-montaigne.org/en/analysis/new-delhi-view-world-order> (accessed 25.02.2023)

Conclusion

In the near to medium term, it appears unlikely that India or Russia will achieve the same level of power as the US or China. Nonetheless, they will retain their ability to exert influence in specific regions or on particular issues. As a result, the conduct of the US and China will remain a significant factor in determining how other states interact⁴². A more conciliatory relationship between the two superpowers would decrease, albeit not eliminate, tensions with weaker major powers. Even if India were to resolve its disputes with its neighbour, China's overwhelming power and India's growing aspirations would likely compel the latter to continue pursuing balancing strategies. The level of conflictual engagement will depend on US-China ties and China's policies towards India and its neighbouring states. A more conciliatory stance of Beijing towards regional states that demonstrates its commitment to a peaceful rise would reduce the intensity of balancing strategies, even if it does not bring them to an end.

In contrast, a rise in tensions between the two major powers, namely the US and China, could result in a "rigid" bipolar state, making cooperation between India and Russia even more challenging than it currently is. Even if such a transformation of the global order does not occur, the partnership between India and Russia could still be strained if the regional order in the Asia-Pacific region increasingly leans towards bipolarity, which would push India towards the US, given its concerns about China. This would signify a change from the Cold War era when India did not face any serious security issues with either of the two superpowers⁴³. If such a development were to transpire, it could also bring Russia closer to China, even if the two countries do not form an alliance.

It is important not to underestimate the significance of weaker major powers such as India and Russia but rather recognize that the current distribution of power in the international system limits their policy choices in meaningful ways. A departure from this pattern would necessitate a significant transformation in the prevailing system of power distribution – a change that neither New Delhi nor Moscow currently seems capable of effecting. Given this, it is likely that the current state of uneven multipolarity will persist in the near to medium term, and as a result, the existing pattern of India-Russia relations will likely continue with cooperation occurring mainly at the bilateral level and limited opportunities for expansion into multilateral or regional contexts.

⁴² Rodrik D., Walt S. 2021. How to Construct a New Global Order. *HKS Faculty Research Working Paper Series*, RWP21-013. May 2021. URL: <https://www.hks.harvard.edu/publications/how-construct-new-global-order> (accessed 25.02.2023).

⁴³ Tellis A. 2017. New Bipolarity Between the United States and China Poses Challenges for India. *Carnegie Endowment for International Peace*. April 19. <https://carnegieendowment.org/2017/04/19/new-bipolarity-between-united-states-and-china-poses-challenges-for-india-pub-69904> (accessed 25.02.2023)

It is unlikely that there will be any significant changes in US-Russia or India-China relations, as their differences are deeply rooted. Therefore, India and Russia are likely to continue their policy of balancing against the threats posed by their major rival powers (China and the US, respectively). This will limit the impact of their relationship on their foreign policies and lead to stagnation beyond the bilateral level. India's policy of multi-alignment prioritizes bilateral ties based on the capabilities of major stakeholders in the international system, India's position in the system, and its balance of threat perception. This results in a weaker India-Russia strategic partnership, which despite its commonalities, is inadequate in addressing the challenges posed by the current disorder in the international system for India.

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Многовекторность при «неравномерной многополярности»: отношения Индии с Россией в условиях меняющегося миропорядка

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Российско-индийские отношения рассматриваются в статье с опорой на концепцию «неравномерной многополярности». В Индии меняется восприятие Китая, а вместе с ним и оценка баланса угроз, особенно в Азиатско-Тихоокеанском и Индоокеанском регионах, имеющих решающее значение для национальной безопасности Индии и её растущих региональных амбиций. США и Китай превосходят по своему потенциалу

остальные великие державы, однако, это не приводит к формированию полноценной биполярности. Современная система международных отношений скорее соответствует понятию «неравномерной многополярности».

Изменения во внешнеполитическом курсе России, связанные с ухудшением её отношений с Западом и растущим сближением с Китаем, создали ряд ограничений для развития индийско-российских отношений. Многовекторность во внешней политике Индии не предполагает формирование союзов, тем не менее как форма политики баланса сил она всё же подразумевает расстановку внешнеполитических приоритетов. В сложившихся условиях отношения с США оказываются для Индии сравнительно более важными, тем не менее партнёрство с Россией сохраняет особое значение.

Ключевые слова: индийско-российские отношения, внешняя политика Индии, Китай, многополярность, Азиатско-Тихоокеанский регион, многовекторность, российско-китайские отношения, индийско-американские отношения

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Strategic Partnership between Russia and India from the Perspective of National Elites

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Abstract: The focus of the article is the analysis of the prospects of the relationship between Russia and India. The author examines the attitudes of the elites in both countries towards each other, using historical sociology, the theory of cultural hegemony, and post-colonialism to explain the formation and perspectives of these elites. The objective and subjective economic and political conditions have, until recently, hindered any genuine efforts towards bringing the two countries closer, as both sides perceived the West as a more promising partner. This attitude has been shaped by historical factors, such as the formation of the Indian elites under the influence of British political, economic, and military culture, and the reckless admiration of the victors of the Cold War by the Russian elites, which attempted to abandon the Soviet legacy after the collapse of the USSR. Despite declarations of strategic interest in forming a polycentric world and developing bilateral Russian-Indian relations, economic ties have not supported these intentions. However, the conflict in Ukraine and the imposition of Western sanctions have compelled the Russian elites to re-evaluate their priorities. They have been faced with a choice: either to return to a Western orientation, which could lead to internal discontent, or to build stronger ties with China or India. The path chosen will depend on the position of the Indian elites, who have the freedom to take a neutral stance in a conflict far from their borders, and on the outcomes of the Ukrainian crisis.

Keywords: Russia, India, Russian-Indian relations, elites, sanctions

Scholars from Russia and India have extensively examined the nature of their countries' relationships over the past decades. While studies during the Soviet era were characterized by an optimistic outlook emphasizing the long-standing ties between the two nations dating back to the 16th century, more recent works have adopted a more pessimistic tone. This shift can be attributed to several factors, such as the stagnation of trade between Russia and India, the gradual drift of India towards

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improving relations with the United States simultaneous with the deterioration of relations between the United States and Russia, and the improvement of relations between Russia and China; the lack of attention by the leadership of Russia towards India and the dearth of new research in Russia in the field of Indian studies. All these factors have made the Russian Indologist community somewhat skeptical about the so-called "special and privileged strategic partnership"¹.

Simultaneously, the strategic partnership between Russia and India presents an intriguing paradox. Despite lacking a solid economic foundation, it has managed to withstand the test of time and has even progressed. It has frequently been anticipated to crumble in the face of emerging challenges, but it has persisted. However, recent developments such as the conflict in Ukraine, the imposition of anti-Russian sanctions by the European Union and the United States, and indications of potential fuel and food crises have once again given rise to concerns about the durability of this strategic partnership amidst future tests.

The study aims to identify the role of Russian and Indian elites in developing a partnership between the two countries at the current stage and in the future, as well as to outline possible scenarios for the Russian-Indian strategic partnership.

Realism, especially neo-realism, which is very popular among Russian and Indian scholars, is hardly suitable for achieving this aim, with the exception of certain strains, such as neoclassical realism, that account for the influence of elites. However, in our view, even neoclassical realism fails to accord sufficient attention to this factor and is critiqued from within the realist paradigm for lacking methodological rigor (Legro, Moravcsik 1999). The inclination to depict a state as a billiard ball, to personalize it, and to assert that it possesses objective interests offers little insight. History has shown the fragility of the notion of objective interests: within the span of a single generation of Russians, the so-called "objective interests" of the state have undergone numerous transformations, from the aspiration to promote global communism to the pursuit of nuclear disarmament in the name of world peace, and from a subservient position during the Kozyrev era to the revival of great-power rhetoric in Russian official political discourse under Putin's administration.

The article employs the approach adopted at the Institute of World Economy and International Relations of the Russian Academy of Sciences (IMEMO RAS), which assumes that a state's policy is carried out by its leadership, who strive to meet the interests of diverse elite groups (political, military, economic) and the social groups aligned with them, either directly (expert community) or through state institutions (officials). The boundaries between these groups are often blurred. The elites' perception of the world is determined by various factors, including their upbringing, life

¹ Lunev S.I. 2009 Problemnoe partnerstvo [Troubled partnership]. *MGIMO*. Available at: <https://mgimo.ru/about/news/experts/120029/> (accessed 01.04.2023)

experience, books read, and personal connections. Elites do not exist in a vacuum: they govern a society that comprises numerous social groups, both real and imagined. Society's conceptions of the world impact the ideas of political elites and vice versa. At the same time, society and elites are influenced by multiple material factors, from natural processes to technological and economic developments, as well as by other societies with which they engage. But the expert community, media, and uncontrolled information flows interpret this real world for them. *Thus, our approach suggests that not only changes in the surrounding world but also the perception of these changes by elites and society play an important role.* Additionally, the mechanism of perception and response varies for different types of elites. For instance, while economic elites are obligated to analyze the economic situation continuously, either personally or through their subordinates, as the results of this analysis directly affect their financial standing, military elites, for example, may never engage in battles and only engage in theoretical speculations.

Thus, the approach adopted in this article uses the theory of elites to analyze different types of elites (the best-known work of this sort is one by Mills (1956)); Gramsci's theory of hegemony to examine the interaction between elites and society (Gramsci 1992); the world-systems approach and post-colonial studies to determine the role of elites in the global system (van der Merwe, Dodd 2019; Seid, Harris 2021); and historical sociology to assess to what extent and how the history of a particular society shapes the elites' perception of the world (Hobden 1998). This approach has not yet been employed to analyze Russian-Indian relations. The corresponding sections mention relevant works that apply the abovementioned theories to analyze elites.

This study hypothesizes that the specifics of the mutual perception of the elites of Russia and India is the primary factor that shapes the relations between the two nations. During the 1990s, both countries experienced significant elite transformation. Russian-Indian relations declined because the representatives of new elite groups did not perceive each other as important partners. Although the situation is now beginning to change under the influence of external factors, it remains unclear to what extent the elites of Russia and India are prepared to embrace this shift.

The text is divided into four parts. The first part analyzes the Indian elites' attitude toward Russia through the prism of their genesis, while the second part analyzes the Russian elites' attitude toward India. The third part describes the factors that influence the change in the Russian elites' attitude towards India at the current stage. Finally, the fourth part proposes possible scenarios for the reaction of the Russian and Indian elites to the ongoing global transformations.

Elites of India

The study of Indian elites has received relatively limited attention. Among the key works on political elites, the contributions of Sanjaya Baru (Baru 2021) and Josy Joseph (Joseph 2016; Joseph 2021) deserve mention as they provide a comprehensive

examination of India's political elites in general, along with numerous works that delve into the lives of specific political figures (Moro 2015; Kidwai 2011; Baru 2014; among others). In addition, Harish Damodaran's book (Damodaran 2008) stands out in the literature on economic elites, although there are numerous works on this topic. While many of these studies are written apologetically, they nonetheless offer insightful analyses of the role and influence of economic elites on the country's politics. Finally, military elites have received considerably less attention, with most studies exploring their relationship with civilian authorities, as exemplified by Anita Mukherjee's book (Mukherjee 2020). This is by no means an exhaustive list of relevant works.

Political Elites

In contrast to the American political elites examined in Mills' seminal work, Indian elites are not closely tied to either the economy or particularly the military. Their historical origins can explain this. Unlike the American "elites without history," Indian elites were formed, on the one hand, under the influence of British domination, on the other hand, in opposition to it. The position of the Indian upper class during the British Raj also played an important role: Maharajas, who frequently socialized with the British aristocracy, emulated their customs and excelled in status spending. This historical background shaped the first generation of Indian elites' ideas of propriety and civilization and fostered a desire to mimic British ways of life. The notorious "Delhi Darbar" emerged from this mindset, with entry restricted to individuals with Oxbridge (or later Ivy League) education, those in high positions of power, or those whose parents' connections and positions allowed for continuous engagement with the elite circles. This laid the foundation for the so-called political consensus, the tacit agreement among elites on the key issues of foreign and domestic policy.

Over time, the political elites underwent a transformation. As Great Britain's global influence waned, they increasingly looked to the USSR and the USA while also maintaining a focus on local political practices. However, significant changes only began to take shape in the final decade of the 20th century. The ascension of Narendra Modi to the apex of power marked a turning point. Modi was able to build a support base by appealing to both big business and the dissatisfied masses of farmers and the middle class who were discontent with the dominance of the Delhi Darbar. This led to a gradual transformation of the political elites.

This genesis determined the attitude of the Indian political elites towards the USSR and Russia. At the beginning of Nehru's rule, the USSR was considered a promising but secondary partner compared to Britain. Subsequently, under Khrushchev and Brezhnev on the Soviet side and Indira Gandhi on the Indian one, the role of the USSR in Indian foreign policy was constantly growing. At the same time, it remained guided by British practices, which often coincided with Soviet ones, such as elements of a planned economy in the UK after World War II. Indira Gandhi's attempt to take a "left turn" in the late 1960s was countered by the growing sympathies of the elites for the right. This led to the split of the INC and the formation of a united opposition,

whose actions resulted in the Emergency and subsequent electoral defeat of Indira Gandhi. Such intra-elite balancing meant that the USSR never became a role model for the Indian elites (unlike many of Moscow's allies in the third world), and they always maintained a distance, viewing it only as an important partner.

Following the collapse of the USSR, the appeal of socialism waned, while the United States, as the only remaining superpower, paid little attention to South Asia until the early 21st century. This shift coincided with political developments within India, where the Nehru-Gandhi dynasty's loss of formal power led to a reshuffling of the political landscape. The political instability of the 1990s, combined with dramatic economic changes, briefly enabled the opposition BJP to take power. Despite the INC's return to power in 2004, this was only a temporary interruption. Currently, there is a process of replacing the old elites with new ones, but as it is going very slowly, the former continues to exert significant control over the country's affairs.

In summary, the rapid growth of India's economy in the first decade of the 21st century has bolstered the confidence of its elites, who see the United States as a key geopolitical ally rather than a role model — in the same way they viewed the USSR decades earlier. Russia is considered a weaker partner, although it is undoubtedly important in the context of the formation of a polycentric world order. Indian politicians view Russia as one of the centers of this world order, which enables maneuvering in the international arena, but it cannot replace the United States as India's primary partner. Furthermore, Russia no longer plays a helpful role in containing China — as it did in Soviet times — and its strategic importance to India has declined.

Economic Elites

While the political elites of Indian origin assumed a significant role in the country's life only in the summer of 1947, the economic elites had long been prominent in the country's economic affairs. They were integrated into the economy of the British Raj and benefited from it. Not fully satisfied with their position, they supported the independence movement, which predetermined the initial close relationship between the economic and political elites.

On the eve of India's independence, the business elite sought to secure a dominant role in political decision-making (the Bombay Plan) but was unsuccessful. In the following decades, the economic elites were relegated to a secondary role due to the "License Raj" system, which severely limited their autonomy, and they had to comply with the established rules. The situation changed in the late 1980s with the onset of Rajiv Gandhi's reforms and continued to transform under Narasimha Rao. The economic elites gained greater freedom of action, and their role in political life began to grow; they became key players in the political arena, sponsoring political parties that, in exchange, defended their interests (Joshi 2017: 237-238). This determined the peculiar nature of Indian economic elites' political participation: they do not concentrate power in their hands and generally prefer to stay away from politics, influencing it indirectly. In addition, in the crony capitalism system, many political elite groups are

connected with business through caste and family ties, creating a complex net of mutual interest. Determining whose interests are primary in this system is challenging, but to some extent, economic elites influence political ones. The attitudes of political elites, which since Nehru's time have regarded the economy as a primary factor in the country's domestic and international affairs², further facilitate this influence.

In the context of Indian-Russian relations, the role of Indian economic elites is mainly negative. Although some individual companies and business families, such as the Essar Group, maintain close ties with Russia, most Indian economic elites are primarily oriented towards the West and Japan. This is due to various factors, including linguistic and historical reasons, but the main driver is the presence of other more profitable markets that provide greater short-term returns, are more predictable, and require less investment and effort to enter. Given these factors, the situation is unlikely to change in the near future. As a result, the lack of interest among Indian economic elites in developing a partnership with Russia pushes Indian foreign policy further away from Russia and towards the West, Japan, and Southeast Asia.

Military Elites

The military elites in India are relatively loosely connected to the political and economic ones, which dates back to the well-known events of 1957-62³, and distinguishes the Indian case from the American one. While exceptions like Amarinder Singh exist, Indian military elites generally do not enter business or politics after their military careers and prefer specialized think tanks or full retirement.

This is not to say that Indian military elites are unimportant, but their influence is limited to security and military planning. They dominate the security discourse and have formed their cluster of experts, partly consisting of retired members of the military elites. These elites influence ideas about the strategic paradigms of the state as a whole.

The role of Indian military elites in cooperation with Russia is ambiguous. There are people in their ranks who hold favorable views towards Russia (primarily in the Indian Air Forces, the Army, and the submarine arm of the Navy), as they have trained or closely interacted with the Soviet military. At the same time, the Navy as a whole, traditionally associated with Britain, is less enthusiastic about the prospects for cooperation. In addition, age plays an increasingly important role: the number of people

² This differs, for instance, from the attitudes of contemporary Russian elites, who believe that military force can compensate for economic weakness, allowing them to pursue an active foreign policy.

³ During this period, there was a struggle between two factions in the Indian Army. The first faction opposed the army's political intervention, while the second faction sought to politicize the army and erase the boundaries between the army and society. The latter group received support from Minister of Defense V.K. Krishna Menon and Prime Minister Jawaharlal Nehru, who contributed to replacing senior officers from the first faction with "real patriots" from the second. However, the 1962 war with China revealed that politically loyal officers from the second faction were inadequate commanders (Sharma 2018). This resulted in the reinstatement of officers from the first faction, who were previously dismissed, to senior positions in the armed forces, and subsequently, the army refrained from interfering in politics.

with positive views toward Russia is declining, while those with little interaction with the Russian military are becoming more numerous. The immersion of the Indian military in the Western discursive field also plays a significant role. They start to perceive Russia not as a reliable partner developing advanced weapons but as a country that provides outdated, albeit cheap, weapons that cannot fight modern Western systems. This discourse is reinforced by memories of the Russian defense industry's export mistakes in the 1991-2001 period when Indian consumers complained about both defective weapons and a lack of after-sales service. These disgruntled consumers are now beginning to form a new circle of military elites.

Expert community

Finally, the expert community constitutes a distinct social group that influences the formation of Indian foreign policy strategy. It serves the interests of the ruling elite and has two specific features. Firstly, its members constantly compete for the resources allocated for expertise. Secondly, the expert community solves a dual problem of conveying the opinion of the middle class to the elites, and vice versa, explaining the position of the elites to the middle class. But the main task that the expert community should solve is supplying the elites with high-quality analysis, including the assessment of the possible consequences of specific actions (or inaction). While accomplishing this task, experts again have to overcome a certain duality. On the one hand, they need to provide authorities with reliable and helpful information; on the other hand, they stick to the general direction of the authorities' views and plans since the expert community depends on the money the customer allocates. Leaving aside the difficulty of balancing what the customer needs to hear and what he wants to hear, we can argue that, to a large extent, both the direction and the conclusions of the examination depend on the funding source.

Since Indian political and economic elites, except for a narrow circle of people, do not have a strong interest in obtaining comprehensive and unbiased information about Russia, there is very little funding for this type of research. Only a few centers, such as JNU, the University of Mumbai, and Madras University (and several others), promote interaction with Russia, and while there is a dialogue between Russian and Indian think tanks, all this can hardly be considered systematic work.

Elites of Russia

In contrast to the relatively peaceful development of Indian society under Nehru's Fabian socialism, the Russian elites have undergone at least three significant transformations over the past century. The first of them (the February and October revolutions) involved the physical destruction and expulsion of the old ruling class and the discrimination of those who remained to prevent their return to power and erode their class attributes. The second transformation, which occurred in 1937-1940, also led to the partial physical destruction of the ruling elites through repression and the

redistribution of power, including the persecution of their families. The most recent transformation, which began in 1985 and is still ongoing, resulted in a redistribution of power that formally withdrew it from the partocratic ruling elite in favor of grass-roots functionaries within the same ruling communist elite. While this process was less violent than the earlier revolutions, as it was carried out by part of the ruling elites rather than counter-elites, it is still incomplete.

These processes have been extensively analyzed by Russian and Western sociologists (Ponedelkov, Starostin 2004; Kordonskii 2008; Semenova 2012; Hughes, John 2001; Yakovlev 2021). However, Russian scholars may face challenges in transcending their lived context, while Western sociologists usually do not have sufficient levels of immersion. Additionally, both sides may be subject to their personal biases. Nonetheless, a general characterization of the present-day elites can be attempted.

Political Elites

Contrary to the view prevailing in the Western media, which is good at helping Western elites justify their policy towards Russia but does not help understand Russia, the current regime in Russia can hardly be called authoritarian. Social elevators work, and society retains the ability to influence decision-making, albeit not primarily through parliament but via a system of alternative representative bodies, with the All-Russian Popular Front being the most influential. Elections function as a plebiscite, demonstrating the level of support towards the government's policies. The regime rests on the consensus of society and government, both of which comprise a range of groups, including those with pro-Western inclinations, and the Russian president is forced to consider their interests when making decisions. However, the president, far from being a powerless balancer, actively participates in foreign policy processes. Like Modi in India, Putin assumes a decisive role in shaping foreign policy while considering various groups' interests.

In contrast to India, Russia is a presidential republic, with political factions within parties playing a lesser role. Of greater importance is the fact that a significant proportion of the present-day Russian elites are individuals who have embraced pro-Western perspectives from the prior generation of Yeltsin-era politicians. They possess a customary semi-peripheral admiration for the core and regard the nations of Asia as a periphery.

At the same time, the course towards patriotism, the quest for historical roots, and the rejection of servility towards the West, which began during the first Chechen war and intensified during Putin's first term, gradually brought to power a new generation of people who form the basis of the current regime. This group includes numerous ex-security officials, several of whom served alongside Putin, and people from the president's inner circle. The most challenging thing is to identify the views of the new generation, which is made up of relatively young people (born in 1980-1990). Among them, there are also representatives of various views, but they have not yet entered the political arena, and their heyday is yet to come.

Economic elites

The economic elites are loyal to the government and maintain relations with it like those in India. On the one hand, they determine Russian foreign policy interests while, on the other, adapting to geopolitical realities. Neither the business nor the president obediently executes each other's will. At the same time, it is crucial to recall the origin of the Russian economic elites and their initial focus on collaborating with the West instead of the East. This can be explained by economic factors (transporting goods to the West was less expensive, and the West was willing to pay more for resources) and personal considerations. The economic elites viewed the West as an exemplar of "real capitalism" and, following post-colonial traditions, sought to imitate Western society, copying its status symbols and behaviors. Moreover, the West did not question the origin of the funds deposited in European banks. Rare exceptions, such as Igor Sechin, who began working with China long ago, or Oleg Deripaska, exploring Africa, only confirm the rule.

Military elites

Military elites in Russia, as in India, play a relatively minor role in the political arena, although for a different reason. During the Soviet era, the army was under complete control of the Communist Party and was viewed as one of the key tools for maintaining the state. The military elites were integrated into the decision-making process, mainly in secondary and advisory roles. For instance, only Zhukov, Grechko, and Ustinov represented the military elites in the Politburo, with the first staying there for only six months and the second for three years; in total, the defense ministers had a seat in the Politburo for only 12 years out of the 46 post-war years, and the Chief of the General Staff and the Commander-in-Chief of the Navy were never represented. The military-industrial complex played a special role, with its representatives, such as Ustinov, having greater political weight. Following the collapse of the Soviet Union, there was a short-lived surge in the self-awareness of the military elites as a social group. Officer congresses and numerous publications in the press emerged, appealing to the army as the only institution capable of "saving Russia". However, with the strengthening of a new political hierarchy, the military elites returned to supporting roles, backing Yeltsin during the constitutional crisis of 1993 and the 1996 elections. The military elites function as they did in the Soviet times, contributing personnel to strengthen the bureaucratic and political apparatus. While they have some influence on strategic decisions, their degree of influence is much less than that of their counterparts in the US and even India.

Expert community

Finally, the Russian expert community is very heterogeneous. It does not yet recognize itself as a distinct social group and is transforming. Although several analytical centers in Russia, such as the Institute of Oriental Studies (IOS), the Institute of World Economy and International Relations (IMEMO), and MGIMO University, are

actively involved in India-related research, many of them face challenges due to the lack of trained middle-aged personnel, who would be the mainstay of research activities. Additionally, the relatively low wages for researchers discourage new personnel from joining the community. One of the advantages of Russian expertise production is its adherence to traditional formats. This has allowed scholars to continue their research on India even during the most challenging times, covering all the relevant fields, including the fundamental ones, such as linguistics and history. However, this rigid structure poses a challenge, as it does not allow quick adaptation to the market's needs. Although this has not been a significant issue, it has become apparent as there is an increasing demand for research that caters to market needs.

In general, it can be said that the Indian and Russian elites share some similarities and differences. The main difference is that the Russian political system, in contrast to the Indian one, has yet to pass the test of several power transfers. In all instances (Yeltsin to Putin, Putin to Medvedev, and back to Putin), power has been handed over to a loyal successor, not an opposition leader. As far as political elites are concerned, the similarities are apparent. In both Russia and India, foreign policy-making is centralized to a large extent in the hands of strong leaders, Putin and Modi, respectively. The difference is that while there is a political consensus regarding Russia in India, which sees it as one of the future pillars of a polycentric world, no such consensus exists in Russia, as until recently, the level of interest in India among the Russian political elites had been negligible.

In economic terms, there is a similarity between the Russian and Indian economic elites, as neither has a significant interest in the other. The only exception is the military-industrial complex, located at the interface between the economic and military elites, which supplies Russian weapons to India. Regarding the military elites, there are specific differences between the two countries. The Russian military is mainly focused on local theaters of operations, whereas the Indian military has a broader perspective and is interested not only in the supply of Russian weapons but also in Russia's involvement in the region's security system.

The expert communities of both countries have shown limited interest in each other. In the case of Indian experts, this is largely due to their historical ties and closer relationships with Britain and the United States rather than Russia. Meanwhile, Russian experts have displayed limited interest in India due to a shortage of Indologists and the state's insufficient attention to the country. The amount of knowledge needed by the Indians about Russia and the Russians about India was completely covered by the available experts.

Ukrainian conflict as a game changer

It is hardly necessary to provide a detailed description of Russian-Indian relations during the Soviet era, as they have been extensively covered in various articles and monographs. The memory of this historical friendship, manifested in the friendly

mutual perception of the population and part of the elites, still helps maintain ties between the two countries, despite declining economic and security contacts. However, it should be noted that the significance of this factor is gradually diminishing as new generations of Indians no longer feel nostalgic for the old friendship with Russia. This is especially important in the context of political elites, as neither Modi nor his associates have any personal connections with Moscow.

Until recently, bilateral relations between the two nations have remained stagnant. The trade turnover between Russia and India stalled at about \$11 billion, with the majority attributed to the purchase of weaponry. Russia has struggled to increase trade through the sale of oil and gas due to competition from other suppliers, such as the countries of the Arabian Peninsula and the Gulf. Additionally, Russia has not shown interest in importing Indian services since its IT market is self-sufficient and does not require outsourcing to other countries.

Following the start of a special military operation, Russia faced Western sanctions and was cut off from Western markets, technologies, and investments. Under these conditions, the Russian political and business elites had to reorient themselves towards China, India, and the countries of Southeast Asia, which were earlier implicitly perceived to be less important for the politics and economy of Russia than the West. The ASEAN countries, however, are too weak to withstand the possible onslaught of US sanctions. Focusing exclusively on the PRC requires, firstly, additional qualifications of personnel (knowledge of the Chinese language) and, secondly, the restructuring of technological standards. Additionally, it may be unsound as Russia risks becoming overly dependent on China for key technologies and consumer goods. This is forcing the economic elites to change their priorities to improve relations with India.

The rupture in relations with the West also impacts Russia's political shift towards India. Russian political elites are utilizing the rhetoric of decolonization, which suggests the existence of neo-colonialism by Western elites against non-Western countries perceived as victims of colonial policies that have been ongoing for the past 500 years, evolving in form but not in substance. At the same time, critiques of (neo)colonialism are not necessarily Marxist or anti-capitalist; instead, Russian elites focus primarily on the issue of the sovereignty of former colonies. Partnership with India is becoming significantly more important to the current Russian political elites than before when India was regarded as just one of the partners in a future multipolar world.

Possible scenarios

The current situation requires the Russian elites to reconsider their approach to India to maintain their status. The only other option is to surrender to the West in some form, which entails relinquishing all territorial acquisitions and future claims and accepting a subordinate position to the Western elites. However, to accept these conditions, Russia would need to suffer a military defeat or undergo a significant social

crisis, which involves a shift in ideology, values, and perspectives. There are currently no indications that such changes are likely to occur.

On the other hand, the Indian elites have more flexibility and can choose between two main options: align with the West, distancing themselves from Russia, or continue balancing between the West and Russia. Both options have advantages and disadvantages, and both have supporters among the Indian elites.

Based on these assumptions, several options for future strategic partnership development between Russia and India can be proposed. For the sake of caution, we will limit ourselves to the next few decades and focus on the most apparent possibilities so as not to step on the slippery ground of futurology. We proceed from the premise that, in its current position, Russia cannot exist as an autarky with its relatively small market and economy highly dependent on foreign markets.

Option 1. Turn back to the West

In this scenario, most loved by Western experts, as Russia loses the conflict and internal unrest begins, supporters of a pro-Western orientation come to power, the West makes concessions, lifts sanctions, and opens borders.

This course of events is unlikely due to the solid anti-Western sentiments in Russia. In any case, it would pose a significant danger for India. This scenario would effectively turn Russia into a resource colony of the West, as it was in the 1990s, and erase its role as an independent power center. Russia's alliance with China, which Indian elites fear, would no longer be a concern, but China would lose access to resources from Russia. China's northern border would become unstable, leading to the need to allocate resources there instead of building a blue-water navy. China's vulnerable sea communications, remaining the only way to obtain resources, would become even more unprotected. This would seriously undermine China's economic and political position, leading it to abandon attempts to change the world's political system. For India, this would mean a weakening of Western interest, a decrease in investment and technology transfer, a slowdown in development, and a gradual comparative weakening and vassalization by the West.

Option 2. Pivot to the East toward China

This scenario implies that Russia remains cut off from the West, which continues to pressure its economy and undermine its political stability. Russia's authorities persist, cannot abandon territorial acquisitions in Ukraine for internal reasons, and are looking for new partners in the East. If India does not meet Russia halfway, Russia will have to focus on the remaining partners, particularly China and Iran. This option would pose a severe threat to the future of Russian-Indian relations for several decades, especially if India, in the context of strengthening China thanks to Russia's resource base, gradually but inevitably draws closer to the United States.

Option 3. Pivot to the East toward multipolar Asia

This option involves Russia seeing India as a critical partner in the region and becoming a major donor of technology and resources. This, in turn, would present Indian elites with a choice. If they are willing to take a certain level of risk, the benefits outweigh the costs: they would prevent Russia from becoming pro-Chinese or pro-Western and establish a stronger bond with Russia. It would be a reverse of the 1971 situation, in which the USSR assisted India in dealing with Pakistan. However, even with the utmost diplomatic skill of the Indian elites, this option will inevitably result in an inevitable deterioration of relations with the West, which would affect the interests of the economic elites.

Option 4: Slow Pivot to the East

The scenario with the highest degree of uncertainty involves Russia and India acting on a situational basis, with their political and economic elites hesitating to commit to long-term cooperation. India is not experiencing significant technological advancement through its relationship with Russia, and the Russian economy continues to fluctuate between partnerships with India, China, and other countries. While this uncertainty can persist for a considerable period, it remains unstable due to various external and internal factors, such as growing economic problems, shifts in foreign policy, and changes in domestic political alignments. At any moment, these factors could lead Russian elites to gradually move towards implementing one of the first three scenarios.

Conclusion

The Russian elites will have to undergo significant transformations regardless of how events unfold. The first scenario would resemble thirty years ago, enabling the comprador economic elites to seize political power. However, it would trigger widespread social discontent, which could lead to immediate unrest or an accumulation of grievances resulting in the desire to regain lost greatness. The second and third scenarios would result in the expansion of influence for those groups that can swiftly reorient themselves to new markets and prospects (China or India, respectively) and a decline in influence for those who cannot. This, in turn, would lead to an increase in instability, albeit less severe than in the first case.

In all four scenarios, the Indian elites face an uncomfortable dilemma, being forced to abandon their usual course of multipolarity based on cooperation with Western countries. Worst of all, the situation cannot return to pre-conflict since the fragile balance of mistrust between Russia and the West has been disrupted, and the world will no longer be the same. In any of the scenarios, the Indian elites will have to make sacrifices, and in some cases, these sacrifices will be borne by the political elites, while in others, by the economic elites. This can lead to problems and a violation of the intra-elite consensus. Be that as it may, the future of the strategic partnership between Russia

and India will depend, among other factors, on the choices made by the Indian elites: whether they accept the hand extended to them in times of need or prefer to turn away to maintain their strategic plans, the implementation of which still may be doubtful in a collapsing world order.

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Стратегическое партнёрство России и Индии с точки зрения национальных элит

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ИМЭМО РАН

Статья посвящена анализу перспектив российско-индийских отношений. Автор, используя комплексный подход, включающий теорию элит, объясняет генезис и мировоззрение этих элит через призму исторической социологии, теории культурной гегемонии и постколониальной теории, анализирует взаимное восприятие индийскими и российскими элитами друг друга. Он приходит к выводу, что до недавнего времени как субъективные, так и объективные политические и экономические причины способствовали тому, что российские и индийские элиты не видели особой необходимости в более тесном сближении, рассматривая западные страны в качестве более перспективных партнёров. Такой подход сложился исторически: если индийские элиты сформировались под влиянием британской политической, экономической и военной культуры, то российские элиты после распада СССР восхищались победителями в холодной войне и подражали им, пытаясь преодолеть советское наследие. Политические декларации о стратегической заинтересованности в формировании полицентричного миропорядка и развитии двусторонних отношений не подкреплялись соответствующим развитием двусторонних экономических связей. Однако после начала конфликта на Украине и введения Западом санкций против Москвы российские элиты вынуждены пересматривать

свои приоритеты. Они столкнулись с выбором: либо вернуться к ориентации на Запад, что могло бы привести к внутреннему недовольству и даже нестабильности, или попытаться выстроить связи с Китаем и Индией. Выбор пути зависит как от позиции индийских элит, которые могут себе позволить проводить любую политику, так как конфликт на Украине прямо не затрагивает их интересы, так и от того, с каким результатом завершится украинский кризис.

Ключевые слова: Россия, Индия, российско-индийские отношения, элиты, санкции

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India and Russia in International Organizations: Motives, Strategies, and Outcomes

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Abstract: India and Russia share a vision of a multipolar world, which is reflected in their cooperation within international organizations and fora such as the United Nations, Russia-India-China (RIC), BRICS and the Shanghai Cooperation Organization (SCO). India has shown greater enthusiasm towards RIC and BRICS than SCO due to its non-founder status and concerns over the group's creation to further China's regional agenda. The expansion of BRICS and a potential free trade agreement pose challenges to India-Russia relations and require more bilateral engagement. Russia should realistically assess the benefits of endorsing China's Belt and Road Initiative while also considering the potential of the International North-South Transport Corridor (INSTC) to access West Asian and South Asian markets and mitigate the impact of Western sanctions on the Russian economy. India and Russia must collaborate to build regional consensus on the INSTC through RIC, BRICS, and SCO platforms. Despite Russia's growing proximity to China, Moscow has not compromised its support for New Delhi on issues such as Kashmir, terrorism, membership in the Nuclear Suppliers Group (NSG), and the United Nations Security Council. In contrast, China continues to question and oppose India on these matters. Similarly, India has maintained friendly ties with Russia and has not succumbed to Western pressure. Cooperation between India and Russia in international organizations has further strengthened their bilateral ties, and they must continue to work together to maintain a multipolar Eurasia, as neither can achieve this goal alone.

Keywords: Russia, India, BRICS, RIC, SCO, INSTC, multipolarity, international organizations, Russia-India relations

Russia is the only permanent member of the United Nations Security Council with which India shares a sense of nostalgia, owing to the mutually beneficial partnership between the two countries since India's independence in 1947. In the 1950s, geopolitical factors played a crucial role in bringing the Soviet Union closer to India. As a prominent leader of the Non-Aligned Movement (NAM), India

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was essential for the Soviet Union in countering US-led efforts to contain Moscow. Unlike other great powers, the Soviet Union was associated with progressive ideas such as decolonization, self-determination, anti-racism, mutual respect, and equality, which resonated with newly independent countries like India. India, in turn, made the Soviet Union acceptable to the Third World by refraining from publicly criticizing Moscow on significant world issues such as Soviet actions in Hungary (1956) and Czechoslovakia (1968) (Pant 2013).

Apart from the Non-Aligned Movement and the United Nations, there were few major international organizations where India and the Soviet Union could interact and engage. After the end of the Cold War in 1991, new international organizations and dialogue platforms such as Russia-India-China (RIC), BRICS, and the Shanghai Cooperation Organisation (SCO) emerged, where India and Russia continue to engage and find ways to manage their relations amidst the evolving flux in international politics. These mechanisms also involve China, apart from India and Russia, indicating their essentially "Eurasian" and "non-West" nature. While Beijing and Moscow have resolved their border disputes, India and China have yet to do so. Given the current stalemate in India-China relations and the improvement in Russia-China ties, the effectiveness of RIC, BRICS, and SCO for India is in question. While there has been a detailed analysis of India's membership and potential challenges in these Eurasian structures, there is a lack of academic analysis examining India and Russia's engagement in these groupings. This article discusses India-Russia relations in international organizations such as the UN, RIC, SCO, and BRICS concerning their motives, strategies, and outcomes.

The article seeks to answer several research questions about India-Russia engagement in international organizations. First, it investigates the underlying principles that guide this cooperation. Second, it assesses the effectiveness of India-Russia collaboration in various multilateral forums, including the United Nations, RIC, Brazil, Russia, India, China, and South Africa (BRICS), and the Shanghai Cooperation Organisation. Third, it identifies the emerging challenges that could affect this partnership. Finally, it analyzes the impact of India-Russia engagement in international organizations on their bilateral relations. By addressing these questions, the article contributes to the academic discourse on the role of multilateralism in promoting Eurasian cooperation and managing geopolitical flux.

The article employs qualitative research methods, specifically focusing on discourse analysis, to examine India-Russia engagement in various international organizations. The analysis involves a comparison of the statements and actions of both governments with the arguments presented by experts, including former ambassadors, academics, journalists, and policymakers. The aim is to understand India-Russia engagement at the multilateral level comprehensively. To achieve this, relevant references to essential statements made by government representatives, government documents, and joint statements will be cited to provide an objective and well-rounded perspective on India-Russia relations in international organizations.

India-Russia engagement in international organisations

1. **The United Nations:** the joint statements of both countries reveal a remarkable similarity in their worldview. The Saint Petersburg Declaration (2017) emphasizes the establishment of multipolarity in international affairs as an inevitable and natural process in the evolution of interstate relations. India's Minister of External Affairs, S Jaishankar (2020), characterizes the contemporary state of international politics as "greater multipolarity with weaker multilateralism," stating that creating a stable order in Asia is a priority for India. Jaishankar argues that a multipolar Asia would lead to a multipolar world, and to ensure this, India needs to engage America, manage China, and reassure Russia. In his speech in Moscow in 2021, Jaishankar also highlighted that one of the crucial reasons why India and Russia accept multipolarity is their strong sense of independence.¹ Joshi (2007) explains that a multipolar world is just, democratic, and fair, where all nations are considered equal and enjoy equal security. There is no place for hegemony or unipolarity in this world, and the UN would have a central position in global politics. Chenoy (2010) supports this view, emphasizing that multipolarity in global affairs acknowledges one superpower (the US) in the global system, but other political and economic power centers act as independent actors. She further argues that a multipolar world is more inclusive and gives more importance to non-military solutions to international problems, keeping military blocs and alliances aside. Unnikrishnan believes that the desire for a multipolar world is a shared concern of India and Russia. Russia is an essential partner for India in Eurasia, and it would not be possible for India to prevent the rise of a hegemon in Eurasia without engaging Russia.²

It is important to note that although India and Russia share the desire for a multipolar world, their motivations for it differ based on their respective threat perceptions. India aims to prevent China from becoming the dominant power in the international system, while Russia aims to prevent the US from maintaining global hegemony. This has led to some differences between the two countries, as Russia has started to view South Asia through its strategic rivalry with the US. As a result, Russia has changed its policies towards the Taliban and Pakistan, which has put India at a disadvantage³.

In light of the recent Russia-Ukraine crisis, the relationship between Russia and the US has become openly hostile, leading to increased anti-West sentiment in Russia. On the other hand, Western countries like the US and France have become key strate-

¹ Jaishankar S. 2021. *India-Russia ties in a changing world*. Available at: <https://www.mea.gov.in/Speeches-Statements.htm?dtl/33991> (accessed 03.04.2023).

² Unnikrishnan N. 2021. Bridge the geopolitical distance with Russia. *Hindustan Times*. Available at: <https://www.hindustantimes.com/opinion/bridge-the-geopolitical-distance-with-russia-101613393990382.html> (accessed 03.04.2023).

³ Unnikrishnan N. 2017. The Enduring Relevance of India-Russia Relations. ORF Issue Brief. Available at: https://www.orfonline.org/wp-content/uploads/2017/05/ORF_IssueBrief_179_India-Russia_Nandan_FinalForUpload.pdf (accessed 03.04.2023).

gic partners for India, particularly in the Indo-Pacific region. As a result, India is cautious about being perceived as an anti-Western nation and aims to maintain a balance between its non-Western and anti-Western posture.

While India's beliefs and practices on issues like democracy, human rights, global governance, and sovereignty differ from those of the West due to its postcolonial history, India is not aggressively challenging these ideas with an anti-Western stance. Instead, India emphasizes a country's territorial integrity and sovereignty in the classical Westphalian sense. Furthermore, India's reluctance to support regime change from the outside also reflects its commitment to these principles.⁴

India and Russia's engagement in RIC, SCO, and BRICS reflect their shared concern over China's rising power and its potential challenges to their respective primacy in their neighborhoods. India and Russia support the idea of multipolarity at the global level, which also allows for regional areas of primacy. Moscow is wary of a bipolar world, as it believes that being a relevant actor in the international system requires it to be a power necessary for solving critical global issues such as terrorism, Afghanistan, and Syria.

India and Russia believe in democratizing international relations, with the United Nations playing a central role in global governance. This approach helps prevent the UN from becoming irrelevant due to great power rivalry. Russia typically prefers international organizations that do not impinge on the sovereignty of member states and where decisions are made through consensus.⁵ In his speech at the Valdai Discussion Club in October 2022, Russian President Vladimir Putin rejected Western hegemony and called for a dialogue with the West based on equal terms. He emphasized that in a multipolar world, all countries have the right to choose their path of socio-political development. This suggests that Russia remains committed to its stance on multipolarity and non-interference in the internal affairs of other countries. Putin's call for dialogue with the West on equal terms may indicate a willingness to engage with Western countries more cooperatively rather than in open hostility. It remains to be seen how this will play out in the context of the ongoing tensions between Russia and the West.⁶ It is important to note that the idea of multipolarity allows Russia to reject the universality of human rights and liberal democratic principles. The West has continuously criticized Russia's human rights record and the status of its democracy. As a postcolonial state, India can relate to Russia's perspective, as it has been sensitive to the issue of the sovereign equality of all states in the international system while being cautious on issues related to democracy and human rights promotion.

⁴ Raghavan P.S. 2020. RIC, a triangle that is still important. *The Hindu*. 28 Jul. Available at: <https://www.thehindu.com/opinion/lead/ric-a-triangle-that-is-still-important/article32215791.ece?homepage=true> (accessed 03.04.2023).

⁵ Stronski P, Sokolsky R. 2020. Multipolarity in Practice: Understanding Russia's Engagement with Regional Institutions. *Carnegie Endowment for International Peace*. Available at: <https://carnegieendowment.org/2020/01/08/multipolarity-in-practice-understanding-russia-s-engagement-with-regional-institutions-pub-80717> (accessed 03.04.2023).

⁶ Putin's Valdai Discussion Club Speech. 2022. *Russia Briefing News*. Available at: <https://www.russia-briefing.com/news/putin-s-valdai-discussion-club-speech.html/> (accessed 03.04.2023).

Both India and Russia are unlikely to support concepts such as the Responsibility to Protect (R2P) and humanitarian intervention, as such ideas could be seen as interfering in the internal affairs of a country and violating its sovereignty. While the BRICS nations support R2P, they are against military action to protect human rights, as it could give agency to the West in such matters (Nuruzzaman 2022). An analysis of India's voting behavior in the UN General Assembly reveals that India's stance on various issues has been closer to the Russian position than that of the West.⁷

The congruence of India's and Russia's worldviews has led to Russia's support for India's global aspirations, particularly in backing India's bid for permanent membership in the UN Security Council. During the Cold War, the Soviet Union exercised its veto power in the UNSC four times to protect India's territorial sovereignty. Additionally, the Soviet Union vetoed six UNSC resolutions on issues such as the liberation of Goa from Portugal, the Kashmir dispute, and the India-Pakistan war in 1971, which resulted in the creation of Bangladesh.⁸ The veto power exercised by the Soviet Union in support of India's territorial sovereignty and status quo in Kashmir prevented UN intervention and internationalization of the Kashmir issue. Russia was the first permanent member of the UN Security Council to back India when it revoked Article 370 in Jammu and Kashmir, describing it as an internal matter.⁹ This support was crucial as China brought up the issue at the UNSC, aiding Pakistan's efforts to internationalize it.

During his visit to Australia in October 2022, Indian foreign minister Jaishankar underlined these points, stating that the long-standing relationship with Russia had benefitted India. He further argued that the West favored Pakistan over India during the Cold War.¹⁰ India and the Soviet Union/Russia had developed an understanding over the years that they would not interfere with each other's core national interests at the UN platform. The West pressured India to condemn the Soviet Union's actions in Afghanistan, but India refrained from doing so due to the Soviet Union's veto power used in support of India during the India-Pakistan war in 1971. Soviet support came at a time when most nations opposed India's actions in East Pakistan.¹¹ India's "soft" stance on the Soviet Union's intervention in Afghanistan later invited criticism from

⁷ Das A. 2017. *A fine balance: India's voting record at the UNGA*. ORF. Available at: <https://www.orfonline.org/research/fine-balance-india-voting-record-unga/> (accessed 03.04.2023).

⁸ Nair S., Sharma R. 2022. Six times Soviet Union used the veto to rescue India at the UN. India. *Times of India*. Available at: <https://timesofindia.indiatimes.com/india/six-times-when-the-soviet-veto-came-to-indias-rescue/article-show/89941338.cms> (accessed 03.04.2023).

⁹ Chaudhury D.R. 2019. Russia 1st P-5 nation to formally state Article 370 India's internal matter. *The Economic Times*. Available at: <https://economictimes.indiatimes.com/news/politics-and-nation/russia-1st-p-5-nation-to-formally-state-article-370-indias-internal-matter/articleshow/70614723.cms> (accessed 03.04.2023).

¹⁰ In Australia, Jaishankar is asked about ties with Russia. His blunt response. 2022. *Hindustan Times*. Available at: <https://www.hindustantimes.com/india-news/in-australia-jaishankar-is-asked-about-ties-with-russia-his-blunt-response-101665390673201.html> (accessed 03.04.2023).

¹¹ India wooed by US and Russia for the support over Soviet intervention in Afghanistan. 1980. *India Today*. Available at: <https://www.indiatoday.in/magazine/cover-story/story/19800215-india-wooed-by-us-and-russia-for-support-over-soviet-intervention-in-afghanistan-806449-2014-02-10> (accessed 03.04.2023).

other NAM members and Muslim countries (Ghosh & Panda 1983). Currently, India has abstained from Western-sponsored resolutions against Russia in the UNSC despite being a non-permanent member and facing Western pressure. President Putin praised India's independent foreign policy in this regard in his speech at the Valdai Club in October 2022. As India assumes the presidency of G20 for 2023, it would continue to resist Western pressure to isolate Russia on global platforms and seek Russia's active participation in addressing global issues.

Cooperation between India and Russia on the issue of terrorism has become an important area of their partnership at the United Nations. This cooperation is evident in two ways. Firstly, Russia has supported India whenever the issue of terrorism has arisen as a bilateral problem between India and Pakistan at the UN. Specifically, Russia has backed India's efforts to designate Pakistan-based anti-India elements such as Hafiz Saeed and Masood Azhar as global terrorists in the UN Security Council (UNSC). In contrast, China has delayed India's efforts in this regard, and Russia has been unable to influence Beijing's decisions, given China's strong security links with Pakistan. After the Pulwama terror attack, Russia supported the UNSC statement that named the terrorist organization "Jaish-e-Mohammed" while China attempted to dilute the statement to make it less critical of Pakistan¹². Secondly, Russia has conveyed its differences to India whenever terrorism is not a direct bilateral issue between India and Pakistan, such as India's concerns over the Taliban. Russia, along with China, abstained from voting on the adoption of UNSC Resolution 2593 on Afghanistan in August 2021 when India was the UNSC president. This abstention results from Russia's tactical approach to some issues, where its rivalry with the US defines its actions.

Russian support for India is also evident in other global forums, such as multi-lateral export control regimes. Russia has been continuously supporting India's entry into the Nuclear Suppliers Group (NSG), where China has been a significant obstacle. Moscow also welcomed India's entry into the Missile Technology Control Regime (MTCR) and Wassenaar Arrangement (WA). India's membership in these export control regimes will enhance its military capabilities at a time when it faces the threat of a two-front war with Pakistan and China.

2. RIC, BRICS and SCO: Analyzing the RIC mechanism is crucial as it serves as the basis for other groupings involving India and Russia, such as BRICS and SCO. The trilateral relationship between India, Russia, and China has been shaped by their relations with the United States and their military and economic capabilities. During the Cold War, China emerged as an independent Communist country and formed a close alliance with the Soviet Union, both of which stood united in their fight against the

¹² Chaudhury D.R. 2019. Pulwama terror attack: China tried to water down UNSC's statement on Pulwama terror attack. *The Economic Times*. Available at: <https://economictimes.indiatimes.com/news/politics-and-nation/china-tried-to-water-down-unscs-statement-on-pulwama-terror-attack/articleshow/68121663.cms?from=mdr> (accessed 03.04.2023).

capitalist bloc led by the United States. However, ideological differences between Soviet Premier Nikita Khrushchev and Chairman Mao eventually led to the Sino-Soviet split, and China ultimately allied with the US against the Soviet Union in 1971. The Soviet Union was thus forced to fight two Cold Wars simultaneously - one with the US and the other with China¹³. India's relationship with both China and the US was not trustworthy, prompting Moscow and New Delhi to cultivate a close and strategic partnership during the Cold War. India and the Soviet Union both had border disputes with China, and their cooperation posed a two-front dilemma to China. The Soviet Union initiated détente with China by easing military tensions, which also influenced India to improve its relations with China. In 1988, then-Prime Minister Rajiv Gandhi visited Beijing, and it was during this time that the idea of a strategic triangle between India, Russia, and China began to gain popularity (Radchenko 2014). Although this concept is generally attributed to former Russian Prime Minister Yevgeny Primakov, Mikhail Gorbachev was attracted to the idea of a USSR-India-China triangle after he assumed office in 1985. Gorbachev discussed this idea with leaders of India and China, and even informed Rajiv Gandhi in November 1988 that Brazil was interested in joining this potential triangle, which can be seen as a precursor to the idea of BRICS. However, the border dispute with China dampened India's interest in this idea, and China did not show much interest either. After the dissolution of the Soviet Union, India, and Russia attempted to cultivate a closer relationship with the US for economic reasons. However, these efforts were stymied by America's strategic tensions with both India and Russia. India faced disapproval from the US regarding Kashmir and its nuclear program, while Russia was concerned about US efforts to expand the North Atlantic Treaty Organization (NATO) in the former Soviet Republics, culminating in NATO's bombing of Yugoslavia in 1999 without United Nations Security Council approval. Like Russia, India also experienced the extreme effects of a unipolar world order when the US imposed sanctions on it after New Delhi conducted nuclear tests in May 1998.

Under the circumstances described above, Primakov proposed the idea of a RIC strategic triangle during his visit to India in December 1998, in which India, Russia, and China could push back against American hegemony and strive for a multipolar world. In a joint statement, India and Russia agreed to work together to ensure a multipolar world based on the sovereign equality of states, justice, democratization of decision-making, and a strengthened role for the UN. Meanwhile, Russia was also engaged in border negotiations with China under the Shanghai Five arrangement, which began in 1996 and included Kazakhstan, Tajikistan, and Kyrgyzstan. Russia signed strategic partnerships with India in 2000 and with China in 2001, indicating its efforts to act as a link between the two countries. However, the idea of a strategic triangle did not receive an immediate enthusiastic response from India and China, as their mutual

¹³ Menon R., Rumer E. 2022. Russia and India: A New Chapter. *Carnegie Endowment for International Peace*. Available at: <https://carnegieendowment.org/2022/09/20/russia-and-india-new-chapter-pub-87958> (accessed 03.04.2023).

relations had already soured after India's nuclear tests in 1998. The presence of US-NATO troops in Afghanistan after the 11 Sept., 2001 terrorist attacks and the future of Afghanistan may have been one of the reasons why RIC foreign ministers informally came together for lunch at the UN General Assembly Session in New York in 2002. While India may have supported America's War on Terror, the unilateral thrust in its foreign policy under George Bush was evident when he stated, "in the fight against terrorism, you are either with us or against us" (Nadkarni 2020).

The year 2005 marked a crucial period for India's foreign policy, as its multi-alignment approach was in full display in its relations with the United States, China, and the RIC triangle. In April 2005, India and China established a "Strategic and Cooperative Partnership for Peace and Prosperity." The first RIC Foreign Minister's meeting was held in June 2005 in Vladivostok, Russia, just a month before India and the US announced their nuclear deal in July 2005. During the same month, India became an observer at the SCO at the Astana Summit. The first meeting of RIC leaders occurred in July 2006 on the sidelines of the G-8 summit in St. Petersburg. In September of the same year, the BRIC Foreign Ministers met on President Putin's proposal, launching a process that ultimately resulted in the formation of BRICS in 2010 when South Africa joined the group of emerging economies. It could be argued that India's rapprochement with the US was accompanied by its engagement with its Eurasian partnerships with Russia and China. The second RIC summit did not take place until 2018, although the Foreign Ministers continued to meet and discuss areas of mutual cooperation.

India has exercised caution in its engagement with the RIC mechanism over the past 12 years, given the inherent structural issues that exist within the framework. While India maintains strong ties with Russia, it does not have a robust bilateral relationship with China. Moscow, similarly, is wary of overdependence on Beijing, as it aims to retain its status as a great power within a multipolar world order. In December 2018, the RIC mechanism was revived on the proposal of President Putin, coinciding with a period of uncertainty in the global system due to Donald Trump's unilateral approach, which had undermined multilateralism. India has sought to hedge against uncertainties in its relations with the US through its engagement with RIC, particularly in light of Trump's prioritization of Pakistan and negotiations with the Taliban in Afghanistan, which undercut India's security concerns. With the US withdrawing from Afghanistan, Russia and China are likely to play a more prominent role in the region, and India cannot afford to ignore them on issues such as counterterrorism¹⁴. It seems that India's renewed interest in RIC was partly due to its border standoff with China at Doklam in 2017, which highlighted the need for India to hedge against uncertainties in its relations with China and the US. Prime Minister Narendra Modi also initiated informal summits with China and Russia in 2018, and at the Sochi informal summit,

¹⁴ Jaison C. 2020. The RIC Triangle and India's Multialignment Strategy. *South Asian Voices*. Available at: <https://southasian-voices.org/the-ric-triangle-and-indias-multialignment-strategy/> (accessed 03.04.2023).

both countries committed to cooperating to create a multipolar world order and intensify mutual consultations on various issues, including the Indo-Pacific region.¹⁵ In June 2020, Russia organized a virtual meeting of the Foreign Ministers of the RIC nations shortly after the violent clash between Indian and Chinese troops in the Galwan valley of Ladakh. In September of the same year, Russia again organized a meeting of RIC Foreign Ministers in Moscow, during which India's Foreign Minister S Jaishankar held a bilateral meeting with his Chinese counterpart Wang Yi, even as tensions between India and China persisted at their border. Russia had also proposed a RIC Defense Ministers meeting in 2020, but this idea may not have found support in New Delhi and Beijing. It is worth noting that a similar Russian proposal had been rejected by China in 2017, while India had been willing to participate in such a meeting at that time.¹⁶ It is worth noting that the meeting between India's Foreign Minister Jaishankar and his Chinese counterpart Wang Yi in September 2020 took place shortly after a meeting between the Indian and Chinese Defence Ministers in Moscow. Unnikrishnan and Purushothaman have previously pointed out the role of Russia in acting as a bridge between India and China within the RIC mechanism, given its strong relations with both countries.¹⁷ Raghavan has also argued that the RIC mechanism provides India with an opportunity to influence the Russia-China dynamic in Eurasia.¹⁸

It is noteworthy that Russia would be reluctant to see a military conflict break out between India and China. This is because both countries have maintained strong economic ties with Russia and have not supported the Western sanctions. A war between India and China would compel Russia to pick sides between its strategic partners, a situation that Moscow would prefer to avoid. Russia does not have any full-fledged allies and relies on support from its Asian partners, namely India and China, in its efforts to counter Western influences.¹⁹ The defence industry in Russia has been a strong proponent of the RIC mechanism. Since the turn of the millennium, India and China have been significant purchasers of Russian military equipment (Gvosdev & Marsh, 2014). Reports in Indian media have pointed out that Russia has ignored China's objections to arms sales to India. During his visit to Moscow in June 2020, India's Defence Min-

¹⁵ Mukerji A. 2020. New Directions for the India-Russia Strategic Partnership. *Indian Council of World Affairs*. Available at: https://www.icwa.in/show_content.php?lang=1&level=3&ls_id=5300&lid=3737 (accessed 03.04.2023).

¹⁶ Korablinov A. 2017. China snubs Russian request for RIC Defence Ministers meeting. *Russia Beyond*. Available at: https://www.rbth.com/politics/2017/04/12/china-snubs-russian-request-for-ric-defence-ministers-meeting_740562 (accessed 03.04.2023).

¹⁷ Unnikrishnan N., Purushothaman U. 2019. Indian Approaches to Multilateral Cooperation and Institutions in Eurasia. *Russia in Global Affairs*. Available at: <https://eng.globalaffairs.ru/articles/indian-approaches-to-multilateral-cooperation-and-institutions-in-eurasia/#:~:text=India> (accessed 03.04.2023).

¹⁸ Raghavan P. S. 2020. RIC, a triangle that is still important. *The Hindu*. 28 Jul. Available at: <https://www.thehindu.com/opinion/lead/ric-a-triangle-that-is-still-important/article32215791.ece?homepage=true> (accessed 03.04.2023).

¹⁹ Zakharov A. 2019. Friends in Need: Whither the Russia-India Strategic Partnership? *Notes de l'Ifri. Russie.Nei.Visions* 116. Available at: https://www.ifri.org/sites/default/files/atoms/files/rnv_116_zakharov_russia_india_2019.pdf (accessed 03.04.2023).

ister Rajnath Singh urged Russia to accelerate the delivery of critical defence platforms to India²⁰. Russia's efforts to foster communication and understanding between India and China within the RIC mechanism demonstrate its commitment to promoting regional security in Eurasia and cooperation in international forums such as the UN, BRICS, and SCO. India, too, has sought support through the RIC platform to address issues such as cross-border terrorism and has tried to evolve a regional strategy against it with the cooperation of Russia and China. However, China's close relationship with Pakistan has hindered its cooperation on this issue, with Beijing taking a tactical approach and shielding Pakistan on cross-border terrorism against India, regardless of the platform.

There have been two areas of concern between India and Russia within the RIC framework. First, Russia had expressed in 2017 that India could benefit from China's Belt and Road Initiative (BRI), while Russia and China had announced in 2015 that they would align activities of their respective initiatives, the Eurasian Economic Union and BRI. Second, Russia has been speaking out against the Indo-Pacific construct, an area where India has developed a close strategic partnership with the US, Japan, and Australia. Russia has failed to understand that India's concept of the Indo-Pacific is different from that of the US, while India has invited Moscow to be part of its version as India seeks a multipolar Indo-Pacific. India treats Russia as an Indo-Pacific power, which is also evident from the Act Far East policy launched by India in 2019.

India has been raising these concerns with Russia at the bilateral level. As a continental power, India can serve as a bridge between emerging alignments in the Indo-Pacific and Eurasia, in line with its policy of multi-alignment, where New Delhi cooperates with relevant countries on issues of mutual concern to maximize its foreign and security policy outcomes.²¹

The SCO has been perceived as a China-centric organization due to its name, which could explain India's lack of enthusiasm for it. India became an observer in 2005 and a member in 2017.²² The SCO has also been viewed as a way for China always to connect India with Pakistan, as India was only allowed to join when Pakistan became a member simultaneously. In contrast, the BRICS offers India opportunities to contribute to global governance and separate itself from Pakistan. While theoretically, the SCO has the potential to address regional issues like terrorism and the situation in Afghanistan, it has not achieved anything substantial due to the divergent bilateral approaches of member states on these issues. India has concerns about sharing infor-

²⁰ Chaudhury D.R. 2020. Russia offers to organise RIC defence ministers' meet. *The Economic Times*. Available at: <https://economictimes.indiatimes.com/news/defence/russia-offers-to-organise-ric-def-ministers-meet/articleshow/76900346.cms> (accessed 03.04.2023).

²¹ Jaison C. 2020. The RIC Triangle and India's Multialignment Strategy. *South Asian Voices*. Available at: <https://southasian-voices.org/the-ric-triangle-and-indias-multialignment-strategy/> (accessed 03.04.2023).

²² Sharma B., Sharma R. 2016. India's SCO Membership -Challenges and Opportunities. *USI Occasional Paper*. №5. Available at: <https://usiofindia.org/wp-content/uploads/2019/04/India%E2%80%99s-SCO-Membership-%E2%80%93-Challenges-and-Opportunities.pdf> (accessed 03.04.2023).

mation under the SCO's Regional Anti-Terrorist Structure (RATS) mechanism due to the presence of Pakistan and China in the group. Instead, India is more involved with the Financial Action Task Force (FATF) to deal with cross-border terrorism emanating from Pakistan. Nonetheless, the SCO serves as a dialogue platform through which these differences could be minimized. It has become a medium through which Beijing seeks regional support for its initiatives like the BRI, which India has not endorsed. However, other members, including Russia, have done so through the SCO platform. As the SCO President for 2023, India is expected to shape the SCO's agenda on terrorism and seek support for its counter-terrorism initiatives. As the SCO plans to prepare a common list of terrorist, separatist, and extremist organizations, India would need support from Russia and the Central Asian Republics to pressure Pakistan to list anti-India terrorist outfits that operate from its territory. For Russia, the SCO is an institution to manage China's presence in its neighborhood. Russia has agreed to coordinate its own initiative, Eurasian Economic Union, with China's BRI through the SCO mechanism. Russia has demonstrated its commitment to the SCO by organizing joint BRICS-SCO summits in 2009 and 2015, aimed at conveying to the West that their efforts to isolate Russia would not succeed.²³ With respect to India-Russia collaboration within the SCO, Moscow had initially proposed and supported India's membership to limit China's growing influence in the organization, as it was apprehensive of China's plans for the SCO bank and free trade agreement.²⁴ According to some Russian experts, Moscow is content with the expansion of the SCO, and it has made the organization irrelevant by continuously striving to enlarge it since 2011. Merely having more members does not guarantee greater influence for an organization.²⁵ Given that the SCO is China's initiative, Beijing places significant importance on it. Amidst the ongoing border conflict with India, there was some concern that Prime Minister Modi might not attend the Samarkand SCO summit in September 2022. However, just days before the summit, China and India reached an agreement to disengage their border troops from one of the friction points in Ladakh.²⁶

Finally, it should be noted that India and Russia share many commonalities within BRICS. The RIC and BRICS are not perceived as being Chinese Trojan Horses, as suggested by Chaulia (2021). India has been working to establish a more democratic world based on equality through its participation in BRICS. For example, India proposed the

²³ Stronski P., Sokolsky R. 2020. Multipolarity in Practice: Understanding Russia's Engagement with Regional Institutions. *Carnegie Endowment for International Peace*. Available at: <https://carnegieendowment.org/2020/01/08/multipolarity-in-practice-understanding-russia-s-engagement-with-regional-institutions-pub-80717> (accessed 03.04.2023).

²⁴ Grossman D. 2017. China Will Regret India's Entry into the SCO. *The RAND Blog*. Available at: <https://www.rand.org/blog/2017/07/china-will-regret-indias-entry-into-the-shanghai-cooperation.html> (accessed 03.04.2023).

²⁵ Gabuev A. 2017. Bigger, Not Better: Russia Makes the SCO a Useless Club. *Carnegie Endowment for International Peace*. Available at: <https://carnegiemoscow.org/commentary/71350> (accessed 03.04.2023).

²⁶ Snehes A. Ph. 2022. Ahead of SCO meet, Indian & Chinese troops begin disengagement in Ladakh's Hot Springs. *The Print*. Available at: <https://theprint.in/defence/ahead-of-sco-meet-indian-chinese-troops-begin-disengagement-in-ladakhs-hot-springs/1121041/> (accessed 03.04.2023).

establishment of the New Development Bank, which offers economic alternatives to countries in the Global South, without any conditions attached, unlike the World Bank and International Monetary Fund. India's involvement in BRICS also strengthens its strategic autonomy.²⁷

Western sanctions on Russia may lead to its isolation from the West in the future, and Russia may have to rely on countries in the Global South, many of which have not supported these sanctions.²⁸ India's role in this regard is expected to be crucial for Russia. Furthermore, with the US-China relations deteriorating in recent years, it may be beneficial for Russia and China to expand the BRICS grouping to counter Western pressure. This may result in BRICS becoming more China-centric, with Pakistan also seeking to join the group under China's influence.²⁹ An Indian expert has argued that Russia and China's desire to expand BRICS to challenge the G-7 nations by including members from the G-20 could dilute the grouping's democratic principles. The IBSA trilateral (India, Brazil, and South Africa) of democracies within BRICS will need to be more assertive to prevent this from happening and ensure that the expansion of BRICS is not solely on China's terms.³⁰

India's cooperation with Russia in the BRICS grouping faces challenges, as China's growing power and dominance within the group have disturbed the equilibrium of India-Russia relations. India's participation in BRICS is driven by its desire to create a more democratic world based on equality and to enhance its strategic autonomy³¹. The rise of China and its greater power compared to India has upset the balance in their relationship. The current Chinese government aims to shape the global economic and political order to serve its own interests and does not view India as a supportive partner in this endeavor (Saran 2017). As a result, there is concern that China may use institutions such as BRICS to advance its anti-Western agenda, causing discomfort for India. While India does not oppose the expansion of BRICS, as it could provide relief to Global South economies affected by Western sanctions on Russia, such expansion must occur through proper consultations and consensus rather than being driven by the geopolitical interests of individual states.³² China has proposed a free trade agreement between the BRICS countries, but India and Russia are cau-

²⁷ Kugelman M. 2022. India Plays BRICS to Its Interests. *Foreign Policy*. Available at: <https://foreignpolicy.com/2022/06/23/brics-summit-india-russia-china-quad/> (accessed 03.04.2023).

²⁸ Chenoy A. 2022. Russia-India Relations in a Transformative World Order. *Valdai Club*. Available at: <https://valdaiclub.com/a/highlights/russia-india-relations-in-a-transformative-world/> (accessed 03.04.2023).

²⁹ Tharoor S. 2022. Are the BRICS Breaking Up? *Project Syndicate*. Available at: <https://www.project-syndicate.org/commentary/brics-strategic-direction-enlargement-indian-unease-by-shashi-tharoor-2022-07> (accessed 03.04.2023).

³⁰ Singh G. 2022. China wants a larger BRICS to challenge the existing international order. *The Indian Express*. Available at: <https://indianexpress.com/article/opinion/columns/brics-summit-expansion-china-russia-g20-international-order-7969914/> (accessed 03.04.2023).

³¹ India, Russia share a vision of how the world should develop: Ambassador Alipov. 2022. *The Hindu*. Available at: <https://www.thehindu.com/news/national/india-russia-share-a-vision-of-how-the-world-should-develop-ambassador-alipov/article65602404.ece> (accessed 03.04.2023).

³² Bhaumik A. 2022. India to tread cautiously on BRICS expansion. *Deccan Herald*. Available at: <https://www.deccanherald.com/national/india-to-tread-cautiously-on-brics-expansion-1122884.html> (accessed 03.04.2023).

tious about the proposal. India withdrew from the Regional Comprehensive Economic Partnership (RCEP) due to concerns over its trade deficit with China, while Moscow did not support Beijing's proposal for a free trade agreement within the SCO. India sees BRICS as a mechanism to balance China's aggressive behavior and bring it into compliance with rules. Russia plays an important role in India's approach to balancing China through the BRICS mechanism by acting as a behind-the-scenes intermediary to manage India-China tensions during border disputes (Chaulia 2021). According to a Western perspective, Russia's increasing closeness to China may cause India to worry that Moscow no longer supports India's interests. Without Russia's assistance, India may be unable to effectively moderate China's conduct through multilateral channels such as BRICS. The expert further contends that Russia and India would benefit more from cooperating with their respective adversaries (the US and China), which presents a fundamental paradox in their relationship.³³ Regarding the border issue, it is notable that China had reached an agreement to resolve the Doklam standoff with India before the 2017 BRICS summit in China, and similarly, Beijing agreed to disengage from one of the friction points in Ladakh before the 2022 SCO annual summit.

Conclusion

India and Russia share a similar worldview that supports a multipolar or polycentric world order, which forms the basis of their cooperation in various international organizations. Compared to the Shanghai Cooperation Organization, India has been more enthusiastic about the idea of the RIC trilateral grouping and BRICS, both of which originated in Russia. India was not a founding member of the SCO and viewed the organization as a creation of China to advance its interests in the region. While it may not be a general pattern, there are two instances where India has benefited from its engagement with China in these groupings. In 2017, China agreed to end the Doklam standoff with India before the BRICS summit, and in 2022, China agreed to disengage from one of the friction points in Ladakh before the SCO annual summit.

The RIC platform serves as a means for Russia to maintain a balance of power in Eurasia by reducing tensions between India and China. Revived in December 2018 at the behest of President Putin, the platform is a response to the India-China tensions over Doklam. India has supported Russia's efforts and has engaged in dialogue with China, even during border standoffs. India also supports Russia's Greater Eurasian Partnership initiative, which aims to prevent the emergence of a hegemon in Eurasia.

³³ Salzman R.S. 2017. Russian and Indian Approaches to BRICS and Global Governance. *Wilson Center*. Available at: <https://www.wilsoncenter.org/blog-post/russian-and-indian-approaches-to-brics-and-global-governance> (accessed 03.04.2023).

Although the alignment of projects under the Eurasian Economic Union and the Belt and Road Initiative does not have a direct impact on India, it could be seen as Russia's support for the China-Pakistan Economic Corridor (CPEC), which passes through the so-called "Pakistan Occupied Kashmir", an area that India considers to be under illegal occupation by Pakistan. In order to maintain a favorable balance of power in Eurasia, India, and Russia must work together, as neither can do so alone. Despite the common perception that Russia's close ties with China would have a negative impact on India, Moscow has continued to support India on issues such as its membership in the Nuclear Suppliers Group, the designation of Pakistan-based individuals as UN-designated terrorists, the abrogation of Article 370, and India's candidature for a permanent seat on the United Nations Security Council. China, on the other hand, has opposed India on these issues.

The potential expansion of BRICS and the prospect of a free trade agreement within this grouping present challenging issues for India-Russia relations, which require increased bilateral engagement. While Russia has endorsed the BRI, it needs to assess the benefits of such an endorsement realistically. In contrast, the International North-South Transport Corridor (INSTC) has the potential to provide Russia with access to West Asian and South Asian markets. Therefore, India and Russia should aim to build regional consensus on the INSTC through platforms such as RIC, BRICS, and SCO.

Moreover, the G20 is expected to become another area of significance for India-Russia cooperation, as New Delhi has assumed the presidency of this grouping for 2023. The cooperation between India and Russia in international organizations has further strengthened bilateral ties. However, emerging areas of concern need to be discussed at the bilateral level to maintain regional convergence.

These outcomes hold significance in the current global order, especially in light of the relationship between India and China. Despite tensions between the West and Russia, China, India, and Russia continue supporting each other. However, it is important to note that Russia's response to China's rise will differ from that of the Soviet Union. As two great powers, India and Russia aim to integrate China into multilateral forums to encourage moderation in its behavior, thereby maintaining a multipolar Eurasia. India has invited Russia to join its Indo-Pacific vision, mainly for this reason. It is important to emphasize that Quad is not a military alliance and should not be compared to an Asian NATO. India's reluctance to turn Quad into a military alliance may have prompted the US to create a parallel structure such as AUKUS to balance China militarily.

India's approach to the RIC grouping is primarily driven by its geographical location and history of friendly relations with Russia. As China's influence grows and the balance of power shifts in its favor in Eurasia, India may seek to develop closer ties with the United States in the maritime domain. However, this does not imply that India will abandon its relationship with Russia in favor of the West. This is evident from India's stance on the ongoing Russia-Ukraine crisis, which demonstrates that New Delhi is unwilling to sacrifice its relationship with Russia for the sake of the West.

Unlike the Western perspective, India hopes that Russia will remain neutral in the event of an India-China conflict, just as India has remained neutral in the Ukraine crisis between the West and Russia. India aims to maintain its friendly ties with Russia while also attempting to balance China in forums such as BRICS and SCO, without raising concerns in the West.

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Индия и Россия в международных организациях

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Индия и Россия разделяют концепцию многополярного мира, что находит отражение в их сотрудничестве в рамках международных организаций, таких как Организация Объединённых Наций (ООН), формат Россия – Индия – Китай (РИК), БРИКС, Шанхайская организация сотрудничества (ШОС). Индия проявила большую заинтересованность в форматах РИК и БРИКС, чем в ШОС, не будучи государством-учредителем последней организации и в связи с опасениями относительно возможного использования данной группы для продвижения региональной повестки Китая. Расширение БРИКС и потенциальное создание зоны свободной торговли в соответствующих рамках являются вызовами для отношений Индии и России и требуют более активного двустороннего взаимодействия. России следует реалистично оценить выгоды поддержки китайской инициативы «Один пояс, один путь», а также рассмотреть потенциал Международного транспортного коридора «Север-Юг» для доступа к рынкам Западной и Южной Азии и смягчения воздействия западных санкций на российскую экономику. Индия и Россия должны сотрудничать для достижения регионального консенсуса по МТК «Север-Юг» через форматы РИК, БРИКС и ШОС. Несмотря на продолжающееся сближение России и Китая,

Москва не отказывается от своей поддержки Нью-Дели по таким вопросам, как Кашмир, терроризм, членство в Группе ядерных поставщиков (ГЯП) и Совете Безопасности ООН. Напротив, Китай продолжает ставить под сомнение позицию Индии по этим вопросам и выступает против неё. Аналогичным образом Индия поддерживает дружественные отношения с Россией, несмотря на давление Запада. Сотрудничество Индии и России в международных организациях дополнительно укрепило их двусторонние связи, и обе страны должны продолжать совместную работу для сохранения многополярности в Евразии, поскольку ни одна из них не может достичь этой цели в одиночку.

Ключевые слова: Россия, Индия, БРИКС, РИК, ШОС, МТК «Север-Юг», многополярность, международные организации, российско-индийские отношения

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Russia-China Relations: An Asymmetrical Partnership?

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Abstract: Due to the breakdown in relations between Russia and major Western countries, Moscow is compelled to take extraordinary measures to reorient its political, trade, and economic ties. Due to its large and diversified economy and geographical proximity, China is increasingly becoming Russia's primary partner. Therefore, assessing the main outcomes of Russian-Chinese cooperation in trade, finance, economics, and science is crucial while identifying their achievements and probable limitations for further development. China has been Russia's largest trading partner for over a decade, importing mainly mineral products while exporting advanced technical products. In 2022, statistics indicate that the roles of Russia and China in bilateral trade have remained unchanged. China has further solidified its position as Russia's primary supplier of high-tech equipment, while Russia continues to be one of China's primary sources of gas and oil. China accounts for around 20% of the total foreign trade volume of the Russian Federation, while Russia's share in Chinese foreign trade turnover is about 3%. Although evaluating mutual direct and accumulated investments is challenging, it can be argued that China is among Russia's largest investors, whereas Russia's direct and accumulated investments in China, while likely higher than official estimates, are still relatively insignificant. The scope of cooperation between the Russian Federation and the People's Republic of China in the scientific and technological sectors is narrowing, although additional incentives for expansion have emerged amid the heightened US-Chinese strategic rivalry and the crisis between Russia and the West. Russian-Chinese cooperation in the financial sector has had some successes, primarily the expansion of the use of national currencies in bilateral trade. However, this expansion is significantly limited by anti-Russian sanctions. In the current international climate, Russian-Chinese relations have the potential to deepen, but doing so will necessitate the creation of various mechanisms that enable large Chinese companies to avoid secondary sanctions.

Keywords: world economy, Russia, China, trade and economic cooperation, sanctions

In 2022, the international landscape was characterized by an escalating rivalry between China and the United States and Russia's conflict with Western countries. These circumstances contribute to a further convergence and deepening of the partnership between Russia and China, officially referred to as a comprehensive partnership and strategic interaction entering a new era (Lomanov 2022: 14-16). Chinese officials have also emphasized that there are no limits or forbidden zones in the trust and strategic cooperation between China and Russia (Morozov, Batyuk 2022: 439). Both the Russian and Chinese sides demonstrate their determination to expand bilateral cooperation through such statements. In order to fully realize the potential of this expansion, it is necessary to determine the roles of Russia and China based on available data as of the end of 2022.

The main objective of this article is to determine the roles of Russia and China in their bilateral relationship, with a particular focus on assessing the relative significance of each country. Additionally, this article examines how the partnership between Russia and China will develop in the short and medium term, considering the opportunities, limitations, and achievements in this relationship. The analysis in this article is based on statistical methods and data research on various aspects of Russian-Chinese cooperation, including trade, investment, finance, and science. This study primarily focuses on the most recent economic statistics available, particularly in light of the current crisis in global politics.

Russian-Chinese trade

For over a decade, China has held the position of Russia's largest trading partner. From 2010 to 2022, the overall volume of Russian-Chinese trade nearly tripled, reaching \$180.1 billion according to Russian data (see Figure 1)¹. Concurrently, the People's Republic of China's share in the foreign trade of the Russian Federation more than doubled, from 9.47% to 21.18%².

In 2022, according to the latest available Chinese statistics, the Chinese-Russian trade turnover set a record for both countries at \$190.27 billion, a 29.3% increase compared to the same period in 2021³. Chinese exports to Russia increased by 12.8%,

¹ Russian trade with China in 2021. *Russian Foreign Trade*. February 16, 2022. URL: <https://russian-trade.com/reports-and-reviews/2022-02/torgovlya-mezhdu-rossii-i-kitaem-v-2021-g/?ysclid=l4tp06teoy27939397> (accessed 20.04.2023); Romanova L. 2023. V FTS nazvali osnovnykh torgovykh partnerov Rossii po itogam 2022 goda [The Federal Customs Service names Russia's main trading partners in 2022]. *Vedomosti*. January 18. URL: <https://www.vedomosti.ru/economics/articles/2023/01/18/959445-v-fts-nazvali-osnovnih-torgovih-partnerov?from=newsline> (accessed 20.01.2023).

² Reviews on Russian trade with China. *Russian Foreign Trade*. URL: <https://en.russian-trade.com/countries/china/> (accessed: 10.12.2022); Larina A. 2023. Oborot vneshnei torgovli Rossii vyros za 2022 god na 8,1% [Russia's foreign trade turnover increased by 8.1% in 2022]. *Kommersant*. March 13. URL: <https://www.kommersant.ru/doc/5873810> (accessed 20.04.2023).

³ 中国海关数据:2022年中俄贸易额增长近30%超1900亿美元 [Data from the General Customs Administration of the PRC: the volume of Sino-Russian trade grows by about 30% in 2022 and exceeds \$ 190 billion (In Chinese)]. 2023. *ChinaRu.info*. January 13. URL: <http://www.chinaru.info/zhongejmyw/zhongemaoyi/68186.shtml> (accessed 20.04.2023).

reaching \$76.12 billion, while Russian exports to China rose by 43.4%, reaching \$114.5 billion⁴. Discrepancies exist between the General Administration of Customs of the People's Republic of China (GAC of China) and the Federal Customs Service of the Russian Federation (FCS of Russia) regarding data calculation. As a rule, the total volume of Russian-Chinese trade, according to Chinese data, is higher than according to Russian data due to calculation peculiarities.

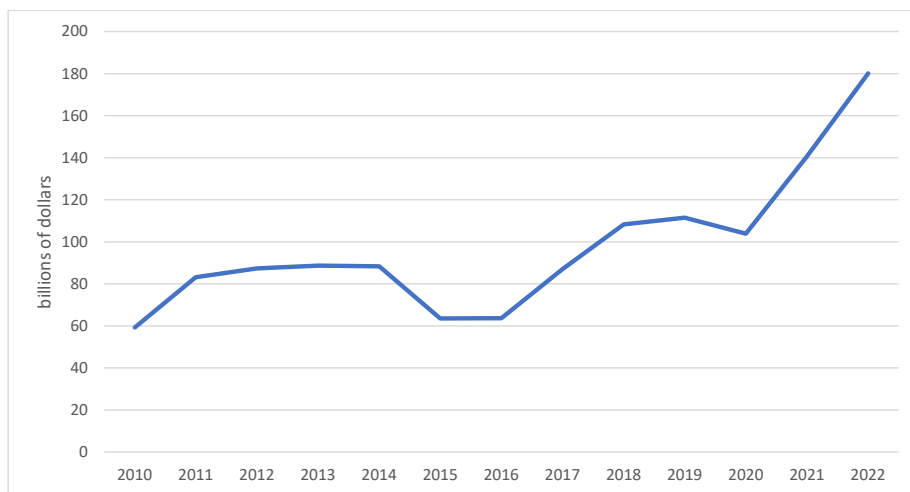


Figure 1. The volume of trade between Russia and China in 2010-2022.

Data Source: compiled by the author based on the sources given in the footnote⁵.

Although there has been a quantitative increase in the overall volume of Russian-Chinese trade, its qualitative composition has remained essentially unchanged. Based on the latest available Russian data for 2021, the primary groups of exported goods from Russia to China include mineral products accounting for 74.37% of total exports, followed by wood, pulp, and paper products – 7.62%; food products and agricultural raw materials – 4.98%; metals and metal products – 5.74%; machinery, equipment, and vehicles – 3.44%; as well as chemical industry products – 3.69%⁶ (see Figure 2).

⁴ Han S. 2022. 中俄经贸合作量质齐升 [Sino-Russian economic and trade cooperation is improving in volume and quality (In Chinese)]. 2022. *People.cn*. December 25. URL: <http://finance.people.com.cn/n1/2022/1225/c1004-32593167.html> (accessed 20.04.2023).

⁵ Russian trade with China in 2021. 2022. *Russian Foreign Trade*. February 16. URL: <https://russian-trade.com/reports-and-reviews/2022-02/torgovlya-mezhdu-rossiy-i-kitaem-v-2021-g/?ysclid=l4tp06teoy27939397> (accessed 20.04.2023); Dynamics of Russian trade with China from 2010 to 2017. 2018. *Russian Foreign Trade*. July 16. URL: <https://en.russian-trade.com/reports-and-reviews/2018-07/dynamics-of-russian-trade-with-china-from-2010-to-2017/> (accessed: 15.12.2022); Romanova L. 2023. V FTS nazvali osnovnykh torgovykh partnerov Rossii po itogam 2022 goda [The Federal Customs Service names Russia's main trading partners in 2022 (In Russian)]. 2023. *Vedomosti*. January 18. URL: <https://www.vedomosti.ru/economics/articles/2023/01/18/959445-v-fts-nazvali-osnovnih-torgovih-partnerov?from=newsline> (accessed 20.04.2023).

⁶ Russian trade with China in 2021. 2022. *Russian Foreign Trade*. February 16. URL: <https://russian-trade.com/reports-and-reviews/2022-02/torgovlya-mezhdu-rossiy-i-kitaem-v-2021-g/?ysclid=l4tp06teoy27939397> (accessed 20.04.2023).

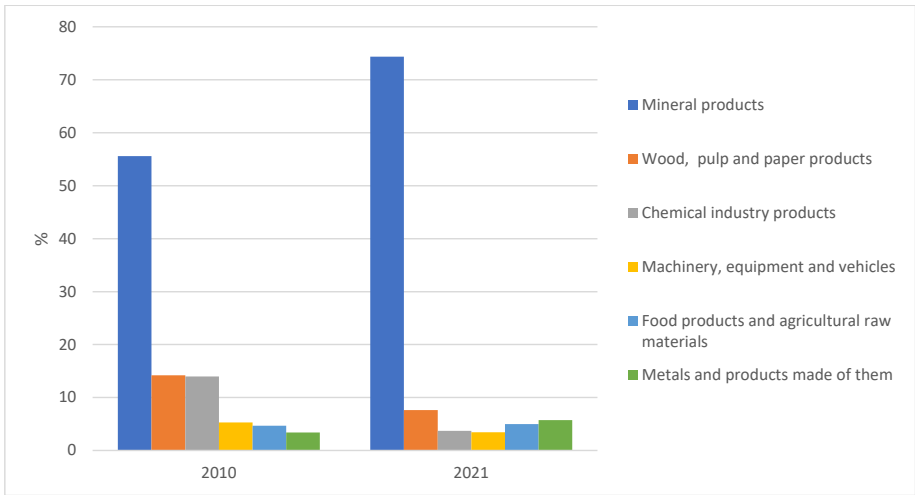


Figure 2. Structure of Russian exports to China in 2010 and 2021.

Data Source: compiled by the author based on the sources given in the footnote⁷.

In 2021, the primary items imported from China to Russia were machinery, equipment, and vehicles, accounting for 60.77% of the total volume of Russian imports. This was followed by textiles and footwear – 9.19%; chemical industry products – 11.03%; metals and metal products – 7.44%; as well as food products and agricultural raw materials – 1.99% (see Figure 3)⁸.

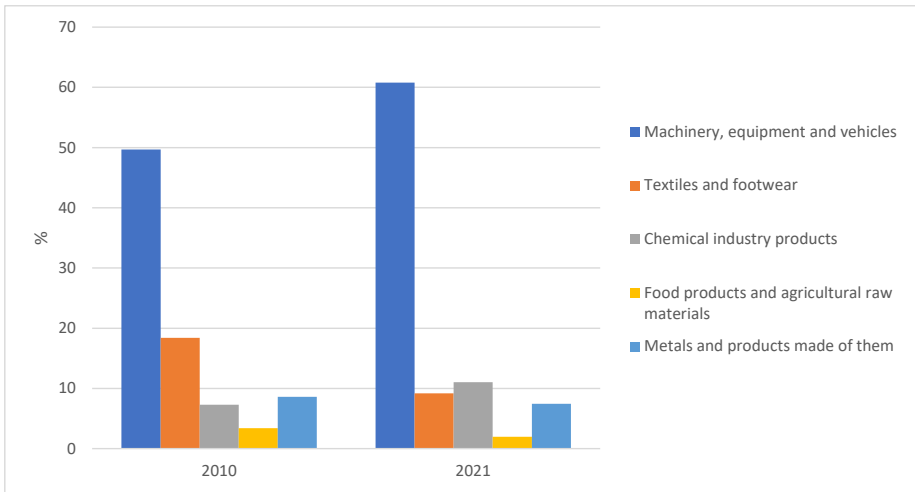


Figure 3. Structure of Russian imports from China in 2010 and 2021.

Data Source: compiled by the author based on the sources given in the footnote⁹.

⁷ Russian trade with China in 2021. 2022. *Russian Foreign Trade*. February 16. URL: <https://russian-trade.com/reports-and-reviews/2022-02/torgovlya-mezhdu-rossiy-i-kitaem-v-2021-g/?ysclid=l4tp06teoy27939397> (accessed 20.04.2023); Dynamics of Russian trade with China from 2010 to 2017. 2018. *Russian Foreign Trade*. July 16. URL: <https://en.russian-trade.com/reports-and-reviews/2018-07/dynamics-of-russian-trade-with-china-from-2010-to-2017/> (accessed 20.04.2023).

⁸ Ibid.

Considering the preliminary Chinese data for 2022, it is unlikely that this pattern will change, with China remaining the primary supplier of mainly complex technical products to Russia, while Russia will continue to be one of the main exporters of natural resources to China, particularly energy carriers such as gas, oil, and coal. The highest bilateral trade volume growth rates were primarily due to an increase in Russian oil and gas supplies. As mentioned earlier, by the end of 2022, the total volume of Russian-Chinese trade increased by almost 30%, according to Chinese data, while China's trade with its three largest trading partners, namely ASEAN, the EU, and the USA, grew by 15%, 5.6%, and 3.7%, respectively¹⁰.

The primary factor contributing to the 30% increase in Russian-Chinese trade turnover was the rise in Russian oil and gas exports to China. By the end of 2022, Russia had boosted its LNG exports to China by 43.9%, to 6.5 million tons, and its oil exports by 8.3%, to 86.25 million tons. Regarding value, LNG exports surged 2.4 times, to \$6.7 billion, and oil by 44%, to \$58.4 billion compared to 2021. Consequently, in 2022, Russia ranked second in oil supplies to China after Saudi Arabia, and fourth in LNG supplies after Australia, Qatar, and Malaysia¹¹.

As a result of the high growth rates of Russian-Chinese trade in 2022 – an increase in total volume by around 30%, Russia will hold a higher position among China's largest trading partners, at over 3%. Historically, Russia usually occupied the 9th-13th places in terms of trade ranking, falling behind countries such as Vietnam, Malaysia, and Brazil, while China remained Russia's largest trading partner for more than a decade (see Table 1).

In the short and medium term, the pattern of bilateral trade between Russia and China appears to remain unchanged. This is due to the structural features and trends in the development of their respective economies, which were established in the late 20th century. The additional anti-Russian sanctions in 2022 will increase Beijing's significance for Moscow. Russia is now cut off from high-tech goods and equipment from European, American, Japanese, and other sources. Chinese suppliers are poised to occupy market niches vacated by Western and some Asian companies, taking advantage of their near-monopoly position. However, this process will occur with certain exceptions, primarily due to concerns about large Chinese corporations falling under secondary sanctions.

⁹ Russian trade with China in 2021. 2022. *Russian Foreign Trade*. February 16. URL: <https://russian-trade.com/reports-and-reviews/2022-02/torgovlya-mezhdu-rossiei-i-kitaem-v-2021-g/?ysclid=l4tp06teoy27939397> (accessed 20.04.2023); Dynamics of Russian trade with China from 2010 to 2017. 2018. *Russian Foreign Trade*. July 16. URL: <https://en.russian-trade.com/reports-and-reviews/2018-07/dynamics-of-russian-trade-with-china-from-2010-to-2017/> (accessed 20.04.2023).

¹⁰ Liu Z. 2023. China's imports and exports of 2022 hit a new record. *China Daily*. January 13. URL: <https://www.chinadaily.com.cn/a/202301/13/WS563c0bd6fa31057c47eba962e.html> (accessed 20.04.2023).

¹¹ Mil'kin V., Savenkova D. 2023. Rossiia v 2022 godu rezko narastila postavki energoresursov v Kitai [Russia has sharply increased energy supplies to China in 2022 (In Russian)]. *Vedomosti*. January 20. URL: <https://www.vedomosti.ru/business/articles/2023/01/20/959881-rossiya-narastila-kitai> (accessed 20.04.2023).

Table 1. China's main trading partners in 2021.

	Country	Exports (100 million yuan)	% of the total volume	Imports (100 million yuan)	% of the total volume
1.	Association of South East Asian Nations (ASEAN)	31 255	14,4	25 489	14,7
2.	European Union (EU)	33 483	15,4	20 028	11,5
3.	USA	37 224	17,1	11 603	6,7
4.	Japan	10 722	4,9	13 298	7,7
5.	Korea	9 617	4,4	13 791	7,9
6.	Hong Kong	22 641	10,4	627	0,4
7.	Taiwan	5 063	2,3	16 146	9,3
8.	Brazil	3 464	1,6	7 138	4,1
9.	Russia	4 364	2	5 122	2,9
10.	India	6 302	2,9	1 819	1
11.	South Africa	1 365	0,6	2 147	1,2

Data Source: compiled by the author based on the sources given in the footnote¹².

Despite individual "success stories" in Russian exports to China, such as high growth rates in agricultural supplies or sporadic deliveries of Russian high-tech equipment for constructing nuclear power reactors, they will not significantly impact the overall picture. To change the qualitative composition of Russian exports to China, it is necessary to establish joint consortia with Chinese companies or separate production chains that allow for exporting their products to third countries. At the most, it may require a restructuring of the Russian economy.

Russian-Chinese investment cooperation

Investment cooperation between Russia and China exhibits a complex structure characterized by heterogeneity of investment sources, leading to various approaches for assessing its scale. At first glance, based on the statistics from the Central Bank of the Russian Federation (CBR), the share of Chinese direct and accumulated investments in the total volume of investments attracted to Russia appears insignificant. For

¹² “一带一路”倡议提出8年来，我国与沿线国家进出口总值年均增速7.5% [In the eight years since the launch of the Belt and Road Initiative, the average annual growth rate of imports and exports between China and the countries along the way amounted to 7.5% (In Chinese)]. 2022. CNPC. January 18. URL: <http://news.cnpc.com.cn/system/2022/01/18/030056455.shtml> (accessed: 10.12.2022); 2021 年我国外贸出口形势分析与2022 年展望 [Analysis of China's foreign trade in 2021 and prospects for 2022 (In Chinese)]. *Bank of China*. URL: <https://pic.bankofchina.com/bocappd/rareport/202202/P020220214846470213495.pdf> (accessed 20.04.2023).

instance, as of the end of 2021, the Chinese foreign direct investment (FDI) in the Russian Federation amounted to \$11 million, which represents only 0.03% of the total volume of all attracted FDI, while accumulated investments amounted to \$3.3 billion, which represents approximately 6.3%¹³.

The main investors in Russia are Cyprus, UK, Ireland, Germany, Jersey, Bahamas, Hong Kong, Bermuda, Austria, and Switzerland¹⁴. However, it is essential to consider several factors. Firstly, the offshore factor: Chinese entrepreneurs, like their Russian counterparts, prefer to use such jurisdictions to invest their funds. Secondly, separate statistics for China and Hong Kong should be considered. If combined, the volume of Chinese FDI to Russia in 2021 can be estimated at around \$1 billion¹⁵. Thirdly, the Russian and Chinese sides utilize different methods of assessing investments. As a rule, the CBR underestimates the volume of direct and accumulated Chinese investments. In particular, the regulator does not include investments made by small businesses through offshore jurisdictions, within the framework of informal business activities and cross-border cooperation, in calculating the final indicator (Gemueva 2021).

Chinese authorities are attempting to address this statistical issue by utilizing data from various ministries and conducting surveys of companies that operate in the Russian market. Consequently, estimates of Chinese FDI in Russia may differ significantly depending on the source, whether it be the Russian or Chinese side.

For instance, according to CBR data cited above, the total volume of accumulated Chinese investments in Russia at the beginning of 2022 amounted to \$3.3 billion¹⁶. Including Hong Kong brings the total to \$5.5 billion¹⁷. China has never been among the ten largest investors in Russia (Zhao Zhihua, Gordyachkova 2021: 162). However, according to the latest available Chinese data, the corresponding figure at the beginning of 2020 was over \$12.8 billion¹⁸.

Furthermore, as part of China's "One Belt, One Road" initiative, Russia was ranked third in terms of accumulated investments by the end of 2019, trailing only Singapore (at \$526.4 billion) and Indonesia (at \$151.3 billion), but ahead of the UAE, Kazakhstan, Vietnam, and other countries. On the European continent, Russia was the fifth-largest recipient of Chinese investments, surpassing Sweden, France, Switzerland, Italy, and Norway (see Figure 4)¹⁹.

¹³ External Sector Statistics. *Bank of Russia*. URL: https://cbr.ru/eng/statistics/macro_itm/svs/ (accessed 20.04.2023).

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ 2020 Statistical Bulletin of China's Outward Foreign Direct Investment. 2021. *Ministry of Commerce of China*. September 29. URL: <http://www.gov.cn/xinwen/2021-09/29/5639984/files/a3015be4dc1f45458513ab39691d37dd.pdf> (accessed 20.04.2023).

¹⁹ Report on Development of China's Outward Investment and Economic Cooperation. 2020. *Ministry of Commerce of China*. December. URL: <http://images.mofcom.gov.cn/fec/202102/20210202162924888.pdf> (accessed 20.04.2023).

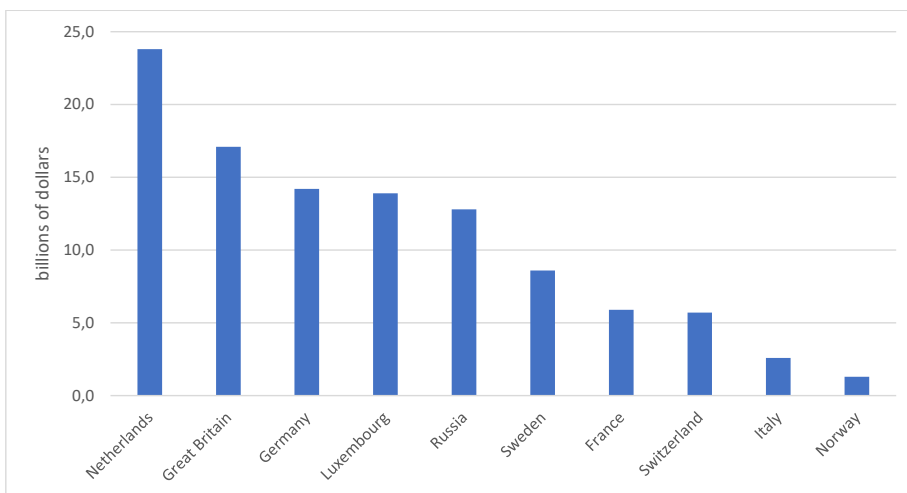


Figure 4. The volume of accumulated Chinese investments in European countries at the end of 2019.

Data Source: Report on Development of China's Outward Investment and Economic Cooperation. Ministry of Commerce of China. December 2020. URL: <http://images.mofcom.gov.cn/fec/202102/20210202162924888.pdf> (accessed 20.04.2023).

Russia has made efforts to adopt a more appropriate methodology for evaluating Chinese direct and accumulated investments. For instance, according to the report "Eurasian Economic Union (EEU) and the Countries of the Eurasian Continent: Monitoring and Analysis of Direct Investment – 2017" by the Eurasian Development Bank (EDB), the total amount of Chinese accumulated investments in Russia was \$8.2 billion at the end of 2016. This amount is significantly higher than the estimates provided by the CBR and closer to Chinese data²⁰.

An essential institutional factor in promoting mutual investments is the Intergovernmental Russian-Chinese Commission on Investment Cooperation, established in 2014. Over the years of the Commission's work, 17 joint investment projects have been successfully implemented (Brizitskaya 2023: 117).

One such example is the Bystrinsky copper deposit development project in the Trans-Baikal Territory. Additionally, a Russian-Chinese agro holding called "Legend-agro Primorye" was established in the Far East of Russia²¹, while a car manufactur-

²⁰ EAES i strany Evraziiskogo kontinenta: monitoring i analiz priamykh investitsii 2017 [The EAEU and the countries of the Eurasian continent: monitoring and analysis of direct investments 2017 (In Russian)]. 2017. *The EDB Centre for Integration Studies*. URL: https://eabr.org/upload/iblock/252/EDB-Centre_2017_Report-47_FDI-Eurasia_RUS_1.pdf (accessed 20.04.2023).

²¹ Rossiia i Kitai utverdili perechen' znachimyykh proektov investitsionnogo sotrudnichestva na 107 mlrd dollarov [Russia and China approve a list of significant investment cooperation projects worth \$ 107 billion (In Russian)]. 2020. *Ministry of Economic Development of the Russian Federation*. December 10. URL: https://www.economy.gov.ru/material/news/rossiya_i_kitai_utverdili_perechen_znachimyykh_proektov_investicionnogo_sotrudnichestva_na_107_mlrd_dollarov.html (accessed 20.04.2023).

ing plant owned by the Chinese company "Great Wall" began operations in the Tula Region²². In the Republic of Tatarstan, the production of refrigerators owned by the Chinese company "Haier" was launched, and a joint venture between Russia and China for the production of KAMAZ-Veichai engines operates in the Yaroslavl region²³. In November 2021, the Commission held its eighth meeting, approving a new list of joint projects with a total declared investment volume of over \$120 billion (Voronin 2022).

Estimating the total volume of Russian direct and accumulated investments in China is also challenging, likely due to the offshore factor. The available data vary significantly. For instance, according to the CBR, the volume of Russian accumulated investments in China by the end of 2021 was around \$1 billion. However, the Russian-Asian Union of Industrialists and Entrepreneurs estimates that official data on the volume of Russian accumulated investments in China are considerably underestimated due to the factors of sanctions and offshore, and the actual volume may reach \$4-5 billion²⁴. According to the National Bureau of Statistics of China, Russian FDI to China was \$54.2 million in 2019 and \$11.2 million in 2020²⁵. On the other hand, the Statistical Bulletin on FDI in China of the Ministry of Commerce of the People's Republic of China does not mention Russian FDI, probably because of its small volume²⁶.

Consequently, it can be argued that the total volume of Chinese investments in Russia and Russian investments in China exceeds the official data. However, Russian capital in China is nearly imperceptible compared to Chinese investments in Russia and is even more inconspicuous when compared to investments in China from developed countries. In contrast, Chinese capital is penetrating an expanding range of areas in Russia, including construction, agriculture, mechanical engineering, and other sectors beyond the traditionally attractive resource-producing industries (Fu Yuanyuan 2022: 112). Meanwhile, anti-Russian sanctions and the uncertainty of the economic situation in Russia present significant challenges to the further expansion of Russian-Chinese investment cooperation.

²² V Pekine proshlo 6-e zasedanie Mezhpriavitel'stvennoi Rossiisko-Kitaiskoi Komissii po investitsionnomu sotrudnichestvu [The 6th meeting of the Intergovernmental Russian-Chinese Commission on Investment Cooperation was held in Beijing (In Russian)]. 2019. *Ministry of Finance of the Russian Federation*. November 26. URL: https://minfin.gov.ru/ru/press-center/?id_4=36875-v_pekine_proshlo_6-ye_zasedanie_mezhpriavitel'stvennoi_rossiisko-kitaiskoi_komissii_po_investitsionnomu_sotrudnichestvu (accessed 20.04.2023).

²³ Nazvany rossiiskie regiony-lidery po ob'em'u kitaiskikh investitsii [Russian top regions in the volume of Chinese investments are named (In Russian)]. 2021. *Rossiiskaia gazeta*. July 08. URL: <https://rg.ru/2021/07/08/nazvany-rossiiskie-regiony-lidery-po-obemu-kitajskih-investitsij.html> (accessed 20.04.2023).

²⁴ Investitsii v Kitai. Otsenka rossiiskikh investitsii v Kitai [Investments in China. Assessment of Russian investments in China (In Russian)]. 2021. *Russian-Asian Union of Industrialists and Entrepreneurs*. April 20. URL: https://raspp.ru/business_news/top-russian-investments-in-china/?ysclid=l63sfr64lb994739548 (accessed 20.04.2023).

²⁵ China Statistical Yearbook 2021. *National Bureau of Statistics of China*. URL: <http://www.stats.gov.cn/sj/ndsj/2021/index-eh.htm> (accessed 20.04.2023).

²⁶ Statistical Bulletin on FDI in China. *Ministry of Commerce of the Peoples Republic of China*. URL: <http://images.mofcom.gov.cn/wzs/202111/20211125164038921.pdf> (accessed 20.04.2023).

Russian-Chinese financial cooperation

Russian-Chinese financial cooperation is progressing, albeit at a slower pace than trade and investment cooperation. The main constraints are, firstly, the need to use the international financial infrastructure, access to which for the Russian side is limited due to sanctions and, secondly, the convenience of using, until recently, the US dollar in Russian-Chinese bilateral trade and economic relations (Song, Knyazeva, Polyakova 2022: 1306).

To bolster economic and trade relations, and to specifically augment the utilization of national currencies in trade settlements and facilitate mutual investments, a swap agreement of 150 billion yuan was concluded between the central banks of Russia and China in 2014²⁷. As of the end of July 2022, the combined share of the yuan and the ruble in the total volume of Russian-Chinese trade increased approximately tenfold and, by various estimates, accounts for approximately 20-25%²⁸.

About ten Chinese banks are operating in Russia, including the Bank of China (branches in Moscow, Khabarovsk, and Vladivostok), The Export-Import Bank of China (representative office in St. Petersburg), the Industrial and Commercial Bank of China (branch in Moscow), China Development Bank (representative office in Moscow), China Construction Bank (Moscow branch), and Agricultural Bank of China (Moscow branch) (Song 2021).

Russian banks have also established their presence in China, such as VTB Bank (with a representative office in Beijing and a branch in Shanghai), VEB Bank, Promsvyazbank, Gazprombank, Evrofinance Mosnarbank, Sberbank, Russian Agricultural Bank (all with representative offices in Beijing), and others²⁹.

However, it is essential to note that despite the greater number of Russian banks formally represented in China, only the branch of VTB Bank in Shanghai is authorized to conduct limited banking operations. Conversely, most Chinese banks in Russia operate as branches and can undertake full-fledged banking activities. In the aftermath of the escalation of the Russian-Ukrainian crisis in February 2022, branches of Chinese banks informally curtailed the provision of specific services in the Russian market to evade potential secondary Western sanctions (Borisova 2022: 67).

²⁷ Bank Rossii zakliuchil soglasenie o valiutnom svope s Narodnym Bankom Kitaia [The Bank of Russia concludes a currency swap agreement with the People's Bank of China (In Russian)]. *Bank of Russia*. URL: https://cbr.ru/press/PR/?file=13102014_154408if2014-10-13T15_39_28.htm (accessed 20.04.2023).

²⁸ Ardashova P. 2022. RF i KNR budut narashchivat' ob"emy vzaimoraschetov v natsvaliutakh [Russia and China will increase the volume of mutual settlements in national currencies (In Russian)]. *Rossiiskaia gazeta*. June 24. URL: <https://rg.ru/2022/06/24/rf-i-knr-budut-narashchivat-obemy-vzaimoraschetov-v-nacvaliutah.html> (accessed 20.04.2023).

²⁹ Ibid.

The Chinese national payment system UnionPay commenced operations in Russia in 2007, although the usage of its cards was limited primarily to the Russian Far East region³⁰. The number of outlets that conducted transactions on UnionPay cards throughout Russia had increased to 715 thousand by the end of 2019. Moreover, the aggregate number of UnionPay cards issued in Russia as of the end of 2021 exceeded three million³¹, but only seven Russian banks are authorized to issue these cards following the imposition of new sanctions against Russian banks³².

Another significant aspect of Russian-Chinese financial cooperation involves trading the yuan-ruble currency pair on both Russian and Chinese exchanges, which commenced in 2010. Due to the sanctions, the total volume of yuan trading on the Moscow International Currency Exchange surged thirtyfold from the beginning of March to July 2022, compared to the corresponding period the previous year. Concurrently, the daily transaction volume hit a record 40 billion rubles³³.

As of January 1, 2022, the share of the yuan in the gold and foreign exchange reserves of the Russian Central Bank rose to 17.1%, whereas the share of the dollar is progressively declining, from 43.7% in 2018 to 10.9% at the close of 2021³⁴. By geographical distribution, China's share in Russian gold and foreign exchange reserves has also increased to almost 17%³⁵.

The matters of placing securities of Russian corporations on Chinese exchanges, trading Chinese company shares on Russian exchanges, and linking Russian banks to the national Chinese bank transfer system, the Cross-border Interbank Payment System (CIPS), are actively being discussed.

Therefore, the areas with the most potential for financial cooperation between Russia and China include further expansion of the use of national currencies in bilateral trade and economic relations, the establishment of a joint Russian-Chinese bank transfer system, integration of the Russian Financial Message Transmission System (SPFS) with the Chinese CIPS, expansion of the use of Chinese UnionPay both in Russia and abroad, and the inclusion of Russian companies in the Chinese stock markets

³⁰ Titova Yu. 2014. Kitaiskoe kachestvo [Chinese Quality (In Russian)]. *Banki.ru*. April 03. URL: <https://www.banki.ru/news/daytheme/?id=6406132https://www.banki.ru/news/daytheme/?id=6406132> (accessed 20.04.2023).

³¹ UnionPay vkluchila 5 novykh prodavtsov v spisok prinimaiushchikh onlain-platezhi UnionPay v Rossii [UnionPay includes 5 new sellers in the list of accepting UnionPay online payments in Russia (In Russian)]. 2021. TASS. October 27. URL: <https://tass.ru/press-relezy/12776077> (accessed 20.04.2023).

³² Klyakhin D. 2023. UnionPay obnovila spisok rossiiskikh bankov, kotorye ofitsial'no mogut oformliat' karty [UnionPay updates the list of Russian banks that can officially issue cards (In Russian)]. *Banki.ru*. March 03. URL: <https://www.banki.ru/news/lenta/?id=10981197https://www.banki.ru/news/lenta/?id=10981197> (accessed 20.04.2023).

³³ Maksimova E. 2023. Ni-khao, iuan': kitaiskaia valiuta b'et rekordy na Moskovskoi birzhe [Ni-hao, yuan: Chinese currency breaks records on the Moscow Stock Exchange (In Russian)]. 2022. *Novye izvestiya*. July 09. URL: <https://newizv.ru/news/economy/09-07-2022/ni-hao-yuan-kitayskaya-valyuta-biet-rekordy-na-moskovskoy-birzhe> (accessed 20.04.2023).

³⁴ Degot'kova I., Tkachev I. 2022. \$29 mlrd uskol'znuli ot zamorozki [\$29 billion escape the freeze (In Russian)]. *RBC*. April 11. URL: <https://www.rbc.ru/newspaper/2022/04/12/62543f679a7947e285c71eb0> (accessed 20.04.2023).

³⁵ Annual report 2021. *Bank of Russia*. URL: https://www.cbr.ru/Collection/Collection/File/43443/ar_2021_e.pdf (accessed 20.04.2023).

(Zou Jiahong 2022: 162). However, anti-Russian sanctions may pose challenges in all these areas except for the increase in the use of national currencies in bilateral trade. For instance, UnionPay has declined to work with some sanctioned Russian banks, such as Sberbank, Alfa-Bank, Otkritie Bank, VTB Bank, Sovcombank, and Promsvyazbank, resulting in the suspension of their issuance of UnionPay cards³⁶. A solution to this problem is yet to be found.

Over 20 Russian banks have joined CIPS, including Gazprombank, VTB Bank, Otkritie Bank, and Absolut Bank. Efforts are currently underway to explore the possibility of integrating the Russian SPFS with the Chinese CIPS³⁷. If successful, such integration could eliminate the need to use the Western SWIFT system. However, the Chinese government is reluctant to see its system subjected to secondary sanctions and prioritizes its integration with Western counterparts. It appears that Russian financial institutions are not a crucial element for CIPS.

The placement of shares of Russian companies on Chinese stock exchanges is also associated with certain challenges as the Russian National Settlement Depository is under sanctions. This means that some transactions between Chinese and Russian regulators may result in secondary sanctions for the Chinese side. Despite Western sanctions, cooperation between Russia and China in the financial sphere will continue to develop, albeit at a slower pace, given the closure of Western capital markets to Russia.

Scientific and technical cooperation between Russia and China

At first glance, Russian-Chinese scientific and technical cooperation (STC) is supposed to be strategic, deeper and more extensive. However, in practice, it is primarily focused on importing technologically advanced products from China to Russia, executing individual joint projects, and the Chinese side's negligible purchases of Russian technologies, equipment, and services in the research and development field³⁸. The most ambitious Russian-Chinese STC projects so far have been the design and construction of power units for nuclear power plants (NPPs), as well as the partial development by Russia of specific components for a wide-body long-haul aircraft and a heavy civilian helicopter.

³⁶ Chernyshova E., Kuznetsova E. 2022. Rossiiskie podsanktsionnye banki ne smogut vypuskat' karty UnionPay [Russian banks under sanctions will not be able to issue UnionPay cards (In Russian)]. *RBC*. April 20. URL: <https://www.rbc.ru/finances/20/04/2022/625ffd519a7947196d66f36c> (accessed 20.04.2023).

³⁷ Petrakova A. 2022. Rossiiskie banki perekhodiat na CIPS, kitaiskii analog SWIFT [Russian banks are switching to CIPS, the Chinese equivalent of SWIFT (In Russian)]. *CNEWS*. July 12. URL: https://www.cnews.ru/news/top/2022-07-12_rossijskie_banki_perehodyat (accessed 20.04.2023).

³⁸ Danilin I. 2020. Dialog Rossii i Kitaia v sfere innovatsionnykh tekhnologii [Dialogue between Russia and China in the field of innovative technologies (In Russian)]. *Russian International Affairs Council*. May 06. URL: <https://russiancouncil.ru/analytics-and-comments/analytics/dialog-rossii-i-kitaya-v-sfere-innovatsionnykh-tekhnologiy/> (accessed 20.04.2023).

The construction of the first and second power units (two VVER-1000 reactors with a capacity of 1,060 MW each, along with turbine units) for the Tianwan NPP was carried out by the Russian company Rosatom from 1999-2000 and was completed in 2006-2007^{39, 40}. In 2010, Rosatom and China National Nuclear Corporation (CNNC) signed a new contract for the construction of the third and fourth power units of the Tianwan NPP (the so-called nuclear island, without a turbine unit), which began in 2012-2013^{41, 42}. The third power unit was launched in February 2018, followed by the fourth unit in December of the same year⁴³. Subsequently, in March 2019, a contract was signed in Beijing for the construction of the seventh and eighth power units, utilizing VVER-1200 type reactors (generation 3+), each with a capacity of 1,200 MW⁴⁴. The construction of these units commenced in 2021 and is expected to be completed by 2026-2027⁴⁵. In the same year, a contract was signed for the construction of the third and fourth power units for the Syudapu NPP, which will feature nuclear reactors of the VVER-1200 type (generation 3+) with a capacity of 1,200 MW each. An agreement on the supply of nuclear fuel was also signed⁴⁶. The Russian power units for the Syudapu NPP are expected to be operational in 2027-2028⁴⁷.

Another example of Russia-China cooperation in the nuclear energy sector is the China Experimental Fast Reactor (CEFR), developed by several Russian organizations, including the "Experimental Design Bureau of Mechanical Engineering named after I.I. Afrikantov," "Experimental Design Bureau Gidropress," "Research and Design Institute of Power Engineering named after N.A. Dollezhal," and the National Research

³⁹ TIANWAN-1. IAEA Power Reactor Information System. URL: <https://pris.iaea.org/PRIS/CountryStatistics/ReactorDetails.aspx?current=838> (accessed 20.04.2023).

⁴⁰ TIANWAN-2. IAEA Power Reactor Information System. URL: <https://pris.iaea.org/PRIS/CountryStatistics/ReactorDetails.aspx?current=839> (accessed 20.04.2023).

⁴¹ Tian'van'skaia AES (Kitai) [Tianwan NPP, China (In Russian)]. Rosatom. URL: <https://ase-ec.ru/about/projects/aes-tyanvan/> (accessed 20.04.2023).

⁴² TIANWAN-3. IAEA Power Reactor Information System. URL: <https://pris.iaea.org/PRIS/CountryStatistics/ReactorDetails.aspx?current=973> (accessed 20.04.2023).

⁴³ Tian'van'skaia AES (Kitai) [Tianwan NPP, China (In Russian)]. Rosatom. URL: <https://ase-ec.ru/about/projects/aes-tyanvan/> (accessed 20.04.2023).

⁴⁴ Vladimir Putin i Si Tszin'pin dali start stroitel'stvu chetyrekh novykh energoblokov AES "Tian'van" i "Siuidapu" [Vladimir Putin and Xi Jinping launch the construction of four new power units of the Tianwan and Xudapu nuclear power plants (In Russian)]. 2021. *Atomnaia energiya* 2.0. May 19. URL: <https://www.atomic-energy.ru/news/2021/05/19/113993> (accessed 20.04.2023).

⁴⁵ Dan start sooruzheniiu novykh blokov rossiiskogo dizaina atomnykh stantsii «Tian'van» i «Siuidapu» (Kitai) [The construction of new Russian-designed units of the Tianwan and Xudapu nuclear power plants (China) launched (In Russian)]. 2021. Rosatom. May 19. URL: <https://www.rosatom.ru/journalist/news/dan-start-sooruzheniyu-novykh-blokov-rossiysko-go-dizayna-atomnykh-stantsiy-tyanvan-i-syuydapu-kitay/> (accessed 20.04.2023).

⁴⁶ Vladimir Putin i Si Tszin'pin dali start stroitel'stvu chetyrekh novykh energoblokov AES "Tian'van" i "Siuidapu" [Vladimir Putin and Xi Jinping launch the construction of four new power units of the Tianwan and Xudapu nuclear power plants (In Russian)]. 2021. *Atomnaia energiya* 2.0. May 19. URL: <https://www.atomic-energy.ru/news/2021/05/19/113993> (accessed 20.04.2023).

⁴⁷ Putin i Si Tszin'pin dali start nachalu stroitel'stva novykh energoblokov na dvukh AES v Kitae [Putin and Xi Jinping launch the construction of new power units at two nuclear power plants in China (In Russian)]. 2021. TASS. May 19. URL: <https://tass.ru/ekonomika/11411009?nw=1621445881000> (accessed 20.04.2023).

Center "Kurchatov Institute." Construction of the CEFR began in 2000 by the Chinese side, with the reactor being launched in 2010 at the China Institute of Atomic Energy (CIAE). In addition to providing equipment, the Russian side carried out several commissioning works⁴⁸.

The collaboration between China and Russia in developing a wide-body long-haul aircraft, CR-929, began in 2014 with a cooperation agreement between the Chinese COMAC and the Russian United Aircraft Corporation. In 2017, the China-Russia Commercial Aircraft International Corporation (CRAIC) was established in Shanghai as a joint venture between the two countries. In the project, Russian engineers are responsible for designing the center section and wing consoles with mechanization, while Chinese engineers are tasked with developing the fuselage and tail. The Russian side was initially planned to be responsible for avionics and control systems⁴⁹, and the possibility of installing Russian PD-35 engines on the aircraft was also considered⁵⁰.

In addition, an agreement was signed in 2021 between the Russian company Russian Helicopters and the Chinese Avicopter to jointly develop a heavy civilian helicopter, although the negotiations began as early as 2008⁵¹. In this project, the Russian side is responsible for developing specific equipment, such as the transmission, tail rotor, and anti-icing system. The entire helicopter development process is expected to take approximately 13 years⁵².

There are several examples of Chinese investments in Russian technology companies at the corporate level, albeit less significant. In 2010, Chinese company Tencent acquired 10.26% of Digital Sky, a Russian company specializing in internet projects, mainly social networks, for \$300 million⁵³. In the same year, a joint venture called Liotech was established by Russian company Rusnano and Chinese company Thunder Sky to build a factory in Novosibirsk to produce batteries with a total investment of about \$500 million. However, the project later failed⁵⁴. In 2017, Wangsu Science &

⁴⁸ Pusk reaktora CEFR – rezul'tat mnogoletnego sotrudnichestva s KNR [The launch of the CEFR reactor is the result of many years of cooperation with China (In Russian)]. 2014. *Atomnaia energiya* 2.0. November 26. URL: <https://www.atomic-energy.ru/technology/53288> (accessed 20.04.2023).

⁴⁹ CR929: dal'nemagistral'nye perspektivy [CR929: long-haul prospects (In Russian)]. 2020. *Rostec*. February 11. URL: <https://rostec.ru/news/cr929-dalnemagistralnye-perspektivy/> (accessed 20.04.2023).

⁵⁰ Ibid.

⁵¹ Rossiia i Kitai podpisali kontrakt na sozdanie tiazhelogo vertoletia [Russia and China sign a contract to create a heavy helicopter (In Russian)]. 2021. *Kommersant*. November 08. URL: <https://www.kommersant.ru/doc/5064063> (accessed 20.04.2023).

⁵² Rossiia i Kitai podpisali kontrakt na sozdanie tiazhelogo vertoletia AC332 AHL [Russia and China sign a contract to create an AC332 AHL heavy helicopter (In Russian)]. 2021. *Reporter*. November 09. URL: <https://topcor.ru/22580-rossija-i-kitaj-podpisali-kontrakt-na-sozdanie-tjazhelogo-vertoletia-ac332-ahl.html> (accessed 20.04.2023).

⁵³ Kitaiskaia Tencent kupila 10,26% aktsii rossiiskoi DST za \$300 mln [China's Tencent bought 10.26% of Russian DST shares for \$300 million (In Russian)]. 2010. *Finam*. April 12. URL: <https://www.finam.ru/publications/item/kitaiyskaya-tencent-kupila-10-26-akciy-rossiyskoj-dst-za-300-mln-20100412-1958/> (accessed 20.04.2023).

⁵⁴ Filonov D. 2022. Oba nano: istoriia dvukh sozdatelei batarei dlia elektrokarov — s nachalom v odno vremia i ochen' raznymi kontsam [Both nano: the story of two creators of batteries for electric cars — with the beginning at the same time and very different ends (In Russian)]. *VC.RU*. June 01. URL: <https://vc.ru/future/433437-oba-nano-istoriya-dvuh-sozdateley-batarey-dlya-elektrokarov-s-nachalom-v-odno-vremya-i-ochen-raznymi-koncami> (accessed 20.04.2023).

Technology, a Chinese company, acquired a controlling stake in CDNvideo, a Russian company specializing in technologies for transmitting video content over the internet⁵⁵.

There are also several agreements on scientific and technical cooperation between Russian and Chinese institutions, such as the agreement on scientific cooperation signed between the Russian Academy of Sciences and the Chinese Academy of Sciences in 2018 (Ridiger 2022: 28). Within the framework of this agreement, a roadmap was developed in 2019 that outlines six areas of joint Russian-Chinese research: 1) deep-sea resources of the world ocean; 2) the study of natural disasters; 3) development of high-powered lasers; 4) the study of the human brain and artificial intelligence; 5) the study of the unique astroclimate and glaciers of Chinese Tibet; 6) space surveillance⁵⁶. Russia declared 2020 and 2021 as the years of Russian-Chinese scientific, technical and innovative cooperation (Nekoteneva 2022: 53).

Despite the above examples of scientific and technological cooperation between Russia and China, such collaborations are generally not strategic. Although they have yielded positive results, their intensity has slowed, and they remain a collection of individual events without sufficient depth and scale. This is partly attributed to the state of science and innovation in Russia, which is underfunded, and the lack of a sufficiently long-term planning horizon in Russia, unlike China (Danilin 2020).

Furthermore, the scale of cooperation is gradually decreasing in some cases. For instance, the amount of Russian equipment used in the construction of the Tianwan and Xudapu nuclear power plants is decreasing, with most of the equipment now being manufactured in China. It should be noted that this is consistent with China's policy of increasing the localization of high-tech components, which is also being applied to other manufacturers, such as those from France, the United States, Japan, and elsewhere. The Russian Federation has announced its plans to withdraw from the joint project to create a wide-body long-haul CR 929 aircraft. The Deputy Prime Minister of the Russian Federation, Yuri Borisov, who is responsible for the development and implementation of state policy in the field of industry, stated that China, as it turned into an industrial giant, has become less interested in Russian services within the framework of this project, which is not satisfactory for the Russian side⁵⁷. According to Alexander Sergeev, ex-President of the Russian Academy of Sciences, Chinese scientists

⁵⁵ Shustikov V. 2017. Kitaiskii internet-gigant vlozhilsia v rossiiskogo operatora setei dostavki internet-kontenta CDNvideo [The Chinese Internet giant has invested in the Russian operator of Internet content delivery networks CDNvideo (In Russian)]. *Skolkovo*. May 17. URL: <https://old.sk.ru/news/b/pressreleases/archive/2017/05/17/kitayskiy-internetgigant-vlozhil-sya-v-rossiyskogo-operatora-setey-dostavki-internetkontenta-cdnvideo.aspx> (accessed 20.04.2023).

⁵⁶ Uchenye Kitaia i Rossii opredelili shest' napravlenii sotrudnichestva [Scientists from China and Russia identify six areas of cooperation (In Russian)]. 2019. *TASS*. July 19. URL: <https://nauka.tass.ru/nauka/6681762> (accessed 20.04.2023).

⁵⁷ Borisov zaivil o sokrashchenii uchastiia Rossii v proekte sozdaniia samoleta s Kitaem [Borisov announces the reduction of Russia's participation in the project to create an aircraft with China (In Russian)]. 2022. *TASS*. June 29. URL: <https://tass.ru/ekonomika/15073925?utm> (accessed 20.04.2023).

halted their cooperation with Russia after the implementation of anti-Russian sanctions in February 2022⁵⁸. However, Chinese Foreign Ministry spokesman, Zhao Jian, later denied this information⁵⁹.

China may have limited interest in expanding scientific and technical cooperation with Russia due to the risks associated with anti-Russian sanctions and China's growing independence in this field. The specific forms and intensity of cooperation will likely be determined by the balance of benefits and risks associated with China's interaction with the West, which remains a significant technology donor and an important market for China, just as China is for them.

Limitations in Russian-Chinese cooperation

The current global situation, characterized by both Russian and Chinese anti-hegemonism, may seem to push the two nations towards further cooperation. However, upon closer examination, discrepancies between the Russian and Chinese positions on bilateral relations may become apparent.

At the political level, Russia and China accuse the United States of destabilizing the international order, exacerbating tensions, provoking the Ukrainian conflict, and imposing their ideological values and political models on other nations. At the same time, while Russian leaders have described the situation as a radical break with the past, making it impossible to restore old relations and heralding the beginning of the collapse of the unipolar world led by the United States, Beijing, on the contrary, has not given up on globalization and is conceptually willing to compromise with Washington, particularly on economic matters, nuclear weapons control, and maintaining regional stability. China's current tough stance against the United States is primarily a strategy to gain negotiating advantages rather than a sign of the irrevocable decline in Sino-American relations.

While in many ways compelled to do so, Russia is emphasizing self-reliance and perceiving a decline in globalization processes. It has put forth ideas such as "technological islands," abandoning international technological cooperation to eliminate dependence on other countries and transitioning from multilateral market projects to barter bilateral exchanges of high-tech products and technologies (Lukonin, Sung Hoon Jeh 2023: 253). In contrast, China consistently and regularly reaffirms, at the highest levels, its policy of openness and promotion of globalization and active participation in global and regional integration processes.

⁵⁸ Apazidi E. 2022. Kitaiskie uchenye zaiavili o priostanovke sotrudnichestva s RAN [Chinese scientists announce the suspension of cooperation with the Russian Academy of Sciences (In Russian)]. *Lenta.ru*. April 14. URL: <https://lenta.ru/news/2022/04/14/rankitai/> (accessed 20.04.2023).

⁵⁹ Nauchnoe sotrudnichestvo s Rossiei razvivaetsia normal'no, zaiavili v Pekine [Scientific cooperation with Russia is developing normally, Beijing says (In Russian)]. 2022. *RIA-Novosti*. April 15. URL: <https://ria.ru/20220415/nauka-1783665283.html> (accessed 20.04.2023).

In the economic sphere, Russian-Chinese cooperation faces several constraints. Firstly, the Russian economy exhibits low growth rates and a relatively small scale compared to China's other economic partners. There is also a high likelihood of a reduction in consumer demand in Russia in the short and medium term due to the negative impact of anti-Russian sanctions. Furthermore, the number of Russian industries whose products interest Chinese consumers is limited, which prevents a significant expansion of the share of non-resource goods in Russian exports to China.

Additionally, large Chinese companies are hesitant to cooperate with Russian partners due to the risk of losing access to Western technologies, as well as the US and EU markets, which exceed the Russian market in terms of volume and prospects. While China does not support Western anti-Russian sanctions, there is a considerable likelihood of problems arising in business cooperation due to the potential for Chinese companies to fall under secondary US sanctions.

In 2014, China faced a similar situation when Chinese banks refrained from providing credit lines to Russian companies and banks, as their access to American and European multinational banks was limited due to anti-Russian sanctions. Some Chinese financial institutions showed excessive caution in dealing with Russian partners, interpreting the sanctions in an extended manner, and often blocked dollar payments and transfers from Russia, even though the payment initiators were not on the sanction list at that time⁶⁰. However, during the 2014 Ukrainian crisis, China was not yet involved in a systemic confrontation with the United States, and Chinese businesses were not under the influence of the PRC's Law on Countering Foreign Sanctions. These factors could theoretically influence China's behavior in the current situation in favor of Russia.

However, in practice, China's two largest state banks have already suspended servicing transactions for the purchase of Russian commodities. The Industrial and Commercial Bank of China (ICBC) has ceased issuing letters of credit for transactions carried out in dollars, and each issuance of a letter of credit for transactions in yuan requires separate approval. The Bank of China has also limited the financing of purchases of Russian raw materials by the decision of its risk management service⁶¹. Moreover, some Chinese companies have suspended purchases of Russian oil that is delivered by sea from the ports of the Far East. The Asian Infrastructure Investment Bank (AIIB), with Russia among the founders (ranked 3rd in terms of contribution to the authorized capital after China and India), announced the suspension of projects related to Russia and Belarus⁶². To minimize the risks, the AIIB proposes to create a

⁶⁰ Korostikov M., Dzhumailo A., et al. 2018. Novoe kitaiskoe predubezhdenie [The New Chinese Prejudice (In Russian)]. *Kommersant*. October 24. URL: <https://www.kommersant.ru/doc/3779051> (accessed 20.04.2023).

⁶¹ Bloomberg: dva banka KNR ogranichivaiut finansirovanie sdelok s tovarami iz Rossii [Bloomberg: two Chinese banks restrict financing of transactions with goods from Russia (In Russian)]. 2022. *TASS*. February 25. URL: <https://tass.ru/ekonomika/13865761> (accessed 20.04.2023).

⁶² Tadtaev G. 2022. Osnovanniy vlastiami Kitaia bank ob"iavil o prekrashchenii raboty s Rossiei [The bank founded by the Chinese authorities announces the termination of work with Russia (In Russian)]. *RBC*. March 03. URL: <https://www.rbc.ru/economics/03/03/2022/6220f12c9a7947c217d7bb6d> (accessed 20.04.2023).

separate financial institution to work with Russia, just as the Chinese Bank of Kunlun was specially created to work with Iran.

It is likely that China will not limit trade, economic, scientific, and technical co-operation with Russia but will instead seek to minimize the risks of its companies and scientific organizations falling under primary and secondary sanctions. To achieve this, the business sector is expected to use specially created companies, barter, clearing mechanisms, semi-legal international payment centers, and digital currencies, among other measures.

One may wonder who is China for Russia in the current conditions: a friend, an ally, a partner, a neutral business partner, a tough negotiator, an implicit opponent? The answer can be – depending on the situation and interests at the given moment – China is all of these for Russia at the same time. In terms of the confrontation with the United States, China is an ally, but the extent of this alliance's usefulness to China depends on how much it enables China to play its own game of confrontation and co-operation with the United States. China is a sympathetic partner when Russia helps it solve its problems in relations with Europe and Japan. In business, China could mostly be described as a partner and a tough negotiator. In the case of Ukraine, China is a neutral party. Simply put, the national interests of both countries, which vary in place and in time, determine the nature of Russia-China bilateral relations.

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Российско-китайские отношения: асимметричное партнёрство?

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ИМЭМО РАН

Из-за кризиса в отношениях между Россией и ведущими западными странами Москва вынуждена принимать экстраординарные меры по переориентации своих политических и торгово-экономических связей. Учитывая масштаб и диверсификацию экономики, а также географическое положение, Китай продолжает укреплять свою роль основного партнёра России. Поэтому важно оценить основные результаты российско-китайского торгово-экономического, финансового и научного сотрудничества, а также выявить достижения и вероятные ограничения во взаимоотношениях двух стран. Вот уже более десяти лет Китай является крупнейшим торговым партнёром России, импортируя в основном сырьё и экспортируя передовую технологическую продукцию. Статистика за 2022 г. свидетельствует о том, что роли России и Китая в двусторонней торговле не изменились: Китай ещё больше укрепил своё значение для России как крупнейшего поставщика высокотехнологичного оборудования, а Россия остаётся одним из основных поставщиков газа и нефти для Китая. Доля КНР в общем объёме внешней торговли Российской Федерации составляет около 20%, а доля России во внешнеторговом обороте Китая – около 3%. Несмотря на трудности оценки взаимных прямых и накопленных инвестиций, часто приводящие к недооценке их объёма, можно утверждать, что Китай входит в число крупнейших инвесторов в России. Напротив, объём российских прямых и накопленных инвестиций в Китай, хотя, скорее всего, и превышает официальные оценки, незначителен. Научно-техническое сотрудничество между РФ и КНР находится на достаточно низком уровне. Вместе с тем в условиях обострившегося американо-китайского стратегического соперничества появляются дополнительные стимулы для его развития. Есть определённые успехи в российско-китайском финансовом сотрудничестве, прежде всего, расширение использования национальных валют в двусторонней торговле. Однако дальнейшее движение в этом направлении затруднено антироссийскими санкциями. В изменившейся международной обстановке российско-китайские отношения имеют потенциал к углублению, однако для его использования потребуются разработка различных механизмов, которые позволят крупным китайским компаниям избегать вторичных санкций.

Ключевые слова: мировая экономика, Россия, Китай, торгово-экономическое сотрудничество, санкции.

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China's Perceptions of Russia during the Ukraine Conflict

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Abstract: The ongoing Russian military operation in Ukraine since February 2022 has presented significant challenges to China's foreign and security policies, as well as its economic and technological ties with the West. Initially, China refrained from criticizing Russia's military actions and adopted a "neutral" or "independent" stance in response to Western criticism. However, China was taken aback by the protracted nature of the conflict and Russia's inability to successfully conclude its military operation. This raised concerns within China, considering its own situation of potentially reunifying with Taiwan through military means if necessary. While there are distinctions between the situations in Ukraine and Taiwan, the initial speculation of China conducting military operations against Taiwan has gradually diminished, although military pressure on Taiwan remains. The conflict in Ukraine has also caused internal divisions within China and has had an impact on its relations with the West, which are crucial for China's rise on the global stage. This article aims to examine China's interests and positions regarding the ongoing Ukrainian conflict, the implications for its relations with Russia, and the opportunities and challenges that China faces in the current situation. The article employs an inductive approach, analyzing China's predicaments at four levels: perceptions within the decision-making bodies of the Communist Party, the foreign ministry, think-tanks, and the media community. It argues that in conjunction with China's economic contraction resulting from the COVID-19 pandemic, the Russian military operation has prompted China to seriously contemplate how to safeguard its national interests, particularly with regard to Taiwan and its strategic objectives of attaining a prominent global position. These considerations carry medium to long-term implications for the evolving regional and global orders. In conclusion, the article briefly discusses the implications of these developments on India, shedding light on the broader regional dynamics influenced by China's response to the Ukrainian conflict.

Keywords: China's foreign and security policies, economic and technological ties, military operations, reunification with Taiwan, implications for China-West relations, emerging regional and global orders

China's observers have expressed surprise and concern regarding Russia's "special military operation" in Ukraine¹. The ongoing conflict in Ukraine, which commenced in late February 2022, holds significant implications not only for China but also for numerous countries worldwide. China's carefully constructed narratives surrounding its "peaceful rise," Belt and Road Initiative (BRI), "community of common destiny," and "multipolarity," as well as its regional dominance efforts and relations with the United States, European Union, and other nations, are at stake. The Ukrainian conflict has further highlighted China's vulnerabilities in various domains, exacerbating the challenges it already faces due to the debilitating novel Coronavirus that originated in Wuhan in late 2019 and spread globally (Kondapalli, Das Eds 2020). The conflict in Ukraine has notably impacted China's meticulously constructed narratives on "non-interference," "protection of sovereignty and territorial integrity," and "peaceful rise," among others. Consequently, China's short-term positions and long-term goals appear to be incongruous with these unfolding developments.

The Russian military operations in Ukraine that commenced on February 24 coincided with the conclusion of the Beijing Winter Olympics. It is noteworthy that Russian President Vladimir Putin had attended the opening ceremony on February 4, and the joint statement issued by China and Russia had emphasized the absence of any limits to their strategic partnership and cooperation (Trush 2022)². Furthermore, on June 16, 2022, President Xi Jinping had a telephone conversation with President Putin, during which he reiterated that both "continue supporting each other on their respective core interests concerning sovereignty and security, as well as on their major concerns, deepening their strategic coordination".³ These developments have sparked speculation regarding China's prior knowledge and involvement in Russia's military actions, although Beijing has denied any such involvement⁴. Due to the opaque nature of decision-making processes in both China and Russia, understanding their mutual

¹ China and Russia hold differing assessments of each other, shaped by their respective positions and power dynamics. As China emerges as a growing power, its officials and scholars tend to downplay the possibility of a military alliance with Russia. Instead, they advocate for a strategy of "balancing," as argued by Yan Xuetong, while recognizing the importance of cooperation between the two countries in countering the United States. Conversely, certain Russian scholars emphasize the significance of a long-term partnership with China, with some even suggesting the existence of a "tacit alliance," as argued by Vasily Kashin. These contrasting perspectives reflect the complexities of the China-Russia relationship and the nuances in their strategic outlooks. See for instance, (Fu 2016; Xuetong 2022; Li 2007; Kashin, Lukin 2018; Lukin 2018; Korolev 2020; Yu, Sui 2020; Kirchberger 2022). See also: (Dingli Sh. 2016. Russian cooperation with China is tactical, not strategic. *Global Times*. June 27. URL: <http://www.globaltimes.cn/content/990867.shtml>; Kashin V. 2019. *Tacit Alliance: Russia and China Take Military Partnership to New Level*. Moscow Carnegie Center, October 22. URL: <https://carnegie.ru/commentary/80136> (accessed 15.04.2023).

² Joint Statement of the Russian Federation and the People's Republic of China on the International Relations Entering a New Era and the Global Sustainable Development. 2022. *Kremlin*. February 3. URL: <http://www.en.kremlin.ru/supplement/5770> (accessed 15.04.2023).

³ Xi talks with Putin over phone. 2022. *The State Council Information Office of the People's Republic of China*. June 16. URL: http://english.scio.gov.cn/m/topnews/2022-06/16/content_78273199.htm (accessed 15.04.2023).

⁴ Fallacies and truths about U.S. slander against China on Ukraine issue. 2023. *Xinhua*. March 27. URL: <http://en.people.cn/n3/2023/0327/c90000-10227332.html> (accessed 15.04.2023).

perceptions on this issue, as well as others, poses significant challenges. Nonetheless, a brief overview is provided below of the events surrounding China-Russia relations amidst the Ukrainian crisis.

Since the onset of the Ukrainian conflict in February 2022, China has maintained a stance of "neutrality"⁵ and "independence."⁶ However, as the conflict escalated and inflicted significant damage, China has found itself increasingly isolated on both regional and global platforms. This situation contrasts with the principles advocated by Deng Xiaoping several decades ago of "*taoguang yanghui*" [maintaining a low profile, focusing on economic development, and fostering relations with all countries]. Beijing has chosen to abstain from participating in discussions and criticisms of Russian actions in Ukraine within the United Nations and its bodies, including the Security Council, General Assembly, and Human Rights Council. Instead, China has emphasized the need for dialogue among the conflicting parties, urged the observation of ceasefires, and advocated for the provision of humanitarian relief measures. Throughout this period, China has consistently adopted an "anti-US position,"⁷ aligning itself with Russia's opposition to the expansion efforts of the North Atlantic Treaty Organisation (NATO) following the disintegration of the Soviet Union.

China's official stance on the Ukrainian conflict is characterized as neutral; however, in practice, it aligns more closely with Russia in their "united front" against the United States in the context of multipolarity (Guihai 2022). The influence of the Soviet Union and Russia on China has played a significant role in shaping China's evolving perspectives⁸. The Soviet Union provided ideological and material support not only for the establishment of the Communist Party of China (CCP) but also for its subsequent growth over the course of a century. The CCP was formed with the assistance of the Soviet-backed Communist International in 1921, and Chinese students who had returned from the Soviet Union, such as Wang Ming, exerted control over the party apparatus in the 1930s. Moreover, the Soviet Union aided Lin Biao's military forces in capturing northeast Manchuria from the retreating Japanese in 1945, and provided support during the Korean War, including 156 basic industries to facilitate China's modernization. There was even a period when the Soviet Union aspired to control long-range radar networks in China, including the submarine base at Dalian. In the 1950s, China adopted the Soviet model of development, and individuals who were

⁵ Sheng Y., Xu Y. 2022. China clarifies neutral stance as Russia, Ukraine poised for talks. *Global Times*. February. URL: <https://www.globaltimes.cn/page/202202/1253364.shtml> (accessed 15.04.2023).

⁶ Valeriano B., Garcia-Nieto J. 2022. What 'Zhong Sheng' Says About China's Perceptions of the Ukraine Conflict. *The Diplomat*. June 23. URL: <https://thediplomat.com/2022/06/what-zhong-sheng-says-about-chinas-perceptions-of-the-ukraine-conflict> (accessed 15.04.2023).

⁷ Kendall-Taylor A. O., Shullman D. 2022. Best and Bosom Friends: Why China-Russia Ties Will Deepen after Russia's War on Ukraine. *Centre for Strategic & International Studies*. June 22. URL: <https://www.csis.org/analysis/best-and-bosom-friends-why-china-russia-ties-will-deepen-after-russias-war-ukraine> (accessed 15.04.2023).

⁸ Lukin A. 2001. Russia's Image of China and Russian-Chinese Relations. *The Brookings Institution*. May 1. URL: <https://www.brookings.edu/research/russias-image-of-china-and-russian-chinese-relations/> (accessed 15.04.2023).

perceived to be closely aligned with Moscow, such as Defense Minister Peng Dehuai, faced dismissal in 1959. Senior Politburo member Liu Shaoqi was accused of being a "Chinese Khrushchev" and subjected to public humiliation, while Zhao Ziyang, the General Secretary of the CCP, was labeled a "Chinese Gorbachev" for supporting the student-led protests in Tiananmen Square in 1989. The current leaders of the CCP are keenly aware of their ideological dependence on the former Soviet Union and, by extension, on Russia, as successive generations of CCP leaders were educated, trained, and groomed by their Soviet counterparts. Although the Soviet Union disintegrated, the dynamics of this relationship have not fundamentally changed, offering leverage to Russian agencies. While it is now common for the children of CCP leaders to pursue education and training in Western universities, the older generation of leadership, including the recently deceased Jiang Zemin, predominantly received their training in Russia. Notably, Xi Jinping's first foreign visit after assuming the presidency in 2013 was to Moscow, and he repeated this gesture in March 2023 after being re-elected as President for a third term.

The extensive border stretching over 4,000 km, primarily in the eastern region, is another significant factor influencing the relationship between China and Russia. This geographical proximity has a substantial impact on their bilateral dynamics. The border dispute in 1969, which resulted in a large-scale mobilization of armed forces, including nuclear forces, along the Ussuri River, exemplifies the influence of the border issue on their relationship. Although the border skirmishes in 1969 did not lead to significant physical destruction, the border issue continues to significantly influence the bilateral dynamics, despite the resolution of the territorial dispute in the early 2000s. Presently, the border issue encompasses aspects such as border trade, infrastructure development, migration, trade activities, smuggling, and others, which can occasionally evoke negative responses (Humphrey 2018; Xingming 2015; Thornton, Ziegler 2002).

Russia's pervasive influence on China is also evident in the official media coverage of the Ukrainian conflict, where it was characterized as "special military operation." China's media outlets have limited reporting on anti-Russian perspectives, even in social networking sites, reflecting the influence of Russia on China's media landscape.

Despite China's dependence on the US and its military allies, such as Japan and South Korea, as well as NATO, for economic and technological assistance in its pursuit of national growth, Beijing has adopted a policy of political opposition to the United States in conjunction with Russia since 2001⁹. This alignment between China and Rus-

⁹ Earlier, China-Russia relations were characterised as a part of "good neighbourhood" policy in the 1990s but changed to "comprehensive strategic partnership" in 2001. Later, when Xi Jinping took over in 2012, bilateral relations were characterised as "comprehensive strategic partnership and coordination". Further changes were made in 2016 to this formulation towards "comprehensive strategic partnership of equality, mutual trust, mutual support, common prosperity and long-lasting friendship". Apart from the joint statements, see (Lo 2008; Bekkevold, Eds 2019; Wishnick 2010); see also Trenin D. 2018. Entente is what drives Sino-Russian ties. *China Daily*. September 11. URL:<http://europe.chinadaily.com.cn/a/201809/11/WS55b973833a31033b4f4655613.html> (accessed 15.04.2023).

sia can be traced back to the late 1990s when Russian Premier Primakov proposed the concept of "multipolarity." China swiftly embraced this idea and formed a united front with Moscow. Both countries have consistently opposed the expansion of NATO, criticized what they perceive as the imposition of a particular set of political values through "colored revolutions," condemned the US strategy of preemptive strikes as a unilateral approach, and denounced military actions in Iraq and Afghanistan as violations of the UN Charter. China has also expressed concerns about the US "pivot" and subsequent "strategic rebalance" towards the Indo-Pacific region, viewing the strengthening of alliances in the region as a significant challenge. Russia has echoed these concerns and has aligned itself with China in rejecting the notion of the "rule of law," instead advocating for the promotion of "global governance."

Since the beginning of the conflict in Ukraine, China has aligned itself with Russia on the issue of NATO expansion.¹⁰ Beijing has recently questioned the very existence of NATO, despite not being directly influenced by the alliance until more recently when NATO expressed concerns about China's rise, viewing it as both an opportunity and a challenge. The NATO's characterization of China as a "systemic rival" aligns with the United States' labeling of Russia and China as "strategic competitors".

China has expressed concerns about NATO declarations in the past. For instance, it raised concerns about NATO's 1999 declaration on intervention in the internal affairs of other countries based on ethnic and religious issues, drawing connections to potential actions in Xinjiang and Tibet. China also took note of NATO's 70th anniversary declaration in London in December 2019, which stated: "[W]e recognize that China's growing influence and international policies present both opportunities and challenges that we need to address together as an alliance". While NATO primarily focused on challenges emanating from Russia, terrorism, migration, and cyber domains, it acknowledged China's growing influence and international policies as areas that need to be addressed together as an alliance. NATO Secretary-General Jens Stoltenberg emphasized the need to "find ways to encourage China to participate in arms control arrangements." He also said the alliance needed to start taking "into account that China is coming closer to us". He observed: "*We see them in the Arctic, we see them in Africa, we see them investing heavily in European infrastructure and of course investing in cyberspace*". The NATO declaration also highlighted the importance of building secure and resilient telecommunications infrastructure, particularly in light of China's Huawei's involvement in bidding for 5G communications in Europe. Concerns have been raised about certain NATO members, such as Italy and Greece, joining China's Belt and Road Initiative (BRI) and the establishment of the EU-17+1 or "Cooperation between China and Central and Eastern European Countries," which pose challenges to the unity of

¹⁰ Wang Xiangsui. 2022. "解读乌克兰危机的双重视角地缘政治与币缘政治的交织" [Interpreting the Ukrainian Crisis from Dual Perspectives - The Intertwining of Geopolitics and Currency Politics] 欧洲研究 [European Studies] March 6, URL: <https://www.aisixiang.com/data/131869.html> (accessed 15.04.2023).

European Union members. China's challenges are primarily related to financial investments, technology, securing telecommunications infrastructure, including in the context of 5G, differences over European countries joining the Asian Infrastructure Investment Bank (AIIB), and the BRI.

In June 2022, Australia, Japan, New Zealand, and South Korea were invited to the NATO-G7 meetings, signaling a broadening of engagement beyond traditional NATO members. NATO Secretary-General Stoltenberg acknowledged that "China poses some challenges to our values, our interests, and our security."¹¹ This statement was viewed by several Chinese analysts as a potential challenge to China in the coming years. In response, China's foreign ministry spokesman Wang Wenbin stated that "NATO has already disrupted stability in Europe. It should not try to do the same to the Asia-Pacific and the whole world".

During the Russian military action in Ukraine, China focused its discourse on the division within NATO caused by the United States and predicted its eventual dissolution. However, this rhetoric did not alleviate concerns among European Union members about China's own actions in the European region. Despite President Xi Jinping's telephonic or virtual conversations with leaders of Germany, France, and other countries, China was surprised by the unity and solidarity exhibited by EU members within NATO.

China's position on the conflict in Ukraine is gradually but noticeably changing, driven by various domestic and external factors that concern the country. One of the primary concerns for China is the potential for the Ukrainian conflict to trigger political factional struggles within the Communist Party. This concern was particularly significant as China held its once-in-five-years Communist Party Congress in October 2022. President Xi Jinping, who assumed his third term at this congress, faced challenges stemming from the Ukraine crisis. However, Xi managed to consolidate decision-making power within his factional leaders, mitigating potential internal divisions.

Secondly, another critical factor behind China's evolving stance on the Ukraine crisis is the impact it may have on global energy prices¹². As the world's largest consumer of energy, China is heavily affected by fluctuations in energy costs. Since 1993, China has transitioned into a net importer of energy resources, initially relying on suppliers from West Asia and Africa. However, due to its "strategic partnership" with Russia, geographical proximity to Russia's energy-producing regions in the Far East, and other factors, China has significantly increased its imports of energy resources from Russia. The Ukraine crisis further accelerated this trend, as Russia sought to supply energy resources to China at more competitive prices¹³.

¹¹ Hui Zh., Cui F. 2022. China denounces NATO's Asia reach as 'dangerous' as bloc intensifies anti-China rhetoric ahead of summit. *The Global Times*. June 23. URL: <https://www.globaltimes.cn/page/202206/1268916.shtml> (accessed 15.04.2023).

¹² China's economic recovery no scapegoat for Western energy crunch. 2022. *The People's Daily*. December 6. URL: <http://en.people.cn/n3/2022/0624/c90000-10114232.html> (accessed 15.04.2023).

¹³ Chinese vice premier calls for deepening China-Russia energy cooperation. 2022. *The People's Daily*. November 30. URL: <http://en.people.cn/n3/2022/1130/c90000-10178233.html>; Xi says ready to strengthen China-Russia energy cooperation. *The People's Daily*. November 29, 2022. URL: <http://en.people.cn/n3/2022/1129/c90000-10177906.html> (accessed 15.04.2023).

For example, in 2021, China imported nearly 80 million tons of oil from Russia, accounting for 16 percent of its total oil imports¹⁴. Since the start of the Ukraine conflict, China's oil imports from Russia have increased to nearly 20 percent¹⁵. In the first ten months of 2022, China imported over 72 million tonnes of oil valued at \$49 billion from Russia, making Moscow the second-largest supplier after Saudi Arabia¹⁶. Notably, some of these transactions are conducted in local currencies such as the Russian ruble and the Chinese renminbi, indicating efforts to reduce dependence on the US dollar and promote de-dollarization between the two countries¹⁷.

Recently, there has been a growing focus on Russia's energy exports, as the country is the world's largest oil exporter and the second-largest crude oil exporter after Saudi Arabia. Furthermore, Russia is the second largest natural gas supplier globally and was the fourth largest exporter of gold, having exported \$18 billion worth in 2020. This year, the value of Russian exports reached \$46 billion. However, the imposition of sanctions and the duration and intensity of such sanctions may exacerbate the geopolitical situation in Europe. The atmosphere in the region is already strained due to factors such as the US-funded NATO supply of weapon systems to Ukraine and Russia's nuclear deterrence rhetoric, leading to national mobilization and prolonged conflict. President Putin has ordered a nationwide mobilization of over 300,000 reservists, marking the first time such a move has been made in Russia since the Second World War. In a recent address, Putin made a veiled remark stating that Russia had "various weapons of destruction" at its disposal and would use "all the means available," before adding that he was not "bluffing."

China's increasing reliance on energy imports from Russia raises concerns about the long-term sustainability and affordability of its energy supply. China is wary of the potential political implications of depending heavily on Russian energy resources and seeks to diversify its energy needs. This is evidenced by President Xi Jinping's visit to Saudi Arabia and the summit meeting¹⁸ with the Gulf Cooperation Council¹⁹ in December 2022, which indicate China's efforts to explore alternative sources of energy.

¹⁴ Jiang Y. 2022. The economic meaning of Russia-Ukraine war for China. *Kina-Bladet*. December 14. URL: <https://www.diiis.dk/en/research/the-economic-meaning-of-the-russia-ukraine-war-china> (accessed 15.04.2023).

¹⁵ Lepic B. 2022. China Increases Crude Oil Imports from Russia. *Rigzone*. September 22. URL: https://www.rigzone.com/news/china_increases_crude_oil_imports_from_russia-22-sep-2022-170449-article (accessed 15.04.2023).

¹⁶ Siqi J. 2022. China's Xi eyes 'closer energy partnership' with Russia as Putin praises their 'evolving' economic cooperation. *South China Morning Post*. November 30. URL: https://www.scmp.com/economy/china-economy/article/3201570/chinas-xi-eyes-closer-energy-partnership-russia-putin-praises-their-evolving-economic-cooperation?utm_source=feedly&utm_medium=email (accessed 15.04.2023).

¹⁷ Evans B. 2022. Russia's Gazprom is planning to sell gas to China in both rubles and yuan to shift away from the euro. *Business Insider*. September 6. URL: <https://www.businessinsider.in/stock-market/news/russias-gazprom-is-planning-to-sell-gas-to-china-in-both-rubles-and-yuan-to-shift-away-from-the-euro/articleshow/94034461.cms> (accessed 15.04.2023).

¹⁸ Wei X. 2022. Xi's visit leads to new era for Mideast ties. *China Daily*. December 12. URL: <http://en.people.cn/n3/2022/1212/c90000-10182753.html> (accessed 15.04.2023).

¹⁹ Building on Past Achievements and Jointly Creating a Brighter Future of China-GCC Relations. 2022. *Ministry of Foreign Affairs, China*. December 10. URL: https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/202212/t20221210_10988408.html (accessed 15.04.2023).

Thirdly, the ongoing Russia-Ukraine conflict has the potential to disrupt global food supply chains, particularly in terms of wheat and corn imports, which are crucial for China's food security²⁰. While China has created food reserves in Dalian to address potential shortages, the future remains uncertain, especially as inflation is on the rise²¹. The scarcity of staple foods like pork has already led to widespread discontent among millions of Chinese citizens. In February 2022, during President Putin's visit to China, both countries signed an agreement for the import of wheat from Russia, highlighting China's attempts to secure alternative food sources amid the ongoing geopolitical tensions²².

Fourthly, China has been at the forefront of criticizing Western sanctions imposed on Russia following the conflict in Ukraine²³. The Chinese government views these sanctions as a potential threat, considering the previous tariff wars and restrictions imposed by the Trump administration on Chinese telecommunications companies in the US market. Beijing is concerned that if China becomes the next target of Western sanctions, its economy, already impacted by disruptions in the global supply chain due to the COVID-19 pandemic and domestic policies aimed at promoting "common prosperity" and restricting businesses, will experience lower-than-expected growth rates. This situation is further exacerbated by rising unemployment in China, posing challenges to the ruling party-state.

China's concerns regarding Western sanctions have been reflected in its statements in various multilateral organizations. President Xi Jinping, for example, addressed the Bo'ao Forum on April 21, 2022, highlighting that the escalating Ukraine crisis has geopolitical implications that hinder global economic recovery and disrupt the global development agenda, with developing countries being particularly affected.²⁴ In addition, President Xi's remarks at the 14th BRICS business forum emphasized that the Ukraine crisis serves as a warning for humanity.²⁵ However, the joint statement issued by the BRICS countries the following day took a more moderate stance, emphasizing

²⁰ Wong J. 2022. Ukraine Conflict Triggers China's Food Insecurities. *Wall Street Journal*. March 8. URL: <https://www.wsj.com/articles/ukraine-conflict-triggers-chinas-food-insecurities-11646744329> (accessed 15.04.2023).

²¹ Wong O. 2022. China food security: Premier Li Keqiang warns of 'new challenges' as Ukraine war poses risk to world supply. *South China Morning Post*. March. URL: <https://www.scmp.com/economy/article/3171888/china-food-security-premier-li-keqiang-warns-new-challenges-ukraine-war> (accessed 15.04.2023).

²² Donnellon-May G. Recipe for Disaster? – Implications of Ukraine-Russia War on China's Food Security. *Asia Global On-line*. URL: <https://www.asiaglobalonline.hku.hk/recipe-disaster-implications-ukraine-russia-war-chinas-food-security> (accessed 15.04.2023).

²³ China's Position on the Political Settlement of the Ukraine Crisis. 2023. *Ministry of Foreign Affairs, China*. February 24. URL: https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/202302/t20230224_11030713.html (accessed 15.04.2023).

²⁴ Yin H. 2022. China determined to promote balanced, coordinated and inclusive global development. *People's Daily*. April 25. URL: <http://en.people.cn/n3/2022/0425/c90000-10088738.html> (accessed 15.04.2023).

²⁵ Xi addresses BRICS Business Forum. 2022. *China Daily*. June 22. URL: <https://www.chinadaily.com.cn/a/202206/22/WS-62b2f6f3a310fd2b29e67ee9.html> (accessed 15.04.2023).

their support for talks between Russia and Ukraine and expressing concerns about the humanitarian situation in and around Ukraine. The statement also highlighted their support for the efforts of the UN Secretary-General, UN agencies, and the International Committee of the Red Cross (ICRC) in providing humanitarian assistance.²⁶

During the Samarkand summit meeting of the Shanghai Cooperation Organisation on September 16, 2022, China's challenges and dilemmas were once again brought to the forefront. The Samarkand Declaration acknowledged that the "global situation is deteriorating alarmingly", referring to the Ukrainian crisis, energy and food shortages, supply chain disruptions caused by the pandemic, and other pressing issues. China expressed its reservations regarding the Ukraine conflict during President Xi Jinping's interactions with Russian President Vladimir Putin. In a notable move, President Xi skipped the main banquet and made a swift departure from Samarkand. According to the transcript released by the Russian side, President Putin emphasized the "strategic comprehensive partnership" between Russia and China. He stated that: "We highly appreciate the balanced position of our Chinese friends in connection with the Ukrainian crisis. We understand your questions and concerns in this regard". Putin also said that both countries *"jointly stand for the formation of a just, democratic and multipolar world order based on international law and the central role of the UN"*. Putin also reaffirmed Russia's adherence to the "one China" principle and mentioned that during a recent meeting with Li Zhanshu, the third-ranking member of the Communist Party politburo standing committee, the Taiwan issue was further discussed. In response, President Xi emphasized the need for both countries to set an example of being "responsible world power and play a leading role in bringing such a rapidly changing world onto a trajectory of sustainable and positive development".

In the meeting between Xi and Putin at Samarkand, Xi reiterated his readiness "to work with Russia in extending strong support to each other on issues concerning their respective core interests". On the other hand, Putin's remarks on the occasion highlighted that he understood "your questions and concerns". A week earlier to the Xi-Putin meeting, Li Zhanshu visited Russia and reportedly assured China's support to Russia.

China's Narrative

In line with the aforementioned points, China has made concerted efforts to communicate its position to the international community. Yang Jiechi, a member of the Politburo and former foreign minister, highlighted China's comprehensive approach to the Ukraine crisis. He emphasized that China has clearly articulated its policy stance

²⁶ Full text of 14th BRICS Summit Beijing Declaration. 2022. *People's Daily Online*. June 24. URL: <http://en.people.cn/n3/2022/0624/c312369-10114254.html> (accessed 15.04.2023).

based on the merits of the situation, played an independent and constructive role, proposed solutions to resolve the crisis, presented China's initiative to prevent a humanitarian crisis in Ukraine, and refuted baseless accusations and misleading rhetoric directed at China.²⁷ In response to a statement by the US Deputy Secretary of State Wendy Sherman, China's foreign ministry spokesman Zhao Lijian reaffirmed China's position on the Ukraine issue, stating that it is "above board, just, objective and beyond reproach"²⁸.

China's foreign minister Wang Yi, in his address to the UN Security Council in September 2022, emphasized the importance of negotiations, de-escalation of the conflict, addressing the humanitarian crisis in Ukraine, and finding solutions to the emerging food crisis and other related challenges.

China's narrative regarding the Ukraine crisis has primarily focused on two interconnected aspects: criticizing US policies and expressing concerns about NATO expansion, which is perceived as a potential threat to the Asian region. However, China's position in this regard exhibits contradictions and lacks coherence. On one hand, Beijing has been reliant on the US and its allies for its own economic and geopolitical rise, a relationship that dates back to the interactions between Deng Xiaoping and Jimmy Carter in 1979. On the other hand, China views the US as a hindrance to its ambitions of dominating Asia. Consequently, China engages in a significant critique of the US, despite having maintained warm relations under the G-2 format for an extended period of time. Through its criticism of the US, China indirectly seeks to align itself with Russia in a "united front," primarily aimed at avoiding potential Western sanctions on China.

China directs its criticism towards the United States in the context of the Ukraine crisis. Chinese commentators, such as Zhong Sheng (a pen name used by People's Daily), have portrayed the US as the "initiator" of the conflict in Ukraine while accusing it of not providing refuge to Ukrainian refugees²⁹. Ye Zhu, another commentator, attributes the conflict between Russia and Ukraine to US "instigation."³⁰ The US is also criticized for exacerbating the situation by supplying arms to Ukraine, as noted by one commentator³¹. Gao Ge argues that the Ukraine conflict is a result of US-led NATO

²⁷ Jiechi Y. 2022. Studying and Implementing Xi Jinping Thought on Diplomacy in a Deep-going Way and Opening up New Horizons in China's External Work. *People's Daily Online*. May 16. URL: <http://en.people.cn/n3/2022/0516/c90000-10096955.html> (accessed 15.04.2023).

²⁸ China refutes U.S. official's remarks on Ukraine issue. 2022. *People's Daily Online*. April 23. URL: <http://en.people.cn/n3/2022/0423/c90000-10087921.html> (accessed 15.04.2023).

²⁹ Sheng Zh. 2022. U.S. not "guardian" of human rights, but hypocrite. *People's Daily*. April 9. URL: <http://en.people.cn/n3/2022/0409/c90000-10081873.html> (accessed 15.04.2023).

³⁰ Zhu Y. 2022. True colors of U.S. in Russia-Ukraine conflict: Root cause of divisions between the two countries. *People's Daily*. May 11. URL: <http://en.people.cn/n3/2022/0511/c90000-10095080.html> (accessed 15.04.2023).

³¹ Zi Ch. 2022. True colors of U.S. in Russia-Ukraine conflict: Ignoring Ukraine's fate constantly adding fuel to fire. *People's Daily*. May 10. URL: <http://en.people.cn/n3/2022/0510/c90000-10094520.html> (accessed 15.04.2023).

expansion, which reflects its desire to create "controllable chaos," with the US being portrayed as the primary perpetrator of global turmoil.³² In another commentary Gao castigated the US for profiting from the Ukraine conflict³³.

China's analysts also critique NATO and the European Union (EU) in relation to the Ukraine crisis. Zhang Jian highlights how the conflict has exposed the fragile security system in Europe, predicting that it will be challenging for Europe to cope with the situation, potentially leading to polarization³⁴. In response to criticism from British Foreign Secretary Liz Truss regarding China's role in the crisis, China's foreign ministry spokesman Wang Wenbin questions whether NATO, which has allegedly caused disruption in Europe, is now attempting to do the same in the Asia-Pacific and beyond.³⁵ Zhang Jun, China's permanent representative to the UN, criticizes NATO's adherence to outdated security doctrines and accuses it of provoking confrontations and tensions in Europe, the Asia-Pacific, and the wider world, expressing China's firm opposition to such practices³⁶. Chinese scholars view the potential membership of Finland and Sweden in NATO as further threats to "the stability of Europe".³⁷ Furthermore, China's criticism of the US and NATO is influenced by historical events, notably the Chinese embassy bombing incident in Belgrade in 1999, which continues to resonate in Chinese narratives³⁸.

Opportunities and Challenges

Despite China's overall negative and fragmented approaches to the Ukraine crisis, it also perceives the situation as an opportunity to enhance its "narrative power" and contribute something concrete to the global and regional communities. China's assessment, prompted by Russia's inability to swiftly resolve the matter in Ukraine, is that it needs to strengthen its position by presenting its initiatives. One significant exercise in this regard is the unveiling of China's "Global Security Initiative" in April 2022, during the Bo Ao Forum, by President Xi Jinping.

³² Ge G. 2022. Role of NATO after end of Cold War: Pawn for U.S. in seeking hegemony. *People's Daily*. April 26. URL: <http://en.people.cn/n3/2022/0426/c90000-10089467.html> (accessed 15.04.2023).

³³ Ge G. 2022. Profiting from war represents real intention of U.S. *People's Daily*. April 24. URL: <http://en.people.cn/n3/2022/0424/c90000-10088344.html> (accessed 15.04.2023).

³⁴ Jian Zh. 2022. Enhancing strategic autonomy serves interests of Europe. *People's Daily*. May 10. URL: <http://en.people.cn/n3/2022/0510/c90000-10094388.html> (accessed 15.04.2023).

³⁵ International rules not defined by certain clique: FM spokesperson. 2022. *People's Daily*. April 29. URL: <http://en.people.cn/n3/2022/0429/c90000-10090809.html> (accessed 15.04.2023).

³⁶ China opposes NATO's provocation of bloc confrontations around globe. 2022. *People's Daily*. May 6. URL: <http://en.people.cn/n3/2022/0506/c90000-10092947.html> (accessed 15.04.2023).

³⁷ Han Zh. 2022. NATO northward expansion further threatens Europe, world security as Finland, Sweden on verge of membership bid. *People's Daily*. May 13. URL: <http://en.people.cn/n3/2022/0513/c90000-10096092.html> (accessed 15.04.2023).

³⁸ China will never forget NATO's bombing of Chinese embassy: spokesperson. 2022. *People's Daily*. May 7. URL: <http://en.people.cn/n3/2022/0507/c90000-10093385.html> (accessed 15.04.2023).

The Global Security Initiative encompasses principles such as promoting common, comprehensive, cooperative, and sustainable security. It emphasizes the importance of respecting the sovereignty and territorial integrity of all countries, upholding non-interference in internal affairs, and recognizing the independent choices made by different countries in terms of development paths and social systems. The initiative also advocates for adherence to the purposes and principles outlined in the UN Charter, rejecting the Cold War mentality, opposing unilateralism, and discouraging group politics and bloc confrontation. China commits to taking the legitimate security concerns of all countries seriously and prioritizes peaceful dialogue and consultation as means of resolving differences and disputes.

Furthermore, China has expanded its initiatives beyond security concerns. The Global Development Initiative and Global Civilizational Initiative have been introduced as additional constructs, reflecting China's broader vision and objectives in contributing to global development and promoting cross-cultural exchange.

Despite the existence of contradictions between China's statements and its actions, Chinese leaders have been engaged in efforts to persuade leaders from around the world, particularly European leaders, of China's purported peaceful intentions. China has expressed its willingness to mediate between conflicting states and has engaged in discussions with various leaders to reinforce partnerships and highlight mutual business interests and interdependence. President Xi Jinping, for instance, spoke with the German Chancellor to emphasize their close partnership and to remind them of the economic ties between the two countries.³⁹ Additionally, he engaged with French President Macron, emphasizing both countries' pursuit of independent foreign policies.⁴⁰ As the French have been critical of some American policies, Xi possibly is extending the time-tested "united front" tactics. Foreign minister Wang Yi spoke to his Danish counterpart on the Ukrainian conflict underlining commercial links.

However, China also faces numerous challenges in the aftermath of the Ukraine crisis. In addition to the challenges previously mentioned, China is carefully considering the adverse impact of the conflict on its global image. Public opinion polls have already indicated negative perceptions of China due to the origin of the Covid-19 virus. Another critical factor is the potential spillover effect of sanctions imposed on China. Liu Kun, China's finance minister, expressed China's opposition to the politicization and weaponization of the global economy during the G-20 meeting⁴¹. It should be

³⁹ China, Germany should enhance cooperation during times of uncertainty. 2022. *People's Daily*. May 12. URL: <http://en.people.cn/n3/2022/0512/c90000-10095613.html> (accessed 15.04.2023).

⁴⁰ Xi talks with Macron over phone. 2022. *People's Daily*. May 11. URL: <http://en.people.cn/n3/2022/0511/c90000-10094839.html> (accessed 15.04.2023).

⁴¹ US spreads 'Cold War' antagonism into G20 to corner Russia, ups pressure against neutrality of China. *People's Daily*. April 22, 2022. URL: <http://en.people.cn/n3/2022/0422/c90000-10087424.html> (accessed 15.04.2023).

noted, however, that China itself has taken actions such as banning rare earth metals exports to Japan and imposing penalties on South Korea in response to the deployment of ballistic missile defense systems. Furthermore, some commentators have argued that the United States, by imposing sanctions on Russia, is engaging in what they describe as "financial terrorism" in Ukraine⁴².

Finally, the Ukraine crisis has had potential consequences domestically within China, possibly resulting in the demotion of Vice Foreign Minister Le Yucheng, a former ambassador to India. Le was reassigned as a deputy overseeing radio and TV broadcasting agencies. It has been reported that he played a key role in establishing the "no limits" partnership with Russia in February. In a think-tank forum meeting on May 7, 2022, Le criticized those who criticized China for its involvement in the developments in Ukraine. He emphasized that the "no limits" statement in the Sino-Russian joint statement is applicable to both present and future scenarios.

It is worth noting that while China has secured Soviet/Russian consent on its core interests such as Taiwan, the South China Sea, Xinjiang, Tibet, and others, Moscow has not always received unequivocal support from Beijing on various issues. The joint statements between China and Russia periodically allude to these differing positions. Notably, China has not fully endorsed Russia's actions in Georgia, South Ossetia, Crimea, or Ukraine. When the Urumqi incident occurred in July 2009, resulting in the death of over 180 people, Russia and other member states of the Shanghai Cooperation Organization (SCO) supported China, leading to intensified counter-terrorism campaigns. More recently, on February 4, 2022, the joint statement between Presidents Putin and Xi mentioned Taiwan. Additionally, China and Russia conducted military exercises in the South China Sea, which appeared to support China's stance on these issues.

New Factors

China is deeply concerned about the fallout from the Ukraine crisis, as it has invested heavily in globalization and has reaped significant benefits in terms of trade, investments, advanced technologies, access to markets, and enhanced international status, largely derived from Western countries. China recognizes that its cumulative trade with NATO countries far exceeds that with Russia. However, China has prioritized its relationship with Russia as a "strategic partnership" for the past three decades, working together to promote multipolarity and establish a common front against the influence of the United States.

⁴² Wenzai Zh. 2022. Washington's unbounded financial terrorism. *People's Daily*. April 22. URL: <http://en.people.cn/n3/2022/0422/c90000-10087653.html> (accessed 15.04.2023).

While China welcomes any decline in U.S. influence due to its implications for the global and regional orders, the same does not apply to any weakening of Russia resulting from the Ukraine crisis. China closely monitors any such developments, including Russia's involvement in anti-American campaigns in Syria, opposition to "colored revolutions," and the ongoing conflict in Ukraine. China sees opportunities and challenges in these events, recognizing that a major political supporter in the international system could be lost. China has relied on Russia as a political ally while simultaneously benefiting from the economic order led by the United States. The Ukraine conflict has threatened this delicate balance, bringing China's dilemmas to the forefront.

Chinese leaders have engaged in a series of virtual and in-person meetings with their U.S. counterparts. The Xi-Biden virtual meetings and discussions at the Bali G20 Summit have focused not only on bilateral relations and the process of "decoupling," which includes issues such as tariff wars and restrictions on Chinese companies, but also on the U.S.'s "red line" of not providing "material support" to Russia in its actions in Ukraine. Although there have been reports of other countries, such as North Korea and Iran, providing assistance to Russia, evidence of China's involvement in this regard is scarce, except in the energy sector and a few political statements. President Biden himself has stated that there is no evidence of China's involvement in supporting Russia in the Ukraine crisis.

Impact on India

The ongoing conflict in Ukraine has significant implications for the global and regional strategic landscape, including its impact on India. The coordination and cooperation between Russia and China in global and regional affairs have had a mixed effect on India's interests. Historically, India has maintained close strategic relations with Russia since the 1970s. However, the growing partnership between China, Russia, and Pakistan has raised concerns in New Delhi.

China's increasing import of advanced military technologies from Russia, including strategic technologies, has raised concerns in India due to the unresolved territorial dispute and tense relationship between India and China. Russia has supplied China with advanced fighter aircraft such as the Su-27, Su-30, and Su-35, as well as S-400 ballistic missile defense systems, some of which India has also acquired. The supply of advanced engines for ballistic missiles and fighter aircraft to China by Russia has also raised concerns in India about their potential use against India or their proliferation to Pakistan.

Although Russia has been able to provide crucial military equipment to India following the September 2020 meeting between the defense ministers of the two countries, which were subsequently deployed by Indian forces along the borders with China, there remains a lingering doubt in India about the future availability of such equipment from Russia.

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Восприятие Китаем России в период украинского конфликта

Шрикант Кондапалли
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Специальная военная операция России на Украине поставила Китай перед сложным выбором сразу в нескольких областях: от внешней политики и политики безопасности до экономических и технологических отношений с Западом. Китай не критикует российскую операцию, на фоне давления со стороны западных стран всё более последовательно выступает с «нейтральных» или «независимых» позиций. Кроме того, продолжительность конфликта повлияла на оценку китайским руководством перспектив применения военной силы для объединения с Тайванем. Даже с учётом всех различий между украинским и тайваньским контекстами, силовое решение становится в Китае менее популярным, хотя военное давление и продолжает оказываться. Более значительными последствиями конфликта на Украине стали возникновение внутренних размежеваний в самом Китае и рост напряжённости в его отношениях с Западом, от которого по-прежнему существенно зависит подъём КНР.

Статья стремится ответить на следующие вопросы: каковы основные интересы Китая в отношении конфликта на Украине? Как они влияют на китайско-российские отношения? Какие вызовы и возможности возникают для Китая в связи с конфликтом? С этой целью анализируется восприятие ситуации на Украине руководящими органами Компартии Китая, Министерством иностранных дел, китайскими аналитическими центрами и СМИ. В сочетании со снижением темпов экономического роста из-за пандемии COVID-19, специальная военная операция России на Украине вызвала в Китае серьёзные дискуссии об оптимальных путях защиты своих национальных интересов как в тайваньском вопросе, так и в отношении более широкого круга стратегических задач. Эти дискуссии могут повлиять на формирование регионального и глобального порядка в среднесрочной и долгосрочной перспективе. В заключение кратко рассматриваются возможные последствия реакции Китая на украинский конфликт для Индии.

Ключевые слова: внешняя политика Китая и политика безопасности, экономические и технологические связи, военные операции, воссоединение с Тайванем, последствия для отношений Китая и Запада, формирующиеся региональные и глобальные порядки

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The Changing Contours of Russia-India Defense Engagement

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Abstract: The article examines the evolution of Russian defense industrial and economic policies during the military conflict in Ukraine, and the potential impact of these changes on Russian-Indian cooperation. The conflict has led to major reassessment of the defense industrial policies around the world, which is anticipated to affect Asia as well. In Russia, the conflict has prompted a long-term trend towards greater militarization of the economy. In this new context, there is a growing prospect for joint Russian-Indian initiatives aimed at promoting defense industrialization projects in India, enhancing self-reliance, and bolstering India's economic mobilization potential. The most promising area of cooperation between Russia and India may not be limited to the sales of small numbers of selected high-tech weapons. Rather, it may involve creating a new industrial base to help India achieve defense self-sufficiency and be ready for economic mobilization. India's current favorable position in global politics may enable it to obtain Russian cooperation in this field on very favorable conditions. However, such a path may invite growing opposition from the US and the EU towards the Indian-Russian cooperation. It is worth noting that such pressure has been present constantly, especially since 2014, but has been ineffective so far.

Keywords: India, Russia, Ukraine conflict, defense economy, military technical cooperation, economic mobilization

The military conflict in Ukraine is expected to exert a profound transformative impact on Russia, its military, and military-industrial complex. The conflict has already prompted a re-evaluation of the fundamental principles of Russia's defense and security policies, as well as its defense economics. The conflict, which represents the first full-scale military engagement in many generations, has spurred major reforms and expansion of the Russian military. The Russian government is rediscovering the almost-forgotten skills of wartime economic mobilization and management.

Russia's traditional partners in defense and defense industrial cooperation, including India, will need to adapt to this new player in the international arena. The "new Russia" will have different economic, domestic, and foreign policy priorities. Mean-

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while, Russia's partners will also seek to draw on the extensive military experience offered by the conflict in Ukraine. This article analyzes the possible long-term implications of this ongoing deep transformation of the Russian state and its' defense and industrial policies for Russian-Indian defense cooperation.

The military conflict and the accompanying economic sanctions imposed by Western powers are anticipated to have a detrimental effect on the Russian economy and the standard of living of its citizens. For some time, the Russian economy is expected to grow below its potential, but a significant contraction is not expected. In 2022, the Russian economy contracted by only 2.1% of its GDP, and the IMF predicts that it will grow by 0.7% in 2023. The size of the Russian economic pie is likely to remain largely unchanged in the short and medium term. The IMF expects the Russian economy to grow by approximately 1% per year until 2028. However, a greater proportion of this pie will now be allocated to the military and defense industry.

From the outset of the military conflict in February 2022, the goal of the US and the EU has been to inflict a major strategic defeat on Russia. The US Defense Secretary, Lloyd Austin, expressed the objective of weakening Russia "to the degree that it can't do the kinds of things that it has done in invading Ukraine"¹.

However, the outcome will likely be quite different, with an economically weaker, but heavily militarized Russia, which will possess a much larger, battle-hardened military, and an expanded defense industrial base. Many shortcomings of the past military procurement policies will be rectified too. Post-conflict Russia will be isolated from the West economically, and by the end of conflict the US and the EU will have exhausted all their options for economic coercion against Russia, which could be used for deterrence or punishment. The current dominant scenario in Russian planning is long-term isolation, as two other hypothetical scenarios – partial normalization of Russian-Western relations, and the collapse of Russian economic and political systems – are unlikely based on the available empirical evidence. Statements made by leaders of the US and EU indicate that relations with Russia will not be reconsidered unless Russia returns to its 1991 borders, and even then, it may not be enough. Despite a stagnating economy and a declining population, Russia has been able to prevent a collapse in disposable incomes. In 2022, the average disposable incomes of Russian households decreased by only 1% year on year and returned to growth in the last quarter of the year.

As a consequence, the post-conflict Russia is expected to become a more proactive and assertive actor on the global stage, posing greater challenges to the foreign policies of the US and the EU than before. Despite the ongoing conflict in Ukraine in 2022, Russia persisted in challenging Western interests in Africa (e.g., in Mali) and its military continued to operate in Syria and conduct joint military exercises with China. In the aftermath of the conflict, Russia's foreign policy will shift its focus to Asia, Africa, and the Middle East, as relations with Europe will be minimized and effectively frozen for

¹ Bertrand N. et al. 2022. Austin's assertion that US wants to 'weaken' Russia underlines Biden strategy shift. CNN. 26 April. URL: <https://edition.cnn.com/2022/04/25/politics/biden-administration-russia-strategy/index.html> (accessed 26.01.2023).

decades to come. Russia will seek to expand its traditional partnerships in Asia and the Middle East and establish new ones. Maintaining diverse economic and political ties in these regions has been shown to play a critical role in the survival of the Russian economy under extreme sanctions. This will limit Russia's ability to take sides in regional political disputes, except for its general opposition to the West. In order to maintain economic stability, Russia will need to closely cooperate with both China and India, both Saudi Arabia and Iran. Russia may easily show hostility towards countries which it perceives as being US satellites with no independent foreign policy, as demonstrated by the sharp deterioration of Russian-Japanese relations in 2022-2023. However, Russia will also be cautious not to alienate countries which it views as promising partners.

Military and technical cooperation, as well as military-to-military engagement, will continue to be crucial tools of Russian foreign policy, including in the context of its relationship with India. The Ukrainian conflict has underscored the importance of returning to the fundamentals of defense economics from the 20th century, including the establishment of effective mechanisms for economic mobilization and the stockpiling of major equipment. These policies align with India's strategic goals of industrialization and self-reliance. For Russia, such cooperation will be especially relevant as it seeks to diversify its engagement with Asian countries and balance its increasingly close relationship with China. In the new era, the cooperation between Russia and India will no longer be limited to Russia supplying India with weapons. Instead, it may resemble the industrial cooperation between the Soviet Union and China in the 1950s. During that period, the Soviets built a number of major defense industrial enterprises in China, which formed the basis of a defense economy capable of significant mobilization during wartime. Based on the experience of the Ukrainian crisis, the sectors of the defense industry that require the deepest restructuring are the production of air defense systems, tube and rocket artillery and ammunition, production of anti-tank missiles, and field communication equipment.

Conflict in Ukraine and defense economy

The Ukrainian conflict has provided important insights into the fundamental principles of defense industrial policies. It has become clear that the defense economies of today's major industrialized nations are not sufficient for sustaining a conventional war of such magnitude. In fact, the coalition of over 50 developed countries that supported Ukraine experienced significant strains on their production capacities while attempting to replenish Ukrainian arsenals². For example, the entire stockpile of artillery ammunition held by the UK military would have only been sufficient to sustain the scale of the Ukrainian conflict for one week³.

² Chávez S., Rathbone J.P., Pfeifer S. 2022. Military briefing: Ukraine War exposes 'hard reality' of West's weapons capacity. *Financial Times*. 1 December. URL: <https://www.ft.com/content/a781fb71-49bb-4052-ab05-a87386bf3d5e> (accessed 26.01.2023).

³ Grylls G. 2022. British Army's ammunition would last for only a week of war, says Royal United Services Institute. *The Times*. 2 December. URL: <https://www.thetimes.co.uk/article/british-armys-ammunition-would-last-for-only-a-week-of-war-says-royal-united-services-institute-fd2hm0gh7> (accessed 26.01.2023).

All parties to the conflict found it necessary to reassess their defense industrial policies. In October 2022, Russia established a special interagency coordination mechanism, the Coordination Council to Support the Armed Forces, to oversee and coordinate the process of economic mobilization⁴. Pre-conflict assessments of ammunition stockpiles and production capacity needed for a great power war proved to be grossly inadequate. Russian politicians and military leaders voiced numerous complaints during the military operation about inadequate ammunition supply. Even the United States, the world's greatest military power, has struggled to keep up with the demand for ammunition caused by the conflict in Ukraine, and is now ramping up production. This will require not only a significant amount of funding but also a considerable amount of time. For instance, the expansion of production of 155-mm artillery rounds from the current rate of 14,000 per month to 36,000 per month (which is still lower than the total number of rounds being fired monthly in Ukraine) will require 3 years⁵. A more ambitious objective was later announced, with the goal of producing 90,000 rounds per month by 2025⁶.

Severe losses of heavy weapon systems suffered by both sides during the conflict have highlighted the limitations of modern defense industries that focus on producing a small number of sophisticated and advanced weapon systems, making it difficult to sustain a major war. It became apparent that the existing production was insufficient to replenish the losses of equipment, and both sides increasingly turned to using obsolete weapons from Cold War-era stockpiles. Examples of this include the United States sending Hawk surface-to-air missile systems to Ukraine⁷, and Russia deploying ancient T-62 tanks on the frontline⁸. It appears that having access to significant numbers of relatively simple and/or outdated weapon systems is more important than possessing a small number of advanced, state-of-the-art systems. This trend is observable on the contemporary battlefield, where these systems can play a significant role. A good example of this is the widespread use of Soviet-era systems like the SA-8 Gecko (9K33

⁴ Sostav Koordinacionnogo soveta pri Pravitel'stve Rossijskoj Federacii po obespecheniyu potrebnostej Vooruzhyonnyh Sil Rossijskoj Federacii, drugih vojsk, voinskih formirovanij i organov v redakcii Ukaza Prezidenta Rossijskoj Federacii ot 21 oktyabrya 2022 goda №763 [The Composition of the Coordinating Council under the Government of the Russian Federation to Meet the Needs of the Armed Forces of the Russian Federation, other Troops, Military Formations and Bodies as Amended by Decree of the President of the Russian Federation of October 21, 2022 No. 763]. *Russian Government*. 21 October 2022. URL: <http://government.ru/info/46858/> (accessed 26.01.2023).

⁵ US Ammunition Supplies Dwindle as Ukraine War Drains Stockpiles. 2022. *The Defense Post*. 10 October. URL: <https://www.thedefensepost.com/2022/10/10/us-ammunition-supplies-dwindle/> (accessed 26.01.2023).

⁶ Davis C.R. 2023. Ukraine is burning through artillery shells. Now the US is increasing production by 500%. *Insider*. 25 January. URL: <https://www.businessinsider.com/pentagon-increasing-production-of-155mm-artillery-shells-2023-1> (accessed 26.01.2023).

⁷ Lopez C.T. 2022. \$400 Million Security Package Headed to Ukraine. *U.S. Department of Defense*. 10 November. URL: <https://www.defense.gov/News/News-Stories/Article/Article/3216745/400-million-security-package-headed-to-ukraine/> (accessed 26.01.2023).

⁸ Ptichkin S. 2022. V voyennoy spetsoperatsii stali ispol'zovat' tanki T-62 [T-62 tanks began to be used in special military operation]. *Rossiyskaya gazeta*. 12 September. URL: <https://rg.ru/2022/09/12/obkatannyj-tank-v-boiu-ne-podvedet.html> (accessed 26.01.2023).

Osa) by both sides to counter modern threats like unmanned aerial vehicles (UAVs)⁹. Such weapons systems, coupled with modern communication and fire control equipment, were found to be sufficient for most tasks during the conflict, and this is likely to remain the case in the future.

The economic and industrial lessons of the Ukrainian conflict have major implications for India, and they are much more important than the technological lessons. The confrontation in Ukraine, like the great wars of the first half of the 20th century, clearly shows that defense economics and industrial capacity are more important than technology, although the latter should not be underestimated. Despite being major defense industrial powers and largely self-sufficient in defense production, the US and Russia have struggled to sustain the military confrontation in Ukraine. However, Russia has been able to compensate for its weaknesses in manpower and some areas of technology by maintaining a larger scale use of artillery¹⁰. According to EU assessments, Russia is capable of firing between 20,000 and 50,000 rounds a day, while Ukraine can only fire 4,000 to 7,000 round¹¹. Both sides have been using ammunition from accessible stockpiles as well as current production.

The Ukrainian conflict highlights the importance of maintaining robust industrial mobilization potential and producing critical weapon systems and all types of ammunition domestically, even at the expense of lower quality and more modest capabilities. It is likely that, in the new circumstances, less expensive and simpler weapons that can be produced entirely at home using local materials will coexist with a smaller number of sophisticated, state-of-the-art systems.

Effects on the Russian defense industry

Russia has learnt these lessons on the battlefield, and it is currently adapting its industrial base to the new realities, by increasing defense production and managing the existing stockpiles. Evidence suggests that the real boost in Russian defense production began before the conflict, as part of the preparation¹², with a focus on the most sophisticated weapon systems such as cruise missiles and surface-to-air missiles. This allowed Russia to maintain a high level of intensity in fighting by using such systems throughout the confrontation, with regular attacks on Ukrainian strategic targets in-

⁹ Stepanov A. 2022. Kak raketnyye komplekсы "Osa-AKM" rabotayut v zone spetsoperatsii [How Osa-AKM floating anti-aircraft missile systems work in the special operation zone]. *Rossiyskaya gazeta*. 6 December. URL: <https://rg.ru/2022/12/06/groza-bajraktarov.html> (accessed 26.01.2023).

¹⁰ Kube C. 2022. Russia and Ukraine are firing 24,000 or more artillery rounds a day. *NBC News*. 11 November. URL: <https://www.nbcnews.com/politics/national-security/russia-ukraine-war-ammo-rcna56210> (accessed 26.01.2023).

¹¹ EU figures show intensity of Russia-Ukraine artillery war. *EU Observer*. 16.03.2023, URL: <https://euobserver.com/ukraine/156836#:~:text=Russia%20is%20firing%20%22between%20%2C000,EU%20memo%20dated%2013%20March.> (accessed 26.01.2023)

¹² Rossiya za 8 let pochti v 40 raz uvelichila arsenal krylatykh raket bol'shoj dal'nosti [Russia has increased its' inventory of long range cruise missiles almost 40 times in 8 years]. 2020. *Interfax*. URL: <https://www.interfax.ru/russia/742531> (accessed 24.04.2023)

volving several dozens of missiles each taking place every couple of weeks until March 2023¹³. However, Russia encountered more difficulties with simpler types of weapons and ammunition, such as tube artillery and main battle tanks. During the conflict, Russia had to make significant efforts to increase its capacity to both produce new weapons and ammunition and quickly overhaul and modernize the existing stockpiles.

In many cases, defense enterprises started to work 24 hours a day for six days per week¹⁴. In the Altai region, for instance, the production volume of defense enterprises increased by up to 60% from the beginning of 2022 to the end of October, and continued to grow¹⁵. It has been reported that certain enterprises have boosted their output by 1000%¹⁶. This growth in defense production resulted in an electricity consumption increase of 1.5% nationwide¹⁷, despite the economic downturn and the collapse of certain civilian industries, such as the automotive industry.

The return of the era of great power rivalry means that Russia will likely keep the defense industrial capacity which is being currently built up, returning to the principles of the defense economy of the 20th century. This entails increased investment in the development of the industrial base beyond the defense industry. The conflict has shown a need for robust capacity in production of industrial machine tools. In 2022 Russia has faced rising demand for machine tools for both defense sector and for import substitution in sanctions stricken civilian industries and was struggling to satisfy it by increasing small domestic production and increased imports from China¹⁸. In a wartime economy, having obsolete or inefficient machine tools is still preferable to having none at all. Possible disruption of import channels and potential inability of foreign companies to meet the sudden surge in demand mean that maintaining some capacity for domestic machine tool production is necessary, even if it requires subsidies and protectionist measures for the relevant industries.

The same holds true for microchip production, where a certain level of domestic capacity is needed for national security, even if the technology is outdated. While Russia's domestic microchip industry is relatively weak and backward, it has increased production in 2022 by using second-hand equipment¹⁹. Currently, the Russian micro-

¹³ Russia pummels Ukraine with array of high-tech weaponry in nationwide assault. *CNN*. 10.03.2023. URL: <https://edition.cnn.com/2023/03/09/europe/ukraine-russia-missile-attack-kinzhal-intl/index.html> (accessed 26.01.2023)

¹⁴ Zavody Urala perekhodiat v tri smeny shest' dney v nedelyu [The factories of the Urals are switching to three shifts six days a week]. 2022. *Yandex.Zen*. 21 December. URL: <https://dzen.ru/a/Y6M2VIX282X69rbP> (accessed 26.01.2023).

¹⁵ Ob'yem proizvodstva predpriyatiy OPK Altayskogo kraia s nachala goda vyros na 30-60% [The volume of production of defense industry enterprises of the Altai Territory has increased by 30-60% since the beginning of the year]. 2022. *TASS*. 18 November. URL: <https://tass.ru/ekonomika/16365281> (accessed 26.01.2023).

¹⁶ Kakim stal 2022 god dlya oboronno-promyshlennogo kompleksa Rossii [What was the year 2022 for the military-industrial complex of Russia]. 2022. *TASS*. 28 December. URL: <https://tass.ru/armiya-i-opk/16696305> (accessed 26.01.2023).

¹⁷ Kilovattam nashli primeneniye [Kilowatts have been used]. 2023. *Kommersant*. 16 January. URL: <https://www.kommersant.ru/doc/5772296> (accessed 26.01.2023).

¹⁸ RBK: Shojgu smenil komanduyushchih dvuh voennyh okrugov [RBC: Shoigu replaced the commanders of two military districts]. 2023. *Business Online*. 23 January. URL: <https://m.business-gazeta.ru/news/580966> (accessed 26.01.2023).

¹⁹ Rossijskij «chipmejker №1» udvaivaet proizvodstvo. Rossijskoj mikroelektronike dadut novuyu zhizn' [Russian "chip maker №1" doubles production. Russian microelectronics will be given a new life]. 2022. *Cnews*. 22 April. URL: https://www.cnews.ru/news/top/2022-04-22_rossijskij_chipmejker_1 (accessed 26.01.2023).

chip industry is capable of producing microchips using 180 nanometer, 90 nanometer, and, to a limited extent, 65 nanometer technology processes²⁰. These technological processes were first adopted by major global industrial leaders in 1999, 2002, and 2004, respectively. While these types of microchips may not be as advanced as more recent technology, they are still suitable for a range of military applications, including guided weapons and UAVs. However, the use of these microchips can result in Russian electronic systems being heavier and more energy-intensive compared to Western counterparts. Such capacity has helped Russia to maintain high production rates for the strategic industries and advanced weapons, especially in the face of extreme Western sanctions. At the same time, imports of more sophisticated microchips from China and other sources have also increased in comparison to the pre-sanction period²¹.

The increase in production is not only crucial for waging the ongoing conflict, but also for sustaining the much-expanded Russian Armed Forces, which are expected to grow from 1 million to 1.5 million personnel by 2026²². This will make the Russian military comparable in size to the Chinese People's Liberation Army (PLA), which has a manpower of 2 million. It can be anticipated that, unlike the PLA, which places greater emphasis on the navy, Russia will prioritize the ground forces.

Russian defense economy after the Ukrainian conflict

Can Russia sustain the cost? The ongoing conflict with Ukraine has had undeniable negative effects on the Russian economy, leading to a close to 3% decline in GDP in 2022, with expectations of further decline in 2023. The Russian Ministry of Economic Development projects a 0.8% decrease in GDP for 2023, followed by a modest growth of 2.6% in 2024²³.

While the pre-conflict Russian defense budget for 2022 had envisioned the defense expenditure of 2.6% of GDP or 3.5 trillion rubles, the actual spending after the conflict started was reconsidered and grew by relatively modest 30% to 4.7 trillion²⁴. It is likely that additional growth in defense spending may occur, however, it is prob-

²⁰ «Rossijskih processorov hvatit dlya osnovnyh potrebnostej gosudarstva» [Russian processors are enough for the government needs]. 2021. *Izvestia*. 31.05. URL: <https://iz.ru/1170272/roman-kildiushkin/rossijskikh-protcessorov-khvatit-dlia-osnovnykh-potrebnostei-gosudarstva> (accessed 26.01.2023)

²¹ Nathaniel Taplin How Microchips Migrate From China to Russia. *The Wall Street Journal*. 25.02.2023 <https://www.wsj.com/articles/how-microchips-migrate-from-china-to-russia-7ad9d6f4> (accessed 26.01.2023).

²² Shojgu anonsiroval «masshtabnye izmeneniya» chislennosti voennyh za tri goda [Shoigu announced "large-scale changes" in the number of military in three years]. 2023. *RBC*. 17 January. URL: <https://www.rbc.ru/politics/17/01/2023/63c669949a794736a6c4eada> (accessed 26.01.2023).

²³ Siluanov zayavil, chto padenie VVP RF po itogam goda sostavit poryadka 2,7% [Siluanov stated that the fall in Russia's GDP by the end of the year will be about 2.7%]. 2022. *Interfax*. 29 December. URL: <https://www.interfax.ru/business/879096> (accessed 26.01.2023).

²⁴ Mingazov S. 2022. Raskhody byudzhet Rossii po stat'e «nacional'naya oborona» v 2022 godu vyrosli na tret' [Russian budget expenditures under the item "national defense" in 2022 increased by a third]. *Forbes*. 23 September. URL: <https://www.forbes.ru/finansy/477887-rashody-budzeta-rossii-po-stat-e-nacional-naa-oborona-v-2022-godu-vyrosli-na-tret> (accessed 26.01.2023).

able that Russia will attempt to limit its expenditure to no more than 4% of GDP. The long-term impact of this rise in defense spending on the national economy remains uncertain. The existing evidence presents a mixed picture, and the negative correlation between military expenditures and investment cannot be firmly established based on the available data (Smith, Dunne 2020). The experience of Western nations during the Cold War suggests that a market-oriented economy can support defense expenditures equivalent to 3-4% of GDP for a sustained period, particularly when considering the relatively low level of public debt in Russia. During the final decades of the Cold War, France's defense spending typically ranged between 3-3.4% of GDP²⁵, while the United States consistently exceeded 6% of GDP²⁶.

Warfare is unlikely to lead a country towards prosperity or happiness, at least in the medium-term. However, it can promote national strength. GDP figures do not directly translate into military power, foreign policy influence, or military technology. In the aftermath of the conflict, Russia is expected to have a heavily militarized economy, with an expanded defense industrial base capable of engaging in future major wars. Additionally, the nation will enhance its strategic civilian industries, aiming for greater self-sufficiency. It is unlikely that sanctions will have a significant impact on this process. By concentrating resources in strategic sectors and collaborating with allies such as China and Iran, Russia can overcome most of the sanctions' negative effects.

Undoubtedly, economic isolation from the developed world has negative implications for an economy, even if good macroeconomic policies are in place to minimize these effects. The sanctions are expected to hinder the potential growth of the Russian economy in general for the foreseeable future. However, this is not necessarily true for sectors of the Russian economy that are essential to its position in global affairs, such as the defense, nuclear, and aerospace industries. The historical record of economic isolation (such as the Soviet Union, Maoist China, post-revolutionary Iran, and present-day North Korea) suggests that industries critical to a nation's survival, including defense and dual-use technologies, primarily rely on internal drivers for their development. While this does not necessarily mean that Russia will follow a similar path of extreme isolation, these examples indicate that supporting the development of a limited set of defense and dual-use technologies is entirely feasible even under extreme sanctions.

These drivers could encompass an increased perception of external threat, a greater role of the military and security establishment in internal politics, societal mobilization, and the emergence of techno-nationalism. These factors are currently evident in Russia. The nation's isolation may create favorable circumstances for maintaining

²⁵ France Military Spending/Defense Budget 1960-2023. *Macrotrends*. 2023. URL: <https://www.macrotrends.net/countries/FRA/france/military-spending-defense-budget> (accessed 26.01.2023).

²⁶ U.S. Military Spending/Defense Budget 1960-2023. *Macrotrends*. 2023. URL: <https://www.macrotrends.net/countries/USA/united-states/military-spending-defense-budget> (accessed 26.01.2023).

a relatively elevated level of defense spending. The fiscal multipliers from military spending tend to be higher for closed economies (Sheremirov, Spirovska 2022).

In recent times, the Democratic People's Republic of Korea (DPRK) and Iran have made significant strides not only in their defense production but also in critical civilian and dual-use technology areas, despite being under the most stringent sanctions. Iran is the sole Middle Eastern country with an independent space program, producing its own supercomputers and gas turbines. This progress is due to a combination of import substitution policies for technology strictly controlled by the West, such as weapon systems, jet engines, and gas turbines, as well as the utilization of off-the-shelf foreign components that are almost impossible to monitor by Western sanctions authorities. This includes widespread commercial electronic components, components for mass-produced commercial drones, and so on. Given Russia's greater resources for successful industrial policies than Iran, it is likely to focus more on import substitution.

During the Ukraine conflict, Russia has made significant progress in addressing some of the shortcomings of its defense technological policies. This progress includes the increased production of unmanned aerial vehicles (UAVs), the development and increased production of new types of guided weapons (such as new types of guided artillery munitions²⁷), the quick development of the Russian equivalent to the US-made Joint Direct Attack Munition (JDAM) bombs²⁸, and an increased production of new types of tanks²⁹. The production of these weapons is supported by both the Russian microelectronic industry, which is capable of producing electronic components at the level achieved by Western producers in the early 2000s, and by the use of off-the-shelf commercial components that flow into Russia through numerous channels such as China, the Middle East, and Turkey.

After the conflict, Russia is expected to face long-term economic consequences resulting from military confrontation and sanctions. Nonetheless, its defense economy is anticipated to receive a significant boost in terms of increased investment in new technology and higher production rates.

²⁷ Vostrebovannost' v tul'skih UAS «Krasnopol'-D» rezko vozroslo. Vysokotochnyj otvet artillerii NATO v hode SVO [Demand in the Tula UAS "Krasnopol'-D" has increased dramatically. High-precision response of NATO artillery during NWO]. 2022. *Newstula*. 1 December. URL: https://newstula.ru/fn_1263996.html?utm_source=yxnews&utm_medium=desktop&utm_referrer=https%3A%2F%2Fdzen.ru%2Fnews%2Fsearch%3Ftext%3D (accessed 26.01.2023).

²⁸ V Rossii razrabotali pervuyu «umnuyu» polutonnyu aviabombu [Russia has developed the first "smart" half-ton bomb]. 2023. *MK*. 5 January. URL: <https://www.mk.ru/politics/2023/01/05/v-rossii-razrabotali-pervuyu-umnuyu-polutonnyu-aviabombu.html> (accessed 26.01.2023).

²⁹ Gusarov S. 2023. Konveyer rabotayet kruglosutochno: «Uralvagonzavod» peredal Minoborony novuyu partiyu tankov T-90M «Proryv» [The conveyor works around the clock: Uralvagonzavod handed over to the Ministry of Defense a new batch of T-90M Proryv tanks]. *Russia Today*. 12 January. URL: <https://russian.rt.com/russia/article/1096717-t-90m-uralvagonzavod-postavki-minoborony> (accessed 26.01.2023).

Lessons for Indian planning

India is the world's largest net importer of weapons and faces the prospect of much larger conflicts than the one in Ukraine, possibly against adversaries with significant industrial capabilities. This dependence on imports has proved perilous, as even smaller conflicts like the Kargil war required urgent procurement of equipment, sometimes at exorbitant prices and with delays³⁰. To match China's military buildup along the Himalayan border, India plans to invest more in military infrastructure, and command and control systems³¹. Special attention is also attached to the Indo-Pacific theater where India is focusing on obtaining advanced maritime domain awareness capabilities³². India adheres to a no-first-use nuclear policy and considers its nuclear forces solely as a tool of deterring the enemy's nuclear strike by the threat of massive retaliation (Nagal 2015).

In the context of current great power rivalry, India will need to reassess its industrial policy and prioritize the potential for defense mobilization of its economy. It is essential to create reserve production capacity for key types of weapons and equipment on Indian soil, even if it means sacrificing some of the technical capabilities of the weapon systems. In some cases, the procurement of simpler weapon systems with 100% localization should be considered simultaneously with the purchases of more advanced systems that are imported or assembled from foreign components. Importing specific weapons that cannot be produced domestically will likely have limited effects on the sales of the domestic arms industry (Blum 2018).

In the past, China employed a similar strategy when it was heavily reliant on imported defense technology. During the period from the 1980s to the early 2000s, China frequently pursued a dual strategy of producing advanced, state-of-the-art weapon systems that relied on foreign technology, as well as simpler, fully localized substitutes. For instance, in the 2000s, China produced the J-8II fighter concurrently with the procurement and license production of Russian Sukhoi fighters. Later, China produced early types of the J-10 fighter, which still relied on Russian engines. China has also produced the more sophisticated Type 99/99G tanks, which heavily depended on foreign production equipment and components, alongside the cheaper, simpler, but less capable Type 96/96G tanks. Additionally, China has produced the simple HJ-73 family of antitank missiles, along with the more powerful HJ-8, HJ-9, and HJ-10 systems.

The Ukrainian experience demonstrates that such readily available but simple sys-

³⁰ Sura A. 2019. India overcharged for satellite images, arms during Kargil. *The Times of India*. 14 December. <https://timesofindia.indiatimes.com/india/during-kargil-foreign-nations-fleeced-india-sold-old-sat-pics-arms/articleshow/72570657.cms> (accessed 26.01.2023).

³¹ Kliman D., Rehman I., Lee K., Fitt J. 2019. Imbalance of Power: India's Military Choices in an Era of Strategic Competition with China. *Center for a New American Security*. October 23. URL: <https://www.cnas.org/publications/reports/imbalance-of-power> (accessed 26.01.2023).

³² Baruah D. M. 2020. India in the Indo-Pacific: New Delhi's Theater of Opportunity. Working Paper. *Carnegie Endowment for International Peace*. URL: <http://www.jstor.org/stable/resrep24919.8> (accessed 26.01.2023). P. 18–25.

tems may play a vital role in several areas, including: air defense (particularly short and medium-range systems that can effectively counter unmanned aerial vehicles (UAVs) and subsonic cruise missiles by utilizing inexpensive surface-to-air missiles); infantry weapons and munitions; anti-tank guided missiles; artillery and artillery munitions; military automobiles; military engineering equipment; tactical communication systems; small tactical UAVs; helicopters; light armored vehicles; land and naval mines.

Modern war against a major defense industrial power (even if that power is participating in war indirectly) is not possible without development of such industries and having all elements of their production chains on the national territory. They do not have to rely on the last generations of technology, as in many cases Cold war era artillery and armor combined with command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) capabilities have proven to be effective. Key Indian strength in the present conditions may be a very robust national IT sector which could be mobilized to develop the C4ISR capabilities associated with the modern war (Amitav 2008).

Among the more high-tech weapons, the Ukrainian conflict has highlighted the increasing significance of theater ballistic missile defense systems, which were heavily utilized by Russia. It is worth noting that the acquisition and implementation of such systems already was a central topic in Indian national security discussions more than a decade ago (Pant 2008).

In the case of India, increased defense spending could have a significant positive impact on economic growth, primarily due to the resulting boost in industrial investment and employment generation (Mohanty, Panda, Bhuyan 2020).

It is also important to have well-developed plans for mobilizing the domestic industry prepared well in advance. To the best of our knowledge, the only major country that undertakes such planning is China, which systematically monitors the mobilization potential of its economy through yearly Defense Mobilization Potential surveys.

The Ukrainian conflict has highlighted the increased capacity of major powers to engage in proxy wars against their adversaries. This greater capability is based on the growing significance of modern information technology in modern warfare³³. It is not solely the United States that can offer such support to its allies. China, for in-

³³ In terms of US military support to Ukraine, the provision of a constant flow of intelligence and targeting information via space assets, AWACS planes, and ground-based radars operated from NATO-controlled territory, beyond the reach of Russian countermeasures, was the most significant factor. Despite the hype around the use of the HIMARS rocket systems, the most effective long-range strikes against Russian forces in the early stages of the conflict were conducted by the Ukrainians using legacy Soviet systems such as the Tochka U (SS-21), as well as Soviet Smerch and Uragan MLRS systems. A combination of initial Russian problems with coordination between advancing ground troops and air defense, combined with American targeting, resulted in battlefield losses for Russia, not the use of any magical weapon system. NATO's radar coverage of much of Ukraine enabled the Ukrainian air defense systems to successfully conceal themselves, only turning their radars on seconds before firing missiles. This made the suppression of Ukrainian air defenses a difficult task for the Russian Aerospace Force. While the Russians did manage to destroy some Ukrainian air defense systems, including S-300s, many of them survived, limiting Russian air assets over Ukraine. Timely warning information provided by the US to Ukraine about the movements of Russian Navy ships and long-range bombers allowed the Ukrainians to accurately forecast Russian cruise missile attacks and move vulnerable high-value equipment, notably combat aircraft, to different locations.

stance, possesses a fleet of advanced AWACS planes, and its space reconnaissance capabilities are second only to those of the United States. Additionally, China produces a larger number of short and medium-range ballistic missiles and guided multiple rocket launcher systems than the United States, and in some cases, these weapons have superior capabilities. Thus, it is technically feasible for a smaller Asian power to wage a limited conventional war successfully against a major power, relying on external support in the areas of intelligence, reconnaissance, communications, and control, as well as arms sales.

Potential for Russian-Indian cooperation

Russia regards India as its natural ally in the Indo-Pacific region, although their relationship is somewhat affected by their divergent approaches toward China (Lunev, Shavlay 2018). Russia and India could collaborate on projects aimed at restructuring the Indian defense industrial base to adapt to new realities. The Indian military still relies on platforms and weapons with Russian roots, and the two countries have established defense industrial ties³⁴.

Since 2014, the Russian defense industry has been subject to Western sanctions, and the new measures imposed on Russia since February 2022 have not significantly undermined the capabilities of Russian weapons producers. In fact, they have benefited from growing political attention and increased financing.

After February 24, 2022, the open-source information on Russian arms exports, including exports to India, became scarce. Russian authorities increased secrecy around arms exports to avoid sanctions against Russian defense industrial companies and their foreign customers. However, according to the Russian leadership's statements, exports continued even during the most challenging periods of 2022. In late November 2022, Vladimir Putin announced that since the beginning of the year, Russia had exported weapons worth \$8 billion³⁵. Despite the ongoing military confrontation, Russia seems to be fulfilling the most significant defense industrial contracts with India. In 2018, India contracted for five S-400 SAM systems, and as of April 2022, the second system had been delivered, followed by the third in early 2023. Russia plans to complete the contract by the end of 2023³⁶.

³⁴ Indian Military Dependence on Russia. 2022. *Institute Montaigne*. 5 July. URL: <https://www.institutmontaigne.org/en/analysis/indian-military-dependence-russia> (accessed 26.01.2023).

³⁵ Putin ocenil ob'em eksporta vooruzhenij [Putin assessed the scale of weapons exports] *RIA Novosti*. 25.11.2023 URL: <https://ria.ru/20221125/eksport-1834383497.html> (assessed 26.04.2023).

³⁶ Kajal K. 2023. Russia delivers third S-400 system to India. 2023. *Janes*. 02.03. URL: <https://www.janes.com/defence-news/news-detail/russia-delivers-third-s-400-system-to-india> (assessed 26.04.2023)

The two countries have the potential to elevate their strategic defense industrial cooperation to a new level, drawing on the experience of Soviet-Chinese cooperation in the 1950s. This entails a shift away from a series of individual high-profile defense deals towards a pre-planned creation of a new Indian defense industrial complex, which would ensure India's strategic autonomy by enabling it to meet its basic defense needs independently. This does not imply a cessation of cutting-edge technology transfers or advanced weapons sales; rather, the two dimensions of cooperation should coexist. Russia's ability to export advanced weapons systems to India is likely to increase after the conflict, as Russia will likely have significant excess production capacity for surface-to-air missiles, cruise missiles, anti-tank missiles, armored vehicles, and other weapons. Consequently, Russia is then expected to be in the position to offer its weapons at affordable prices and on short notice, especially when selling off some of the wartime stockpiles.

The growing role of dual-use information and communication technology during the conflict suggests that future bilateral defense cooperation between India and Russia may become a two-way street. Russia's interest in importing some of India's dual-use technology is likely to increase in the future. Furthermore, the experience gained by Russia in the first major full-scale conventional conflict between peer powers in generations may prove valuable to the Indian military, thereby boosting military-to-military interactions.

Moreover, the conflict will leave Russia with a large battle-hardened regular military, which will be augmented by very strong private military companies. Russia is likely to expand the use of these foreign policy tools in various parts of the world, creating additional opportunities for policy coordination and cooperation between India and Russia. Russian capabilities can be used to deal with overseas terrorism threats and protect foreign investments of friendly countries like India.

In terms of technology, the conflict in Ukraine has revealed both the strengths and weaknesses of Russian military procurement policies. Russian air defense has played a significant role in the military operation and has proven to be the most advanced in the world, capable of dealing with a wide range of threats including artillery rockets, short-range ballistic missiles, anti-radiation missiles, various types of unmanned aerial vehicles (UAVs) and loitering munitions, as well as traditional combat fixed-wing aircraft and helicopters. Prior to the conflict, Russia increased the production of surface-to-air missiles and continued to do so during the conflict. In January 2023, Vladimir Putin stated that Russia was producing as many SAM missiles as the rest of the world combined³⁷, which greatly reduced the damage to Russian forces from rocket, missile, and UAV attacks by Ukrainian forces.

³⁷ Rossiya za god proizvodit stol'ko zhe raket PVO, skol'ko ostal'noy mir vmeste vzyaty [Russia manufactures same number of missiles as rest of the world combined]. 2023. *Expert*. 18 January. Available at: <https://expert.ru/2023/01/18/rossiya-za-god-proizvodit-stolko-zhe-raket-pvo-skolko-ostalnoy-mir-vmeste-vzyatiy-putin/> (accessed 26.01.2023).

Russia effectively utilized its large arsenal of advanced Iskander (SS-26 Stone) ballistic missiles and a considerable inventory of cruise missiles. Additionally, the conflict saw the first successful use of hypersonic weapons in history when Russia deployed its Kh-47 Kinzhal missiles to destroy heavily protected Ukrainian targets. Russia maintained a general advantage in artillery and increased its use of guided artillery munitions such as Krasnopol laser-guided 152-mm rounds. Russia also made good use of advanced indigenous loitering munitions, such as the Lancet attack UAV. Notably, Russia successfully used the very long-range (up to 400 km) air-to-air missile R-37M in combat for the first time, hitting Ukrainian combat aircraft.

Conclusion

The conflict in Ukraine has had a profound impact on Russia, affecting its economy, industry, defense, and domestic and foreign policies. The new Russia will be a more assertive global actor, with significantly enhanced military capabilities. It will be capable of operating with complete disregard of the Western position on most issues, given that economic ties with the West have been severed.

In light of this isolation from the West, it is expected that Russia will place greater emphasis on enhancing its cooperation with India in all areas, including defense. Following the conflict, Russia's defense economy is anticipated to possess considerable excess production capacity and large reserves, which will enable the supply of Russian weapons in large quantities at low cost. The precise extent of such surplus supplies will be contingent upon the scale of the Russian military in the future. Currently, Russia has decided to augment its peacetime military force by 50%, bringing the total number of troops to 1.5 million. This figure is nearly equivalent to the overall number of Russian armed forces during the conflict in Ukraine, encompassing the pre-conflict military force of 900,000 to 1 million soldiers, 300,000 mobilized troops, the former Donetsk and Lugansk People's Republic forces, and paramilitary forces like the Wagner Group. Further increase may add pressure on Russian stockpiles, but such a development does not seem likely.

The conflict in Ukraine has highlighted the critical role of defense industrial and economic mobilization for a country's survival. In today's environment, the capacity for such mobilization may be more important for national security than the possession of advanced defense technology. As a result, the views on the defense economy are undergoing profound changes all around the world.

In the future, the most promising area of cooperation between Russia and India may not be limited to the sales of small numbers of selected high-tech weapons. Rather, it may involve creating a new industrial base to help India achieve defense self-sufficiency and be ready for economic mobilization. India's current favorable position in global politics may enable it to obtain Russian cooperation in this field on very favorable conditions. However, such a path may invite growing opposition from the US and the EU towards the Indian-Russian cooperation. It is worth noting that such pressure has been present constantly, especially since 2014, but has been ineffective so far.

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Меняющиеся контуры военно-технического сотрудничества России и Индии

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В статье анализируется эволюция российской военно-промышленной и экономической политики в ходе вооружённого конфликта на Украине, а также рассматриваются вероятные последствия этой эволюции для российско-индийского сотрудничества. Конфликт привёл к масштабному переосмыслению военно-промышленной политики в странах по всему миру, включая Азию. В России сформировался долгосрочный тренд на милитаризацию экономики. В изменившихся условиях возникают новые возможности для совместных российско-индийских инициатив, направленных на развитие индийской военной промышленности, повышение её самодостаточности, а также укрепление мобилизационного потенциала индийской экономики. Наиболее перспективная область сотрудничества между Россией и Индией, возможно, не должна ограничиваться продажей небольших партий высокотехнологичного оружия. Скорее, она может включать создание новой промышленной базы для помощи Индии в достижении оборонной самодостаточности и готовности к экономической мобилизации. Текущее благоприятное положение Индии в мировой политике может позволить ей добиться сотрудничества с Россией в этой области на очень выгодных условиях. Однако, такая политика может вызвать растущее противодействие со стороны США и ЕС в отношении российско-индийского сотрудничества. Стоит отметить, что такое давление присутствует постоянно, особенно с 2014 года, но пока оно оказывается неэффективным.

Ключевые слова: Индия, Россия, украинский конфликт, военная экономика, военно-техническое сотрудничество, экономическая мобилизация.

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India-Russia Defense Partnership: New Challenges and Future Prospects

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Abstract: The India-Russia strategic partnership has been characterized by a longstanding and mutually beneficial defence relationship that has spanned over fifty years. This partnership has witnessed a notable shift from a buyer-seller dynamic to joint development and production of cutting-edge weaponry. Consequently, a significant portion of India's defence arsenal is comprised of Soviet/Russian weapons systems. However, as India aims to diversify its sources of arms imports and promote greater self-reliance in defence production, Russia's prominent position in India's defence considerations is diminishing. Moreover, recent challenges stemming primarily from the Ukraine conflict have cast a shadow over this defence relationship.

The focus is increasingly shifting towards how both countries can navigate practical and perceptual issues in their partnership. Furthermore, the exclusivity that India once enjoyed as the sole recipient of state-of-the-art Russian defence technology in its region, giving it a qualitative advantage over its adversaries, has been diluted with Russia now supplying advanced weaponry to China. Consequently, the Indo-Russian defence partnership is currently facing a significant test.

This article critically examines and analyzes the ongoing trends in the India-Russia defence relationship and explores the implications arising from these developments. It seeks to shed light on the evolving dynamics and challenges that both countries must address in order to sustain and strengthen their defence partnership.

Keywords: India-Russia relations, defense cooperation, arms trade, sanctions

The defence relationship between India and Russia stands as a cornerstone of their strategic partnership, representing a resilient and longstanding bond between the two nations. This relationship, often described as the "backbone" of bilateral ties, has endured for over half a century, characterized by continuous defence collaboration (Raghavan 2020). Notably, this collaboration has witnessed a significant shift from a traditional buyer-seller dynamic to joint development and production of

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state-of-the-art weapons, while respecting India's robust intellectual property rights (IPR) record (Saran 2018). As a result, Soviet/Russian weapons systems have come to dominate India's defence portfolio¹, although India has also pursued diversification in its weapons imports and emphasized greater indigenization².

The defence partnership has proven to be mutually beneficial, with Russian weapons and technology enhancing India's defence manufacturing capabilities while Indian orders have served as an innovation stimulus for Russia's military-industrial complex³. This robust defence relationship has fostered a deep sense of mutual trust, goodwill, and familiarity between Indians and Russians, contributing to a positive image of each other within both societies⁴. Moreover, it has, arguably, played a significant role in shaping India and Russia's shared sensitivity towards each other's core concerns⁵. The signing of a 10-year military technical cooperation agreement in December 2021, despite American sanctions, underscores India's continued emphasis on the defence partnership with Russia⁶. Similarly, Russia's refusal to yield to Chinese pressure and stop supplying India with defence equipment during the 2020 India-China border standoff in Galwan reflects a similar sentiment⁷.

Nevertheless, the current challenges primarily associated with the ongoing conflict in Ukraine have significantly impacted the strength of this defense partnership. This comprises the imminent risk of stricter Western sanctions imposed on nations involved in defense-related transactions with Russia⁸. Likewise, concerns are mounting

¹ Chaudhury D. 2020. More than 60-70% of India armed forces equipped with Russian origin weapons: Indian envoy. *The Economic Times*. URL: <https://economictimes.indiatimes.com/news/defence/more-than-60-70-of-india-armed-forces-equipped-with-russian-origin-weapons-indian-envoy/articleshow/76903811.cms> (accessed 21.04.2023).

² Ghoshal D., Ahmed A. 2022. India, world's biggest buyer of Russian arms, looks to diversify suppliers. *Reuters*. 22 November. URL: <https://www.reuters.com/world/india/india-worlds-biggest-buyer-russian-arms-looks-diversify-suppliers-2022-05-18/> (accessed 21.04.2023).

³ Makienko K. 2015. Military-technical cooperation between India and Russia: Time for radical solutions in Fets K., Unnikrishnan N., Kamalakaran A., Krovvidi E., Pasi R., Zubacheva K., *A New Era: India-Russia Ties in the 21st Century*. Russia Beyond the Headlines. Moscow.

⁴ Purushottam S. 2010. President Medvedev's Visit to India: Fresh Directions for Indo-Russian Partnership in the 21st Century. MP-IDSA. URL: https://idsa.in/idsacomments/PresidentMedvedevsVisittoIndia_spurushottam_201210 (accessed 21.04.2023); Ambassador thanks TASS for 'very good' factual coverage of India-Russia relations. TASS. 1 November 2021. URL: <https://tass.com/world/1356835> (accessed: 21.04.2023).

⁵ Parthasarathy G. 2022. India, too, has an all-weather friend. *Businessline*. 12 October. URL: <https://www.thehindubusinessline.com/opinion/columns/g-parthasarathy/india-too-has-an-all-weather-friend/article29452072.ece> (accessed 21.04.2023).

⁶ *India-Russia Joint Statement following the visit of the President of the Russian Federation*. Ministry of External Affairs, Government of India. 2021. 06 December. URL: https://mea.gov.in/bilateral-documents.htm?dtl/34606/India_Russia_Joint_Statement_following_the_visit_of_the_President_of_the_Russian_Federation (accessed 21.04.2023)

⁷ Mohan G. 2020. Chinese government mouthpiece People's Daily urges Russia not to sell arms to India. *India Today*. 23 June. URL: <https://www.indiatoday.in/world/story/chinese-government-mouthpiece-people-s-daily-urges-russia-not-to-sell-arms-to-india-1691982-2020-06-23> (accessed: 21.04.2023); Tiwari P. 2020. Rajnath Singh Calls His Moscow Visit Special, says India-Russia Enjoy Privileged Strategic Partnership. *Zee News*. 23 June. URL: <https://zeenews.india.com/india/rajnath-singh-calls-his-moscow-visitspecial-says-india-russia-enjoy-privileged-strategic-partnership-2291588.html> (accessed 21.04.2023)

⁸ Countering America's Adversaries Through Sanctions Act-Related Sanctions. 2022. *U.S. Department of the Treasury*. URL: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/countering-americas-adversaries-through-sanctions-act-related-sanctions> (accessed: 21.04.2023)

regarding the Kremlin's capacity to fulfill its obligations towards its defense partners while concurrently addressing its own urgent military demands in Ukraine⁹. These dynamics have the potential to directly impact India's operational readiness. To add to the complexity matrix is the perceived chinks in Russia's armour on account of the performance of some of Russian weaponry in the ongoing conflict, particularly the large stockpile of Soviet era weapons comprising T-72 and T-90 battle tanks, MBRLs and BMPs apart from precision-guided munition and air-defence capabilities¹⁰. Due to the critical role that some of these platforms play in India's military arsenal, there have been calls in certain circles to reevaluate the inclusion of Russian weapons in India's deterrence strategy.¹¹ Nevertheless, the pressing need of the hour is an objective analysis of the performance of Russian weapons amidst the overhang of information warfare.

Meanwhile, the exclusivity of India being the sole recipient of state-of-art Russian defence technology in India's neighbourhood which gave India a qualitative edge over its rivals too has been diluted amidst Russia now rearming China which inevitably increases India's security dilemma. This exclusivity was evident in Russia's exports of SU-30 MKI to India vis-à-vis the exports of SU-30 MKK/MK2 to China with the former being fitted with more advanced technology despite both aircrafts being on identical mainframes. Today, Russia is exporting S-400s to both India and China.

Indeed, as India places increased emphasis on indigenisation efforts alongside its ongoing diversification of the overall import basket, the Indo-Russian defence partnership, which has demonstrated resilience in the face of numerous challenges in the past, now encounters its most formidable trial.

Against the backdrop of these developments, this article aims to address the following inquiries: What is the prospective trajectory of the Indo-Russian defense partnership following the conclusion of the conflict in Ukraine? How should the performance of Russian weaponry on the Ukrainian battlefield be interpreted? What impact will Western sanctions have on existing and future defense agreements between India and Russia? Will Russia be capable of fulfilling its commitments amidst distractions caused by the situation in Ukraine? Is there a possibility of reassessment in India regarding the effectiveness of Russian weapons due to Russia's perceived reputational damage resulting from their performance in Ukraine? Will the ongoing import diversification by India and Russia's arms sales to China diminish the significance of the strategic partnership between India and Russia? How do the alternative platforms for Russian weapons compare in terms of their capabilities?

⁹ Bedi R. 2022. Russia Invading Ukraine Will Have a Domino Effect on India's Arms Deals. *The Wire*. 16 December. URL: <https://thewire.in/security/russia-invading-ukraine-will-have-a-domino-effect-on-indias-arms-deals> (accessed 21.04.2023).

¹⁰ Davydenko D., Khvostova M., Lymar O. 2022. Lessons for the West: Russia's military failures in Ukraine. *ECFR*. 11 August. URL: <https://ecfr.eu/article/lessons-for-the-west-russias-military-failures-in-ukraine/> (accessed 21.04.2023).

¹¹ Bedi R. 2022. To Maintain a Prepared Military, India Will Have to Find a Way Around Sanctions on Russia. *The Wire*. 19 December. URL: <https://thewire.in/security/india-russia-military-procurement-sanctions> (accessed 21.04.2023).

This article adopts a qualitative deductive study approach, employing an inference model as the theoretical framework for analysis. By dividing the text into various thematic sections, it facilitates a comprehensive examination of the aforementioned research questions. In addition to an extensive review of existing literature, the study incorporates the perspectives and insights of practitioners from both military and diplomatic backgrounds. This methodological approach enables a more in-depth exploration and inference of the short-term, medium-term, and long-term implications arising from the emerging situation. The inclusion of diverse sources and perspectives enhances the robustness and credibility of the study's findings.

The central argument of this article is that the evolving global and regional dynamics have the potential to impact the traditionally strong Indo-Russian defense partnership. The perspective of neo-realists, exemplified by Kenneth Waltz (1979, 1993, 2000), posits that in an anarchical international system characterized by uncertainty, states prioritize self-help measures to enhance their security and survival. Consequently, states tend to pursue indigenous arms production as a means to bolster their security, and India is no exception to this trend (Subrahmanyam, 2000).

Additionally, Krause (1992) outlines the rationale and logic behind defense relationships, considering them as instruments of state policy. From the perspective of arms-producing nations, arms exports serve multiple purposes, encompassing strategic, political, and economic interests. By being a provider of security through arms exports, a nation can enhance its global image and expand its presence in regions that might otherwise be peripheral to its priorities. Moreover, arms sales generate revenue, contributing to economic gains, while also reducing the unit cost of production through export orders. Furthermore, customized requirements from importing nations often serve as catalysts, driving manufacturers to push the boundaries of their technological capabilities, subsequently integrating these advancements into their domestic defense ecosystem.

Likewise, when a state engages in the import of weapons, it not only enhances its security capabilities but also gains the opportunity to forge stronger ties with a technologically superior exporter by leveraging its market position. This strategic advantage can be instrumental in balancing against potential adversaries. As the defense partnership progresses, the importing state is likely to seek access to weapons technology, aiming to foster self-reliance in defense manufacturing. Consequently, the sale of weapons often establishes a positive and enduring working relationship between the seller and the recipient, leading to what is commonly referred to as a lock-in scenario.

Neuman (1987) emphasizes how trust developed over time encourages both buyers and sellers to explore opportunities for joint development and production. This approach serves as a risk-mitigation strategy while also enabling sellers to maintain relevance in the arms market of buyer states, thereby overcoming the occasional interchangeable nature of weapons trade. However, states that rely on weapons imports also

exhibit caution regarding the potential risks of overdependence on a single supplier. The cohesion within a defense partnership may also be jeopardized if the weapons supplier fails to meet the evolving defense requirements of the importing state.

Within this context, an increasing body of literature is emerging that suggests Russia may no longer possess its former strength in weapons manufacturing, largely due to perceived setbacks in the ongoing conflict in Ukraine.¹² Consequently, some voices are advocating for a reassessment of dependence on Russian weaponry.

However, despite these discussions, the India-Russia defense partnership continues to play a vital role in strengthening their overall strategic relationship. In response to the evolving complexities, numerous Indian and Russian scholars argue that it is crucial to adopt innovative and unconventional approaches¹³. This may involve insulating the partnership from the respective countries' engagements with third parties, while also acknowledging the reality that Russia will remain a significant, albeit not the primary, defense partner for India. This perspective underscores the need for adaptability and flexibility in navigating the shifting dynamics of the defense partnership.

The India-Russia partnership has consistently remained a key element in the foreign policy considerations of both New Delhi and Moscow. This enduring alliance persists even as both countries have pursued a multi-vectored foreign policy approach, enabling them to explore new partnerships and exercise a broader range of choices. However, any significant divergence in the Indo-Russian relationship could have implications for the strategic autonomy and maneuverability of both nations.

Notably, a growing drift in the India-Russia partnership, coupled with Russia's ongoing confrontations with Western powers, could potentially lead to increased reliance on China by the Kremlin. This shift in alliances has the potential to disrupt the balance of power in Asia, which would inevitably complicate India's geopolitical land-

¹² Stecklow S., Villars D., Tamman M. 2022. The supply chain that keeps tech flowing to Russia. *Reuters*. 13 December. URL: <https://www.reuters.com/investigates/special-report/ukraine-crisis-russia-tech-middlemen/> (accessed 21.04.2023).

¹³ Chenoy A. 2022. Russia-India Relations in a Transformative World Order. *Valdai Discussion Club*. 20 July. URL: <https://valdaiclub.com/a/highlights/russia-india-relations-in-a-transformative-world/> (accessed 21.04.2023); Bhadrakumar M.K. 2022. Modi ignores West's sanctions on Russia. *Indian Punchline*. 17 December. URL: <https://www.indianpunchline.com/modi-ignores-west-s-sanctions-on-russia/> (accessed 21.04.2023); Sibal K. 2022. Why India must not join the West in demonising Russia. *India Narrative*. 11 September. URL: <https://www.indianarrative.com/opinion-news/why-india-must-not-join-the-west-in-demonising-russia-48224.html> (accessed 21.04.2023); Saran P. 2022. Ukraine: Peacemaker India? Jaishankar's Moscow visit was crucial. New Delhi seems more ready to facilitate dialogue. *The Times of India*. 19 November. URL: <https://timesofindia.indiatimes.com/blogs/toi-edit-page/ukraine-peacemaker-india-jaishankars-moscow-visit-was-crucial-new-delhi-seems-more-ready-to-facilitate-dialogue/> (accessed 21.04.2023); Kupriyanov A. 2022. India's Foreign Policy Dilemmas: Protecting National Interests. *Valdai Discussion Club*. 02 November. URL: https://valdaiclub.com/a/highlights/india-s-foreign-policy-dilemmas/?sphrase_id=1443161 (accessed 21.04.2023); Kortunov A. 2022. India likely to stay neutral over Ukraine in defiance of US pressure — analyst. *Tass*. 12 April. URL: <https://tass.com/world/1436651> (accessed 21.04.2023); Borisov T. 2021. Russia-India: Military and Technical Cooperation in the World After COVID-19'. *Centre for Analysis of Strategies and Technologies*. URL: <http://cast.ru/eng/comments/russia-india-military-and-technical-cooperation-in-the-world-after-covid-19.html> (accessed 21.04.2023); Trenin D. 2022. Carnegie Connects: Understanding Putin and Ukraine With Dmitri Trenin'. *Carnegie Endowment*. 22 February. URL: <https://carnegieendowment.org/2022/02/22/carnegie-connects-understanding-putin-and-ukraine-with-dmitri-trenin-event-7820> (accessed 21.04.2023).

scape. The evolving dynamics in the region would require India to navigate a more intricate strategic environment, considering the broader implications of a potential realignment between Russia and China.

Evolution of defence ties

Over the past decade, there has been a notable shift in the nature of the defense partnership between India and Russia. The focus has shifted towards technology transfer, joint production, and development, rather than solely relying on off-the-shelf purchases¹⁴. This change aligns with Russia's extensive military modernization program launched during the same period. Additionally, efforts have been made to address structural challenges, including the issue of spare parts availability¹⁵.

The outcomes of these endeavors have been mixed. Positive results have been observed in projects such as the expansion of the range of BrahMos missiles and their integration with India's frontline Sukhoi SU-30 MKI aircraft, enhancing their lethality¹⁶. Furthermore, the production of AK-203 rifles in Amethi, which aims to promote small arms manufacturing in India, is anticipated to commence soon. These rifles are expected to become the standard weapons for a significant portion of the Indian army.¹⁷ In a similar vein, Russian assistance played a crucial role in the development of India's indigenous nuclear-powered ballistic missile submarine, Arihant, further bolstering India's nuclear deterrence capabilities¹⁸. Notably, Indian naval personnel gained valuable operational experience through their involvement with INS Chakra, an Akula-class nuclear-powered submarine leased from Russia in 2012, which prepared them for the operation of Arihant¹⁹.

¹⁴ Interview of Ambassador with TASS. 2021. *Embassy of India in Moscow*. 01 November. URL: <https://indianembassy-moscow.gov.in/ambassador-interviews-01-11-2021-1.php> (accessed: 21.04.2023); Pubby M. 2018. Russia offers to jointly design, build submarines. *The Economic Times*. 06 July. URL: <https://economictimes.indiatimes.com/news/defence/russia-offers-to-jointly-design-build-submarines/articleshow/64877908.cms> (accessed 21.04.2023).

¹⁵ India to Manufacture Spare Parts, Components for Russian Defence Equipment. 2019. *Live Mint*. 16 September. URL: <https://www.livemint.com/news/india/india-to-manufacture-spare-parts-components-for-russian-defence-equipment-1567608077013.html> (accessed: 21.04.2023); Trubnikov V. 2016. The Risks of Reducing Cooperation with India Can be Minimized if Russia Works Towards Improving its Competitiveness. *The Russian International Affairs Council (RIAC)*. 28 March. <https://russiancouncil.ru/en/analytics-and-comments/comments/the-risks-of-reducing-cooperation-with-india-can-be-minimize/> (accessed 21.04.2023).

¹⁶ IAF test-fires extended range BrahMos cruise missile from SU-30MKI. 2023. *The Hindu*. 29 December. URL: <https://www.thehindu.com/news/national/iaf-test-fires-extended-range-brahmos-cruise-missile-from-su-30mki/article66317299.ece> (accessed 21.04.2023)

¹⁷ Chinoy S. Behera L. 2019. AK-203: A Boost for the Army and Make in India. *MP-IDSA*. 11 March. URL: https://idsa.in/idsa-comments/ak-203-make-in-india_chinoy-lkbehera-110319 (accessed 21.04.2023)

¹⁸ Raghuvanshi V. 2019. India signs \$3 billion contract with Russia for lease of a nuclear submarine. *Defense News*. 8 March. URL: <https://www.defensenews.com/global/asia-pacific/2019/03/08/india-signs-3-billion-contract-with-russia-for-lease-of-a-nuclear-submarine/> (accessed 21.04.2023)

¹⁹ Russia leases out Nerpa nuclear-powered attack submarine to India. 2011. *India Today*. 31.12. URL: <https://www.indiato-day.in/world/asia/story/russia-leases-out-nerpa-nuclear-submarine-to-india-150449-2011-12-30> (accessed 21.04.2023).

However, not all projects within the India-Russia defense partnership have been successful. Projects such as the Fifth Generation Fighter Aircraft (FGFA) and Multi Role Transport Aircraft (MRTA) have been abandoned due to disagreements over technology transfer, division of labor, cost-sharing, and the perceived inability to achieve India's envisioned outcomes (Bedi 2018)²⁰. Similarly, it is expected that the Kamov Ka-226T light utility helicopter project will meet a similar fate²¹.

Consequently, while Russia remains a significant defense partner for India, driven by both historical ties and emerging requirements, there has been a gradual decline in India's defense imports from Moscow²². This can be attributed to various factors, including India's efforts to diversify its defense imports as part of its multi-aligned foreign policy and its increasing focus on indigenization. Indeed, the diversification of imports has coincided with India's qualitative strengthening of defense engagements with Western countries, whose equipment and technology have often been found to align better with India's evolving requirements²³. Similarly, Russia itself has diversified its exports, capitalizing on its growing partnership with China and exploring new markets in Africa, West Asia, and Southeast Asia.

The changing dynamics of the India-Russia defense partnership are reflected in the declining deliveries from Russia, which dropped by 52 percent between 2016 and 2020²⁴. Consequently, Russia's share in India's defense imports decreased from 70 percent to 50 percent during the same period. Despite this decline, Russia still accounts for 49 percent of India's defense imports, with France being the next largest supplier at 18 percent, followed by Israel at 13 percent, and the US at 4 percent²⁵.

Furthermore, the conflict in Ukraine since 2014 has added complexities to the transactional aspect of the India-Russia defense relationship. The weaponization of the US dollar through measures such as the Countering American Adversaries Through Sanctions Act (CAATSA) has placed India in a vulnerable position regarding potential sanctions²⁶. While alternative payment mechanisms, including the use of national

²⁰ Menon J. 2013. India Concerned About FGFA Work Share With Russia. *Defense News*. 21 October. URL: <https://aviation-week.com/defense-space/india-concerned-about-fgfa-work-share-russia> (accessed 21.04.2023).

²¹ Sagar P. 2020. JVs with Russia for 200 Helicopters, Lakhs of Rifles Stuck over Cost, Content. *The Week*, 16 December. URL: <https://www.theweek.in/news/india/2020/02/06/jvs-with-russia-for-200-helicopterslakhs-of-rifles-stuck-over-cost-content.html> (accessed 21.04.2023).

²² SIPRI Arms Transfers Database. SIPRI. URL: <https://www.sipri.org/databases/armstransfers> (accessed 21.04.2023).

²³ Pandit R. 2022. Marine Rafale score over American Super Hornet in Navy-deal dogfight. *The Times of India*. 8 December. P. 13.

²⁴ SIPRI Arms Transfers Database. SIPRI. URL: <https://www.sipri.org/databases/armstransfers> (accessed 21.04.2023).

²⁵ Dwivedi G. 2022. Why India cannot afford to delink from Russia for its defence needs. *India Today*. 25 October. URL: <https://www.indiatoday.in/news-analysis/story/russia-ukraine-war-india-cannot-afford-to-delink-from-moscow-1918878-2022-02-28> (accessed 21.04.2023); SIPRI Arms Transfers Database. SIPRI. URL: <https://www.sipri.org/databases/armstransfers> (accessed 21.04.2023).

²⁶ Kupriyanov A. 2018. Impact of the U.S. Anti-Russian Sanctions on the Russia-India Cooperation in the Military-Technical Area. *Russia International Affairs Council*. 10 September. <https://russiancouncil.ru/en/analytics-and-comments/analytics/russia-india-cooperation-against-the-background-of-sanctions-adverse-effects-and-new-opportunities/> (accessed 21.04.2023)

currencies, have shown some success, the dominance of the US dollar, the imbalanced composition of India-Russia trade, and currency fluctuations make it challenging to find a suitable monetary exchange mechanism.²⁷ Consequently, the threat of secondary American sanctions continues to loom over Indian defense companies and banks, which remain cautious due to their significant exposure to the more lucrative Western markets.

However, despite the changing dynamics, India's decision to procure the S-400 air defense platform in 2018, along with a range of new equipment and upgrades worth US\$18 billion, demonstrates New Delhi's continued recognition of the value of Russian arms. This decision also signifies India's commitment to upholding its strategic choices without allowing any third country to veto them.²⁸ Similarly, Russia's refusal to yield to Chinese pressure and stop supplying India with defense equipment during the 2020 India-China border standoff in Galwan, despite Moscow's increasing strategic dependence on Beijing, highlights Russia's enduring appreciation for its partnership with India.²⁹

Litmus test of endurance of defence ties

The ongoing conflict in Ukraine serves as a crucial test for the future resilience of the India-Russia defense collaboration. The focus will increasingly be on how the two countries navigate practical and perceptual challenges. These include concerns about Russia's reliability as a weapons supplier, the effectiveness of Russian weapons in light of reputational damage caused by setbacks compared to Western arms, and the growing comprehensive Western sanctions against the Russian military-industrial complex.

These challenges coincide with India's renewed emphasis on indigenization, leading to a 30 percent decline in arms imports and a greater diversification of imports through competitive international bidding to acquire the best available technology³⁰. The stakes are high for India's combat readiness, particularly given the heightened threat matrix in its neighborhood, including China's increasing assertiveness, Pakistan's ongoing asymmetric conflict, and the Sino-Pakistani collaboration against India³¹. Moreover, Russia's growing reliance on China to withstand Western pressure has

²⁷ Kashin V. 2020. Webinar on Russia-India Relations. *Valdai Discussion Club*. URL: <https://www.youtube.com/watch?v=Ci5gnr2ZETQ> (accessed 21.04.2023).

²⁸ Siddiqui H. 2019. India to Pay in Rupees for S-400 Missile System from Russia, Says Top Russian Diplomat'. *Financial Express*. URL: <https://www.financialexpress.com/defence/india-to-pay-in-rupees-for-s-400-missile-system-from-russia-says-top-russian-diplomat/1688845/> (accessed 21.04.2023).

²⁹ Mohan G. 2020. Chinese government mouthpiece People's Daily urges Russia not to sell arms to India. *India Today*. 23 June. URL: <https://www.indiatoday.in/world/story/chinese-government-mouthpiece-people-s-daily-urges-russia-not-to-sell-arms-to-india-1691982-2020-06-23> (accessed 21.04.2023).

³⁰ SIPRI Arms Transfers Database. *SIPRI*. URL: <https://www.sipri.org/databases/armstransfers> (accessed 21.04.2023).

³¹ Sibal K. 2022. China will remain a threat to India. *The Statesman*. URL: <https://www.thestatesman.com/exclusive-interviews/china-will-remain-threat-india-1503095206.html> (accessed 21.04.2023).

further complicated India's geostrategic calculations. This is exemplified by the sale of sophisticated Russian defense platforms, including the S-400 air defense systems, to Beijing, which are also sought by India. One argument is that historically Russia has made certain adjustments favoring India in the weapons sold to both New Delhi and Beijing, while another perspective suggests that identical weapons ensure a balance of power³². However, the crucial question is whether Russia would be able to offer India an advantage given its increasing dependence on China. Likewise, would India accept multi-billion-dollar weapons platforms if they do not provide a clear advantage over its rivals and adversaries?

Reliable Weapons Supplier

With the conflict in Ukraine showing no signs of resolution in the near future, concerns have arisen regarding Russia's ability to meet its export delivery schedules. It is likely that Russia's main focus will be on fulfilling its own requirements for the ongoing conflict, including replenishing depleted armaments.

As a result, there is a cloud of uncertainty surrounding the timely delivery and upgrades of critical platforms intended for India. These include the second batch of S-400 air defense systems, Mig-29 and Su-30 MKI aircraft, Igla-S air defense systems, the lease of a nuclear submarine, joint production of AK-203 rifles, and numerous other systems³³. In fact, according to the Indian Air Force's submission to the Indian Parliament's Standing Committee on Defense in March 2023, a "major delivery" from Russia is unlikely to occur in 2023 due to the ongoing developments in Ukraine.³⁴ Consequently, the Indian Air Force has reduced its modernization budget by nearly one-third for the financial year 2023-24.

Furthermore, the persistent issue of spare parts for Russian equipment in India's inventory may resurface. Despite concerted efforts, the operational readiness of the frontline SU-30 MKI aircraft fleet stands at a concerning 60 percent. Similar challenges exist across several other platforms³⁵.

Furthermore, the established modus operandi that India had developed post the developments in Ukraine in 2014, involving both Russia and Ukraine for the supply of equipment and upgrades for India, now faces uncertainty. This includes projects such

³² Makienko K. 2015. Military-technical cooperation between India and Russia: Time for radical solutions. Fets K., Unnikrishnan N., Kamalakaran A., Krovvidi E., Pasi R., Zubacheva K. *A New Era: India-Russia Ties in the 21st Century*. Russia Beyond the Headlines. Moscow.

³³ Bedi R. 2022. To Maintain a Prepared Military, India Will Have to Find a Way Around Sanctions on Russia. *The Wire*. URL: <https://thewire.in/security/india-russia-military-procurement-sanctions> (accessed 21.04.2023).

³⁴ Thirty Sixth Report Standing Committee on Defence 2022-23". 2023. *Lok Sabha Secretariat*. 16 April. URL: https://loksabhadocs.nic.in/lsscommittee/Defence/17_Defence_36.pdf (accessed 21.04.2023).

³⁵ Simha R. 2021. Future-Proofing the Flanker: Why an Upgrade is Critical for the Sukhoi Su-30. *Raksha Anirveda*. URL: <https://raksha-anirveda.com/future-proofing-the-flanker-why-an-upgrade-is-critical-for-the-sukhoi-su-30/> (accessed 21.04.2023).

as the modernization of AN-32 transport aircraft, the transfer of R-27 air-to-air missiles for the SU-30 MKI fighter jets, and the provision of Ukrainian engines for the four Russian frigates ordered by India³⁶. The question arises as to whether Ukraine would be willing to maintain the status quo in light of the ongoing conflict.

Currently, over 50 percent of India's equipment remains of Russian origin, despite India's efforts to diversify its import sources³⁷. This includes critical frontline equipment such as an aircraft carrier, tanks, submarines, frigates, fighter jets, and mid-air refuelers. Therefore, any significant disruption in Russia's commitment to arming India over the long term would have a direct impact on India's national defense capabilities.

Reputational Damage

The ongoing conflict in Ukraine has raised questions about the effectiveness of certain Russian weaponry when compared to Western arms. Specifically, the performance of Soviet-era weapons such as T-72 and T-90 battle tanks, multiple rocket launchers (MBRLs), infantry fighting vehicles (BMPs), as well as precision-guided munitions and air defense capabilities, has come under scrutiny. These assessments are particularly relevant considering Russia's claims of having undertaken a comprehensive overhaul and modernization of its defense industry in the past decade, including the development of state-of-the-art equipment claimed to have no analogues³⁸.

However, it would be unfair to attribute the setbacks experienced on the battlefield solely to defense equipment. Other factors such as command and control skills, leadership, training, logistics, intelligence capabilities, effective resource utilization, adequate manpower, morale, and motivation have also played significant roles in determining the outcomes of the conflict. Additionally, Russia's strategic decision to preserve its best but limited stock of equipment for a potential direct confrontation with a larger threat, such as NATO, could have influenced the allocation of resources and deployment of certain platforms³⁹. It is worth noting that many of the losses suffered by Russia in the conflict involve modernized yet Soviet-era equipment rather than newly developed Russian platforms. Furthermore, achieving an impregnable air defense system is a complex task that involves technical, scientific, and economic challenges⁴⁰. Instances where Russian missile defenses were unable to intercept hostile projectiles can be attributed to the inherent difficulties associated with developing a foolproof defense system.

³⁶ Pechorina N. 2016. Ukraine-India Arms Trade. *Moscow Defence Brief*. URL: <https://mdb.cast.ru/mdb/2-2016/item2/article1/> (accessed 21.04.2023).

³⁷ Bedi R. 2022. To Maintain a Prepared Military, India Will Have to Find a Way Around Sanctions on Russia. *The Wire*. URL: <https://thewire.in/security/india-russia-military-procurement-sanctions> (accessed 21.04.2023).

³⁸ They're Trying to Catch Up: Putin's Defense Speech in Quotes. *The Moscow Times*. 25.12.2019. URL: <https://www.themoscowtimes.com/2019/12/25/theyre-trying-catch-up-putin-defense-speech-a68738> (accessed 21.04.2023).

³⁹ Pifer S. 2022. The Russia-Ukraine war and its ramifications for Russia. *Brookings Institute*. 8 December. URL: <https://www.brookings.edu/articles/the-russia-ukraine-war-and-its-ramifications-for-russia/> (accessed 21.04.2023).

⁴⁰ Interview of a serving Indian Colonel in the Indian army who prefers to remain anonymous.

Nevertheless, the evidence of chinks in Russia's armour have been a revelation. These include efficacy of its T-72 and T-90 frontline tanks and BMPs⁴¹. The T-72s and the T-90s, for instance, have been found to be vulnerable when attacked by Javelin ATGMS. Similarly, T-72 turrets have been found to explode under sustained fire. This has been attributed to its existing design where the ammunition storage lies in close proximity to turret mainframe to enable self-loading, with the ammunition often exploding when the turret gets hit (Bakshi 2023).

The fact that Russia has had to rely more on Iranian rather than indigenous drones is also an acute reflection of Russian MIC not keeping pace with the changing nature of warfare⁴².

Meanwhile, the presence of foreign components in Russian defense platforms indicates that Russia's import substitution program, initiated in 2014, has not achieved the desired outcomes. This is particularly evident in the crucial area of chips and semi-conductors, which are integral to modern defense equipment (see note 12). The lack of adequate machine tools necessary for large-scale commercial production of these critical components has been identified as a significant vulnerability in Russia's military-industrial complex (MIC)⁴³. This concern was publicly acknowledged as early as 2015 by the former Deputy Prime Minister Dmitry Rogozin, who highlighted Russia's "challenging situation in the microelectronics and machine tool building sectors" and emphasized the absence of a robust ecosystem in the country⁴⁴. However, there appears to be a renewed emphasis on enhancing the production of these crucial force multipliers, as evidenced by Prime Minister Mikhail Mishustin's plans to develop a national electronic industry. This indicates a renewed commitment to address the deficiencies in microelectronics and machine tool building sectors and underscores the recognition of the need to bolster domestic production capabilities⁴⁵.

Western Sanctions

The raft of comprehensive Western sanctions on practically the entire Russian MIC is likely to be a major impediment in not only Russia's ability to rearm itself but also meet its export commitments. The latter has been a vital source of Russian revenue and a tool of power projection and building global partnerships.

⁴¹ Pifer S. 2022. The Russia-Ukraine war and its ramifications for Russia. *Brookings Institute*. 8 December. URL: <https://www.brookings.edu/articles/the-russia-ukraine-war-and-its-ramifications-for-russia/> (accessed 21.04.2023).

⁴² Russia Flew \$140M, Captured Western Arms to Iran for 160 Drones – Reports. *The Moscow Times*. 09 November. URL: <https://www.themoscowtimes.com/2022/11/09/russia-flew-140m-captured-western-arms-to-iran-for-160-drones-reports-a79326> (accessed 21.04.2023).

⁴³ Pukhov R. 2019. Defense, Trade and Foreign Policy: An Interview with CAST Director Ruslan Pukhov. *CAST*. URL: <http://cast.ru/eng/news/defense-trade-and-foreign-policy-an-interview-with-cast-director-ruslan-pukhov.html> (accessed 21.04.2023).

⁴⁴ Rogozin nazval datu polnogo importozameshcheniia v oboronke [Rogozin gave a date for the full phasing out of imports in the military industrial sector]. 2015. *RBC*. 04 December. URL: <https://www.rbc.ru/politics/04/12/2015/5660b5679a79473f88734f85> (accessed 21.04.2023).

⁴⁵ Russia to continue developing microelectronic equipment — Cabinet. 2023. *TASS*. 24 January. URL: <https://tass.com/economy/1566547> (accessed 21.04.2023).

The extensive sanctions imposed by Western countries on the Russian military-industrial complex (MIC) are expected to pose significant challenges to Russia's re-armament efforts and its ability to fulfill export commitments⁴⁶. These exports have served as a crucial source of revenue for Russia, as well as a means of projecting power and establishing global partnerships.

The recent focus of Western efforts to penalize Russia for its actions in Ukraine has been on strengthening the Countering America's Adversaries Through Sanctions Act (CAATSA). A key aspect of this approach involves restricting Russia's access to external technology components. Imposing technology embargoes could undermine Russia's endeavors not only to replenish its depleted arsenal and fulfill external orders but also to narrow the perceived technological gap with Western countries. Implementing a new import substitution program would likely require a substantial period of time, especially considering the concurrent economic crisis, which would necessitate balancing priorities between military expenditure and other essential sectors.

CAATSA's second prong, which aims to undermine Russia's exports by imposing secondary sanctions on countries and entities engaged in defense business with Russia, has once again brought attention to India. India holds the distinction of being the largest global importer of Russian weapons. The entities subject to sanctions include prominent design bureaus such as Rostec, Uralvagonzavod, Kalashnikov Concern, Almaz-Antey, United Aircraft Corporation (UAC), and United Shipbuilding Corporation (USC) - all of which have a well-established history of close collaboration with the Indian defense establishment. Several flagship weapons in India's inventory, including SU-30 MKI and MiG 29 fighter jets, IL-78 tankers, Mi-17 and Mi-35 helicopters, T-90 battle tanks, S-400 missile defense systems, AK-47 rifles, and Talwar-class frigates, are produced by these companies.

This situation has prompted speculation that the underlying objective of Western sanctions is to gain greater market share in sectors traditionally dominated by Russia. Given the current politically charged climate, Indian banks and entities with global exposure, particularly in the more lucrative Western markets, have been hesitant to engage in business involving Russia⁴⁷. The issue of timely payments from India has also arisen due to Russia's exclusion from the SWIFT payment system. Although alternative mechanisms such as "rupee-rouble" arrangements and soft loans have been explored to insulate projects from the impact of sanctions, they are still in their early

⁴⁶ Countering America's Adversaries Through Sanctions Act-Related Sanctions. 2022. *U.S. Department of the Treasury*. URL: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/countering-americas-adversaries-through-sanctions-act-related-sanctions> (accessed 21.04.2023).

⁴⁷ Large Indian lenders shun direct rupee transactions in Russia trade: Report. 2022. *Business Standard*. 16 October. URL: https://www.business-standard.com/article/markets/large-indian-lenders-shun-direct-rupee-transactions-in-russia-trade-report-122101000291_1.html (accessed 21.04.2023).

stages, and efforts to fine-tune Vostro accounts are ongoing. Currency fluctuations and the imbalanced composition of bilateral trade are viewed as significant obstacles to the smooth operation of these mechanisms⁴⁸.

Additionally, the imposition of sanctions could disrupt joint Indo-Russian projects intended for third countries. One notable example is the BrahMos missile system, which has garnered significant attention for its potential export to the Philippines and other nations. However, there have been reports of several states suspending new defense projects with Russia. These joint initiatives were not only aimed at strengthening the India-Russia defense partnership but also at leveraging their shared assets for monetization purposes.

Contingency Measures

Amidst the ongoing disruptions in the defense landscape, maintaining defense deterrence becomes a paramount concern for India. Effectively addressing this challenge requires adopting innovative and flexible approaches from both Russia and India. The key to success lies in leveraging the expertise of Indian technicians and enterprises, who have demonstrated their capability to sustain Russian equipment under adverse conditions, such as shortages or substandard spare parts⁴⁹. While extreme measures like cannibalization represent one end of the spectrum, alternative strategies involve localized production of components while adhering to intellectual property rights. Enhancing the qualitative transfer of Russian blueprints could assuage concerns within India regarding potential equipment failures. Furthermore, the reputation of Russia as a dependable defense partner, which has been established over the past half-century, is also at stake. Notably, the emergence of several Micro, Small, and Medium Enterprises (MSMEs) in India dedicated to manufacturing spare parts and components for Russian equipment underscores the nation's commitment to addressing this issue⁵⁰.

Similarly, innovative financial measures are imperative to mitigate the threat posed by ongoing Western sanctions, which are expected to persist as a proverbial Damocles Sword in the future. These measures may encompass streamlining the Vostro mechanisms and adopting a more flexible and accommodating approach in determining exchange rates. Achieving a more balanced bilateral trade relationship holds potential in resolving this persistent issue. Additionally, considering the deferment of payments without invoking penalty clauses during the development of alternative

⁴⁸ Sen A. 2022. 'War effect. RBI gives approval for opening of nine Vostro accounts of Russian banks'. *The Hindu Business Line*. 25 November. URL: <https://www.thehindubusinessline.com/money-and-banking/rbi-gives-approval-for-opening-of-nine-vostro-accounts-of-russian-banks/article66141427.ece> (accessed 21.04.2023).

⁴⁹ Interview of Commodore Abhay Kumar Singh (Retd.), Indian Navy and at present Research Fellow at MP-IDSA, and Major General Bipin Bakshi (Retd.), Indian Army.

⁵⁰ Russia submits list of items to NSIC for sourcing from Indian MSMEs. 2022. *KNN*. 05 December. URL: <https://knnindia.co.in/news/newsdetails/msme/russia-submits-list-of-items-to-nsic-for-sourcing-from-indian-msmes> (accessed 21.04.2023).

measures could be explored. These concerted efforts aim to navigate the challenges posed by sanctions and establish a more conducive environment for sustained defense cooperation between India and Russia.

Meanwhile, India can explore leveraging its shared concerns with the United States regarding China's increasing assertiveness to mitigate the impact of sanctions. It is worth noting that sanctions could have a significant detrimental effect on India's defense preparedness, as a substantial portion of its weaponry is of Russian origin. The recent waiver granted by the United States signifies the potential success of behind-the-scenes diplomacy in achieving desired outcomes⁵¹.

Furthermore, the ongoing conflict in Ukraine could provide an additional catalyst for India's indigenization program. Various components used in Russian equipment are included in the list of line replacement units (LRUs) and sub-systems outlined in India's updated Defence Acquisition Procedure (DAP) of 2020. These LRUs and sub-systems are part of the "positive indigenization lists" (PILs), with the most recent list being issued on August 28, 2022⁵². These components are utilized in tanks, artillery, ships, helicopters, combat aircraft, assault rifles, missiles, and ammunition.

Arguably, the prevailing trend in the medium and long term points towards achieving greater self-sufficiency while concurrently acquiring and assimilating the best available technology from abroad. It is essential to analyze how Russian equipment compares to competitors in the Indian arms market within this context. Evaluating the performance and competitiveness of Russian equipment will contribute to informed decision-making and the pursuit of India's strategic objectives.

Russia vs competition

In recent years, India has placed significant emphasis on procuring advanced defence technologies and equipment⁵³, leading to increased participation of Western arms manufacturers in the Indian market⁵⁴. Apart from Russia, India's largest defence partners now primarily come from the Western camp, including France, Israel, the United States, Italy, and Germany, all of which are expanding their presence in India⁵⁵.

⁵¹ U.S. House votes for India-specific CAATSA waiver. 2022. *PTI*. 15 July. URL: <https://www.thehindu.com/news/national/us-house-votes-for-india-specific-caatsa-waiver/article65642679.ece> (accessed 21.04.2023).

⁵² Defence Acquisition Procedure's (DAP) 2020. *Department of Defence Production, Government of India*. URL: <https://srija-ndefence.gov.in/DashboardForPublic> (accessed 21.04.2023).

⁵³ In the last decade, India has purchased a plethora of advanced equipment including Rafael fighter jets from France, and C-17 heavy-lifters, Apache attack helicopters, C-130J special operations aircraft and P-8I surveillance aircraft from the US, to name a few.

⁵⁴ Interview of Amb Sujan R. Chinoy, Director General of MP-IDSA and former Ambassador to Japan and Mexico who has also served in India's National Security Council Secretariat (NSCS).

⁵⁵ SIPRI Arms Transfers Database. *SIPRI*. URL: <https://www.sipri.org/databases/armstransfers> (accessed 21.04.2023).

This shift can be attributed to India's rapid economic growth and the aspiration to enhance its defence preparedness in response to a heightened threat environment. The prioritization of qualitative improvements in defence capabilities has somewhat diluted the emphasis on cost factors within India's hierarchy of weapons purchase criteria. Consequently, Russia, which has been most competitive in the medium price segment, has been significantly impacted by this shift⁵⁶.

Furthermore, there has been a growing convergence between India and, particularly, the United States, regarding the threat posed by China in the broader Indo-Pacific region. This alignment of interests has contributed to the deepening defence relationship between New Delhi and Washington, D.C.⁵⁷

Simultaneously, the growing involvement of the Indian private sector in defence manufacturing, particularly through collaborations and technology transfer (ToT) with Western counterparts, aligns with the vision outlined in the Defence Acquisition Procedure (DAP) to establish a dynamic defence ecosystem in India⁵⁸. In contrast, most joint projects, ToT, and offsets with Russian arms manufacturers primarily occur at the government-to-government (G2G) level, reflecting the Russian MIC's greater preference for working with government entities (Raghavan 2020). However, a vibrant defence ecosystem should ideally involve a balanced mix of private and public sector enterprises, fostering robust supply chains.

Amidst these developments, Western manufacturers have secured several high-profile projects, including joint ventures and not just off-the-shelf purchases. A notable example is the recent agreement between Tata and Airbus for the C-295 transport aircraft, which will replace the Indian Air Force's aging Avro-748 aircraft of British origin⁵⁹. It is worth mentioning that discussions between India and Russia for a similar Multi-Role Transport Aircraft (MRTA) project failed to materialize. Likewise, India's success in developing light utility helicopters as replacements for its aging Cheetah and Chetak helicopters may impact the negotiations for the purchase of Ka-226 helicopters from Russia. Russian arms manufacturers have also faced setbacks in competitions against American Apache attack helicopters, Sig Sauer sniper rifles, French Scorpene submarines, Rafael fighter jets, and have withdrawn from the ambitious P75I submarine project. Similarly, India is exploring options for fighter aircraft beyond the existing MiG-29s, which currently serve on the aircraft carrier INS Vikramaditya, due to reports of their unsatisfactory performance⁶⁰.

⁵⁶ Makienko K. 2015. Military-technical cooperation between India and Russia: Time for radical solutions. Fets K., Unnikrishnan N., Kamalakaran A., Krovvidi E., Pasi R., Zubacheva K. *A New Era: India-Russia Ties in the 21st Century*. Russia Beyond the Headlines. Moscow.

⁵⁷ SIPRI 2021: SIPRI Arms Transfers Database. 2022. *SIPRI*. (accessed 21.04.2023) 17 November. URL: <https://www.sipri.org/databases/armstransfers>

⁵⁸ Cornish C. 2022. Tata defence unit arms itself for bigger slice of Indian market. *FT*. URL: <https://www.ft.com/content/30563821-4eed-4530-9579-824b32faf5f2> (accessed 21.04.2023)

⁵⁹ Peri D. 2022. The C-295 and India's aircraft industry. *The Hindu*. 2 November. P. 6.

⁶⁰ Pandit R. 2022. Marine Rafale score over American Super Hornet in Navy-deal dogfight. *The Times of India*. 8 December. P. 13.

In the highly competitive Indian weapons market, Russian manufacturers have secured significant wins in recent key projects, demonstrating their competitiveness. One notable example is the S-400 deal, which India signed despite the challenges posed by CAATSA. The S-400 air defense system was deemed to be more versatile compared to the American THAAD systems, and it also offered a cost advantage of six times less⁶¹. Additionally, Russia has successfully secured the AK-203 project, which will see Russian rifles become the primary weapons for the Indian army and paramilitary forces. The Igla-S air defense system and continued Russian assistance in India's nuclear submarine project are also noteworthy successes for Russia.

Furthermore, Indian pilots flying the Su-30 MKI have consistently demonstrated their capabilities in joint exercises conducted with NATO counterparts, showcasing the effectiveness of both the pilots and the aircraft. This performance underscores the competence and competitiveness of Russian-manufactured platforms in challenging scenarios⁶².

Prognosis

The ability to adapt and adjust will be crucial for India and Russia to maintain their relevance in each other's defense calculations in the long run. While Russia's position as the top supplier in India's competitive defense market may be diminishing, Russian weapons will continue to form the backbone of India's defense deterrence for the foreseeable future.

It is important to note that India recognizes and values Russia's competitive edge in various areas, as well as its proven track record in technology transfer, joint development, and production—qualities that set it apart from most other global weapons manufacturers. Moreover, the principle of diversification, which India has pursued by procuring Western equipment alongside Russian systems, may have worked to Russia's disadvantage in the past but is likely to work in Moscow's favor as India increasingly acquires Western equipment.

Competition in the arms trade encourages states to enhance their capabilities. While arms trade is interchangeable, it also brings additional benefits beyond strengthening national defense and generating revenue. These include bolstering strategic autonomy, which is crucial in a world characterized by uncertainty and shifting alignments. If Russia relies more on China to navigate its challenging international

⁶¹ Mohanty K. 2021. 'EXPLAINED: High On Versatility, More Bang For Buck. What Russian S-400 Triumph Brings To India's Air Defence'. *News 18*. 15 November. URL: <https://www.news18.com/news/explainers/explained-high-on-versatility-more-bang-for-buck-what-russian-s-400-triumf-brings-to-indias-air-defence-4445399.html> (accessed 21.04.2023).

⁶² Roblin S. 2018. 'U.S. Jet Fighters Are Back in India For Wargames (The Last Two Times, the Indian Air Force Won). *The National Interest*. 07 December. URL: <https://nationalinterest.org/blog/buzz/us-jet-fighters-are-back-india-wargames-last-two-times-indian-air-force-won-38232> (accessed 21.04.2023).

environment, it could complicate India's external calculations. Conversely, a robust bilateral strategic relationship between India and Russia strengthens their respective balance of power calculations in regional and global contexts. Both countries have demonstrated their determination not to allow third countries to dictate the terms of their longstanding partnership. It is worth noting that India and Russia share concerns about China's rise, although open discussions are necessary regarding Russia's arms sales to China.

Effectiveness in weapons systems depends not only on the hardware itself but also on how it is deployed and operated by personnel. Thus, the outcomes achieved by systems such as the S-400, possessed by both India and China, will depend on the capabilities of both the operators and the equipment itself, with human factors playing a significant role in shaping outcomes.

In light of the changing circumstances, both India and Russia need to make qualitative adjustments to their defense cooperation. One way forward could be to enhance their focus on technology transfer (ToT) and joint development and production, particularly in niche areas such as strategic systems. Collaborative projects that involve risk sharing can create a mutually beneficial situation, aligning with India's goal of greater self-sufficiency in defense manufacturing and Russia's aspiration for technological parity with the West. The setbacks Russia has faced in Ukraine are likely to motivate it to expedite the development of advanced weapons. However, overcoming financial constraints, dual-use technology embargoes, and the challenges posed by the ongoing economic crisis may prove difficult for Russia.

In this context, it is crucial for Russian research conducted by skilled scientists and engineers to yield tangible results. India, with its increasing emphasis on investment in research and development (R&D) and its evolving entrepreneurial ecosystem, can offer cooperative synergies. Notably, India has allocated a significant amount, close to Rs 1,200 crores, for academic defense research in the Union Budget for the financial year 2022-23⁶³. Furthermore, the diffusion of military technology into the civilian sphere can complement their defense cooperation. This aligns with both India and Russia's aspirations to modernize their societies by harnessing the full human potential of their populations. Notably, some noteworthy designs found in Russian platforms left in Ukraine include satellite navigation antennas the size of a postage stamp in cruise missiles (see note 12).

Joint projects have the potential to offer financial benefits by allowing the exploration of expensive and innovative cutting-edge projects. Russia's early involvement in India's *Make in India* program is advantageous, particularly considering its willingness to share the blueprints of its key technologies, a characteristic not often seen among Western countries. Furthermore, unlike the Western countries, particularly the United

⁶³ Union Budget 2022-23. 2022. *Press Information Bureau*. 29 November. URL: <https://pib.gov.in/newsite/PrintRelease.aspx?relid=231242> (accessed 21.04.2023).

States, Russia has refrained from imposing conditions on how India deploys its weapons. This marks a significant departure and provides India with more autonomy in utilizing its equipment.

It is important to acknowledge that the *Make in India* program will require a significant amount of time to fully materialize. Currently, the focus is on prioritizing domestic manufacturing of basic components such as nuts, bolts, washers, and pipes. However, this presents an opportunity for Russia to assist India in progressing up the value chain and meeting its critical defense requirements.

Another advantage Russia brings to the table is its track record of integrating systems from other countries into its own robust platforms designed for India. This approach ensures a balance between durability and continuous upgrading, thus avoiding the need for complete cyclical replacement, which can be financially burdensome.

India and Russia have the opportunity to build upon their longstanding partnership by exploring new areas of collaboration. One such area is the development of Artificial Intelligence (AI) for the emerging intelligentized theater, as AI is increasingly becoming a crucial element of modern warfare. Falling behind in AI capabilities could leave a state at a disadvantage. In parallel, Indian and Russian incubation agencies have been working on developing these niche capabilities. Russia's Advanced Research Foundation (ARF), Elite Russian Army Academy, and All Research Institute of Radio Electronics have made progress in developing neural networks, including the Shturm automated command and control system, and extensively utilizing AI for war-gaming purposes.

Another frontier in weapons technology is hypersonic weapons, and both India and Russia have shown interest in this field. However, Russia seems to be ahead in this area with its functional Tsirkon missile⁶⁴, while India is eager to join the hypersonic weapons bandwagon⁶⁵.

Missile defense and the development of modern tanks are potential areas of joint collaboration for India and Russia. In the ongoing conflict, Russian air defense systems have shown vulnerabilities in countering low-flying, slower-paced drones. Therefore, there is an opportunity for both countries to strengthen existing Russian platforms or develop new ones with a focus on enhancing anti-jamming capabilities. Strengthening systems like the S-400 could address concerns about their effectiveness as they are being inducted into the Indian armed forces.

Collaboration in the development of modern tanks is also worth exploring. Reports have highlighted vulnerabilities in the Soviet-designed T-72 and T-90 tanks, which form a significant part of India's frontline artillery. There is an urgency to fortify

⁶⁴ Putin V. 2022. Meeting of Defence Ministry Board. *President of Russia*. 21 December. URL: <http://en.kremlin.ru/events/president/news/70159> (accessed 21.04.2023).

⁶⁵ Sagar P. 2022. How India is gearing up for its own hypersonic ballistic missile. *India Today*. 26 July. URL: <https://www.india-today.in/india-today-insight/story/how-india-is-gearing-up-for-its-own-hypersonic-ballistic-missile-1980239-2022-07-26> (accessed 21.04.2023).

defenses and design new tanks. The Russian Armata tanks have been touted as a new generation of tanks⁶⁶. While India has developed its indigenous tank, Arjun, its deployment in the border areas with Pakistan is hindered by the fact that most bridges in the area are unable to support its 70 ton weight⁶⁷. Russian tanks, weighing 30 percent less, may offer advantages in this regard. To address the vulnerabilities of the T-72 and T-90 tanks, short-term and long-term measures have been suggested, including installing steel structures on top of turrets, strengthening ammunition storage compartments, and implementing other design modifications (Bakshi 2023).

In assessing the performance of Russian weapons, it is essential to rely on first-hand observations rather than being swayed by media reports in the context of information warfare. It is crucial to objectively evaluate the capabilities and potential of Russian weapons through direct examination.

Furthermore, there is potential for collaboration between India and Russia in various areas. Russia's expertise in medium and heavy lift helicopters, as well as fighter jet engines, aligns with India's efforts to develop these capabilities domestically. Collaboration in the nuclear field, similar to Russian assistance in developing India's naval nuclear triad, could also be explored, considering that certain technologies have been refused to be shared with India by other countries.

Amidst Russia's current focus on Ukraine, India could offer its best practices in maintaining Russian equipment to other end-users of Russian defense platforms. India has extensive experience in locally producing Russian equipment, and its flexibility in sharing designs with Russia could help address concerns about Russia's reputation as a reliable defense partner to other nations.

Given the high-altitude border standoffs with China and Pakistan in Galwan and Siachen, respectively, India could benefit from Russian assistance in developing warm weather clothing. Russia's expertise in this field, particularly in the revamping of its Arctic Command, could contribute to the India-Russia defense partnership.

In addition, enhanced interaction between the armed forces of India and Russia, including the long-pending reciprocal logistics agreement, would significantly strengthen the defense partnership between the two countries.

Conclusion

The enduring strength of the Indo-Russian defense partnership is facing challenges due to three key factors: India's diversification of imports, its pursuit of greater indigenization, and the evolving situation in Ukraine. The conflict in Ukraine will serve as a critical test for managing the immediate consequences, such as potential shortages

⁶⁶ Pukhov R. 2021. India Looking for Substantial Make in India Content in T 90 Tanks. CAST. URL: <http://cast.ru/eng/comments/india-looking-for-substantial-make-in-india-content-in-t-90-tanks.html> (accessed 21.04.2023).

⁶⁷ Chandra A. 2021. Pressure on the Ground: Arjun Mk-2 offers enhanced firepower, but it's too heavy to go where the Army wants it. Force. URL: <https://forceindia.net/old-editions/pressure-on-the-ground/> (accessed 21.04.2023).

of spare parts, delivery delays, completion of important projects, the impact of Western sanctions, and concerns regarding outdated Russian technology. It is evident that Russia has fallen behind the Western technology curve in certain sectors, but it still maintains a competitive edge in other areas. This is reflected in instances where India has chosen Western arms over Russian equipment, and vice versa. However, there is a recognition in India of the competitive advantage that Russia possesses. In this context, innovative measures are necessary to overcome the looming threat of CAATSA (Countering America's Adversaries Through Sanctions Act).

Amidst the evolving dynamics, it is expected that Russia will remain a significant contributor to India's defense capabilities, although its overall share in India's defense portfolio is likely to decline in the future. However, recognizing the mutually beneficial nature of their defense partnership, it is essential for India and Russia to adapt their relationship to the changing times. This includes a greater emphasis on joint production, development, and transfer of technology, areas where Russia has a competitive advantage over most Western manufacturers. Collaborative projects that involve risk sharing can be advantageous for both countries, as they promote India's goal of achieving self-sufficiency in defense manufacturing while supporting Russia's pursuit of technological parity despite financial and dual-use technology embargoes. The setbacks experienced by Russia in Ukraine are expected to stimulate the expedited development of advanced weapons. Furthermore, there are opportunities for synergy between Russian research capabilities and India's vibrant entrepreneurial ecosystem in the development of futuristic defense platforms.

The significance of a robust India-Russia defense relationship should not be underestimated. Defense collaboration between the two countries fosters a deeper understanding and sensitivity to each other's core concerns, while also strengthening their strategic autonomy, which is a defining characteristic of their strategic partnership. In light of their shared concerns regarding China's rise, it is crucial to engage in frank discussions regarding Russia's provision of arms to China. However, it is important to note that it is not unprecedented for a weapons manufacturer to supply both India and its rivals. Despite India being designated as a Major Defense Partner by the United States, the US continues to supply weapons to Pakistan. Therefore, the focus should be on enhancing the substance of the bilateral relationship to insulate it from external developments and ensure its resilience.

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Устойчивость индийско-российского партнёрства в оборонной сфере

Раджорши Рой
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Взаимовыгодное сотрудничество в оборонной сфере, продолжающееся уже более полувека, – одна из наиболее устойчивых опор стратегического партнёрства России и Индии. За это время произошёл, в том числе, качественный сдвиг от простого импорта Индией российских вооружений до совместной разработки и производства современных систем. Как следствие, советские и российские системы вооружений составляют значительную долю индийского парка. Однако, в связи с политикой Индии по диверсификации источников импорта оружия и увеличению доли внутреннего производства, статус России как главного партнёра в оборонной сфере постепенно сходит на нет. Негативно на этом партнёрстве сказываются и последствия конфликта на Украине. Кроме того, если раньше Индия была единственным в своём регионе импортёром современных российских военных технологий, что давало ей качественное преимущество перед конкурентами, то сегодня Россия поставляет вооружения также и Китаю. Таким образом, индийско-российское партнёрство в оборонной сфере сейчас проходит важнейшее испытание на прочность. В статье анализируются текущие тенденции в данной области и оцениваются их вероятные последствия.

Ключевые слова: индийско-российские отношения, оборонное сотрудничество, торговля оружием, санкции

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Indo-Russian Economic Engagement: Legacy Issues, Dynamic Shifts, and Possibilities for the Future

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Abstract: The economic relationship between India and Russia has been limited and faced various challenges historically. However, changing geopolitical and geo-economic situations have created new opportunities while also presenting challenges and risks. This paper aims to analyse the legacy issues and dynamic shifts in international trade and order that are currently taking place. The article explores the ongoing transformation of Indo-Russian economic engagement and proposes possible means for moving forward. The existing advantages of both countries in the areas of trade and investment are also outlined.

Assuming a resolution to the Russian Special Military Operation in Ukraine, the paper proposes an economic roadmap for continuing the recent momentum in the trade and economic relationship between Russia and India. The first step is to strengthen bilateral trade in existing priority export sectors of both countries. This can be followed by deeper cooperation in oil, civilian nuclear energy, and defence sectors. The introduction of rupee-rouble trade, even partially, could significantly boost these efforts. The paper also advocates for involving the private sector in these efforts by adopting a proactive approach by both governments.

By combining immediate efforts with long-term geopolitical maneuvers on both sides and an early resolution of the Russian Special Military Operation in Ukraine, it is possible to push bilateral trade and investment levels onto a sustainable growth path in the future. The paper argues strongly for this approach.

Keywords: Indo-Russian economic engagement, legacy issues, international trade, bilateral trade, investment, priority export sectors, oil, civilian nuclear energy, defence, rupee-rouble trade, private sector, sustainable growth path

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Despite the enduring bilateral relationship between India and Russia in the past (Joshi, Sharma 2017; Rekha 2017; Upadhyay 2015), the level of trade remains lower than desired. The recent imposition of Western sanctions on Russia presents fresh challenges to their economic engagements, and efforts to stimulate bilateral economic exchanges may be hindered by these developments (Warren, Ganguly 2022). Nevertheless, there are encouraging early trends in recent trade patterns. Assuming an early resolution to the Russian Special Military Operation in Ukraine, this article aims to address three key research questions. Firstly, it seeks to identify the legacy issues that have hindered robust Indo-Russia trade engagements until now. Secondly, it examines the existing advantages of Russia and India in bilateral trade and economic engagements. Thirdly, it proposes ways to boost trade and investment ties between the two countries given the current situation. Instead of focusing extensively on historical issues, the article takes a forward-looking approach and discusses broader policy measures under different possible scenarios to achieve this objective.

The literature review section of the paper focuses on addressing the first research question by examining the major obstacles that have impeded robust trade and investment engagement between India and Russia. The following three sections analyze the second research question by examining various dimensions of India-Russia trade, such as an overview of the trade, India's priority export sectors, and Russia's priority export sectors. The analysis assumes that the Russian Special Military Operation in Ukraine will be resolved by the first half of 2023 and that no further aggravation of current geopolitical and socioeconomic situations will occur. The base year for data analysis is 2018, as it represents a typical year of trade before the pandemic and subsequent military operation in Ukraine. The analysis also compares the data with the latest available trade data in 2021 to better understand the existing export baskets. Data sources used for the analysis include the Indian government's Ministry of Commerce and Industry website for overall trade data review, the UN Comtrade database¹ for export baskets of India and Russia in 2018 and 2021 to identify priority export sectors, and WTO Stats as the secondary database for comprehensive bilateral services trade data. Finally, based on the findings of the empirical analysis, the concluding section proposes potential ways to enhance trade and investment ties between India and Russia, addressing the third research question.

Throughout history, bilateral trade has been a weak aspect of the India-Russia relationship (Budhwar 2007; Gidadhubli 1999). Despite the emergence of both countries as major markets in the new millennium, they have failed to establish a significant intersection of interests in bilateral trade (Chenoy 2010). In the first decade of the new millennium, Russian energy and raw material companies raised capital through initial public offerings (IPOs) in the London market, while the consumer goods, au-

¹ UN Comtrade Database. 2022. Trade Data. URL: <https://comtrade.un.org/> (accessed 29.04.2023).

tomobile, real estate, and advertising sectors were booming. President Putin's focus was on consolidating the aviation, shipbuilding, defense, and civilian nuclear sectors to increase competitiveness and facilitate technological upgrading. In the new millennium, India's growth in the information technology (IT) and IT-enabled services (ITES) sectors was significant. However, these sectors flourished primarily in Western developed markets, as Indian IT entrepreneurs perceived the Russian market as risky (Gidadhubli 2009). India remains energy-deficient, while Russia is an energy-surplus country on paper. However, the possibility of a joint venture in energy diminished when the Russian government imposed state control over the country's energy sector (Sibal 2008).

The energy sector has emerged as a critical area of collaboration between India and Russia. During President Putin's visit to India in January 2007, an agreement was signed to build multiple units of a civilian nuclear power plant in Koodankulam. The first unit was successfully connected to the Southern Indian power grid in October 2013, signifying the pivotal role of energy in the partnership between the two nations.

Although the total volume of bilateral investments remains relatively low, a considerable proportion of such investments have been directed towards the energy sector. For instance, the acquisition of Essar Oil Ltd for almost US\$13 billion by a consortium led by Rosneft in August 2017 was the most significant foreign direct investment in India and the largest outbound investment from Russia. In contrast, India's investments in the Russian economy until 2017 amounted to a modest US\$8 billion, with a primary focus on the oil and gas and pharmaceutical industries².

The economic partnership between India and Russia has been hindered by logistical challenges, which have made it more convenient for Russia to import and export to Europe or China due to shorter transportation times of one to two weeks compared to 40 to 55 days by sea and land to and from India. As a result, the higher costs of imports to India have served as a deterrent. Furthermore, economic cooperation in energy, where Russia has a clear advantage, often relies on state-controlled companies in which the Russian government holds the majority stake. This dependence on bureaucratic procedures and government-controlled entities can lead to delays and obstacles that impede the advancement of economic relations (Foshko Tsan 2012). Although digitization could potentially reduce logistical delays, the lack of interest from Indian IT companies has prevented progress in this area.

To address the slow pace of private sector engagement in their bilateral economic relationship, the Indian and Russian governments have established various platforms, such as the India-Russian Investment and Trade Forum, the India-Russia Chamber of

² Zakharov A. 2017. Exploring new drivers in India-Russia cooperation. *ORF Occasional Papers*. No. 124. October 2017. URL: <https://www.orfonline.org/research/exploring-new-drivers-india-russia-cooperation/> (accessed 29.04.2023).

³ Ibid.

Commerce, the Indo-Russian Inter-Governmental Joint Economic Commission, and the Russia-India Business Council, with the aim of enhancing trade and investment. However, these initiatives have yet to achieve their full potential.

Recently, the imposition of sanctions on Russia has prompted discussions on using the rupee-rouble trade as an alternative means of conducting trade between India and Russia. Although such trade existed in the past between India and the former USSR, the current situation differs due to the prevalence of the US dollar and other currencies in Russia's trade, despite Russia's efforts to de-dollarize its economy. In order to create a conducive environment for trade with sanctioned countries, including Russia and Iran, the Reserve Bank of India announced measures on 11 July 2022 to settle trade in rupees without explicitly mentioning any country⁴.

The implementation of a rupee-rouble trade settlement mechanism between India and Russia may face several challenges. Firstly, the limited trading of the rouble and the capital control measures imposed by the Russian government make it difficult to determine the exchange rate. As the rupee has been under pressure against the dollar, the exchange rate will have to be negotiated bilaterally. Secondly, since Russia has a trade surplus with India, settling trades in rupees and roubles would result in the accumulation of rupees in Vostro accounts in Russia. This surplus balance could be a concern for Russia as it may not be able to utilize these funds in India due to its post-conflict economic scenario. Therefore, it remains uncertain how Russia will utilize this surplus balance, even though it is denominated in rupees⁵.

In light of the slow pace of private sector engagement between India and Russia, it may be unrealistic to expect frequent investments and projects from Russia in India. While there are plans to implement some defence and civilian nuclear power projects with Russian companies, a partial trade settlement using the rupee-rouble exchange may be a viable short-term solution. However, the success of such an approach would require ongoing real-time communication and negotiations between the two countries.

An overview of India-Russia trade

Despite the long-standing diplomatic relationship between India and Russia, the trade volume between the two nations has remained relatively modest. It is worth noting, however, that the current relationship with the Russian Federation differs significantly from the former USSR's relationship with India. This difference is evident in the trade figures between the two nations.

⁴ Zakharov A., Kapoor N. 2022. India-Russia trade settlement: A way forward. *Observer Research Foundation*. 08 August. URL: <https://www.orfonline.org/expert-speak/india-russia-trade-settlement-a-way-forward/> (accessed 29.04.2023).

⁵ Ibid.

In the fiscal year 2017-18, the total value of trade between India and Russia was estimated at US\$10.69 billion. However, due to the impact of the COVID-19 pandemic, trade between the two nations decreased to US\$8.14 billion in 2020-21 before increasing again to US\$13.12 billion in 2021-22. The total value of trade between India and Russia increased by 61.21% in 2021-22, following a decrease of 19.48% in the previous year, as shown in Table 1.

Table 1. Total India-Russia trade and growth rates.

	2017-18	2018-19	2019-20	2020-21	2021-22
Total trade volume (US\$ billion)	10.69	8.23	10.11	8.14	13.12
Growth (%)	-	-22.99	22.85	-19.48	61.21

Data Source: Ministry of Commerce and Industry 2022, Government of India

Although the trade volume between India and Russia has increased in 2021-22, it is still relatively low compared to India's trade volumes with China and the USA. For example, India's total trade volume with China in 2021-22 was US\$115.83 billion, while its total trade volume with the USA was US\$119.48 billion, indicating the significant disparity in trade volume between India and Russia⁶.

Based on recent trade data, it can be observed that India has a trade deficit with 78 countries, which constitutes approximately 82.1 percent of India's total import trade as reported by the United Nations Commodity Trade Statistics Database (UN Comtrade 2022). A similar trend is also observed in India's trade with Russia, where imports from Russia amounted to US\$ 8.6 billion in 2017-18, declined to US\$ 5.5 billion in 2020-21, and then increased to US\$ 9.9 billion in 2021-22 (Figure 1). On the other hand, the total value of India's exports to Russia has slightly increased over the past few years, reaching US\$ 2.1 billion in 2017-18, US\$ 2.7 billion in 2020-21, and US\$ 3.3 billion in 2021-22. However, despite this increase in exports, India's trade deficit with Russia has also increased, reaching US\$ 6.6 billion in 2020-21, slightly surpassing the trade deficit figure of US\$ 6.5 billion reported in 2017-18 (Table 1).

⁶ Ministry of Commerce and Industry. 2022. *Government of India. Export Import Data Bank*. URL: <https://commerce.gov.in/trade-statistics/> (accessed 29.04.2023)

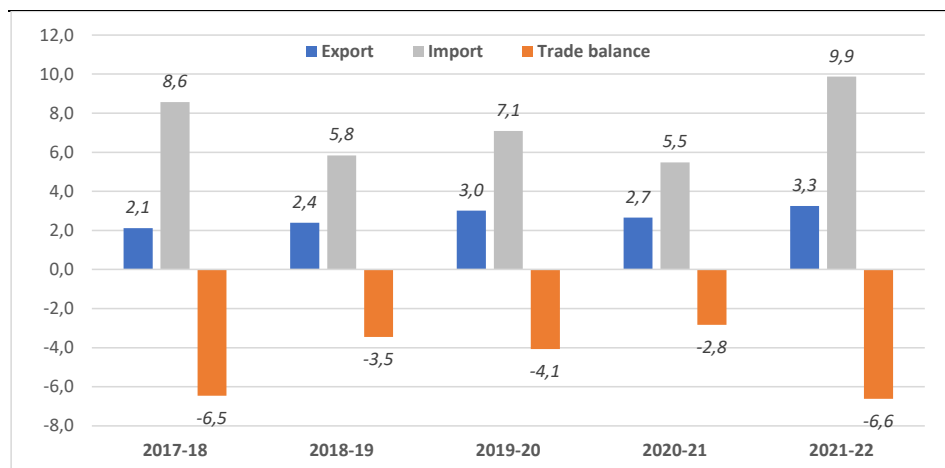


Figure 1. India-Russia trade at a glance, 2017-18 to 2021-22 (in US\$ billion).

Data Source: Ministry of Commerce and Industry 2022, Government of India

The recent trade data reveals two significant challenges for India. Firstly, the level of bilateral trade between India and Russia is relatively lower when compared to other major trade partners. Secondly, India is experiencing a persistent trade deficit in the context of a relatively low level of trade. Addressing the trade deficit and reducing it to a lower figure is crucial for India to enhance the bilateral economic partnership with Russia.

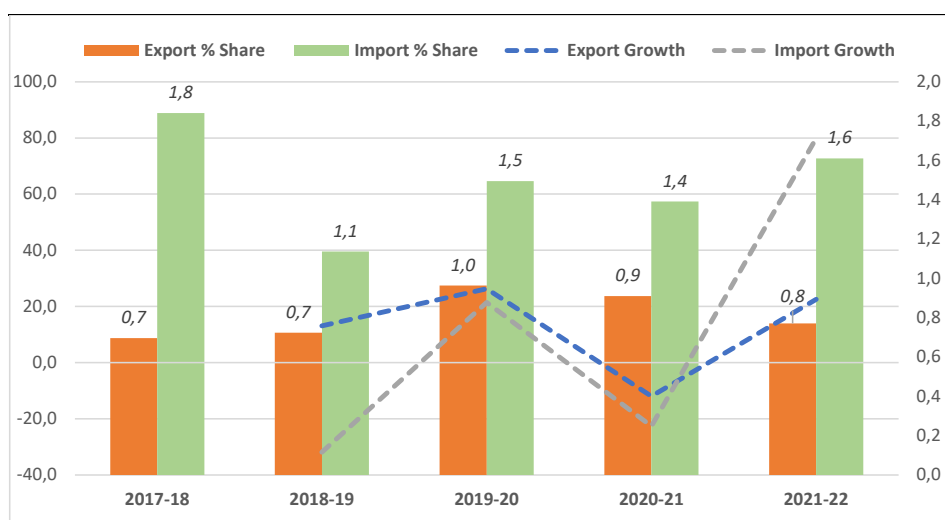


Figure 2. Recent trends in India's export and import growth and share (towards Russia) in total trade (in percentage).

Data Source: Ministry of Commerce and Industry 2022, Government of India

According to recent trade data, India's imports from Russia accounted for 1.8 per cent of total Indian imports in 2017-18, but decreased to 1.4 percent in 2020-21 due to the pandemic disruptions. However, the share of imports from Russia rebounded to 1.6 percent in 2021-22, despite the pandemic's severe impact on Indian exports and trade. In contrast, Indian exports to Russia only accounted for 0.8 percent of total Indian exports in 2021-22. The share briefly increased to 1.0 percent in 2019-20 before the pandemic but declined afterwards, as shown in Figure 2. The low share of Indian exports to Russia and the persistent trade deficit in the bilateral trade pose challenges to enhancing the economic partnership between the two countries.

India's priority export sectors

Table 2. India's top 20 commodity exports to Russia in 2018 by 2-digit HS code.

No.	HS Code	Description	Export value (US\$ million)	No.	HS Code	Description	Export value (US\$ million)
1	30	Pharmaceutical products	409.53	11	13	Lac; gums, resins, and other vegetable saps and extracts	47.83
2	85	Electrical machinery and equipment parts; sound recorders and speakers; image and sound recorders	238.33	12	21	Miscellaneous edible preparations	47.06
3	84	Nuclear reactors, boilers, machinery, and mechanical appliances	210.03	13	38	Chemical products n.e.c.	46.75
4	29	Organic chemicals	147.26	14	90	Optical, photographic, cinematographic, measuring, checking, medical or surgical instruments and apparatus; parts and accessories	42.02
5	9	Coffee, tea, mate, and spices	128.17	15	40	Rubber and articles thereof	38.97
6	87	Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof	119.83	16	61	Apparel and clothing accessories; knitted or crocheted	38.40
7	3	Fish and crustaceans, mollusks, and other aquatic invertebrates	84.38	17	62	Apparel and clothing accessories; not knitted or crocheted	37.96

No.	HS Code	Description	Export value (US\$ million)	No.	HS Code	Description	Export value (US\$ million)
8	72	Iron and steel	76.85	18	12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds, and fruit, industrial or medicinal plants; straw and fodder	34.04
9	8	Fruit and nuts, edible; peel of citrus fruit or melons	54.77	19	39	Plastics and articles thereof	33.78
10	2	Meat and edible meat offal	54.08	20	10	Cereals	31.82

Export values are fob (freight on board/free on board) values, including all costs incurred in placing the goods in the ship for export.

n.e.c. = not elsewhere classified; HS Code = Harmonized System Code.

Data Source: UN Comtrade Database 2022

In 2018, before the onset of the pandemic, India's trade with Russia followed a typical trend. An analysis of India's top 20 export commodities in that year revealed that pharmaceutical products, electrical machinery and equipment, nuclear reactor parts, chemical products, and auto components were the most significant industrial exports. Among agricultural, animal husbandry, and fisheries products, coffee, tea and spices, fish and marine products, fruits and nuts, cereals, and oil seeds were the most prominent exports.

A comparison of the top 20 export commodity products between 2018 and 2021 reveals that ceramic products, iron and steel, and tanning and dyeing materials have been added to the list, while meat, apparel, and clothing have been dropped. Table 3 provides a compilation of all these products, offering a basket of the top broad commodity sector groups that India has exported to Russia in recent years. These sectors hold potential for future expansion in India's trade with Russia.

Table 3. Priority commodity export sectors for India.

Industrial exports	Agriculture, animal husbandry, and fisheries exports
Pharmaceuticals, Electrical machinery and equipment, Nuclear reactor and allied parts, Chemical products, Automobiles and auto components, Iron and steel, Medical and surgical instruments,	Coffee, tea, and spices, Fish and marine products, Fruits and nuts, Meat Rubber, gums, and resins, Cereals, Oil seeds.

Industrial exports	Agriculture, animal husbandry, and fisheries exports
Ceramic products, Plastic articles, Apparel and clothing, Tanning and dyeing materials.	

Data Source: Compiled by the author.

According to the most recent data, the total trade volume between Russia and India was over US\$11 billion in the first half of 2022, which is lower than the US\$13.6 billion recorded for the entire year of 2021. The Russian Ambassador to India has noted that India is exploring ways to enhance exports of various products to Russia, including medicines, agricultural products, electronics, and auto components, which aligns with the potential for expansion in these sectors. However, India's level of services trade engagement with Russia is currently low. In 2018, India's total services exports to Russia amounted to just US\$2.05 billion, accounting for only 1% of India's total services exports to the world that year.

There has been discussion about the potential for Indian software companies to operate in Russia, particularly after the imposition of Western sanctions. However, major Indian software companies, such as Infosys and Tata Consultancy Services (TCS), do not appear to be interested in expanding into Russia. Infosys had a small operation in Russia with fewer than 100 employees and no Russian clients, and it has since moved out of the country following the outbreak of the conflict. TCS, on the other hand, does not have a presence in Russia or Ukraine but instead wishes to explore opportunities for expansion in Eastern Europe, where it already has a moderate presence of 5000 employees. This approach seems to be the prevailing mood among major Indian IT players.

On the other hand, it has been reported that the President of Russoft, which is an association comprising of more than 250 IT companies in Russia, has suggested that a number of Russian software firms are currently exploring the possibility of forming joint ventures with Indian companies, as well as other members of the BRICS countries, in order to circumvent the sanctions that have been imposed on Russia.

However, there have been no updates or further developments on this matter. Apart from the potential for software exports, there are currently no other major service exports from India to Russia that can be expected to grow substantially in the near future. Therefore, it can be inferred that the possibility of substantial expansion in Indian services exports to Russia is limited at present.

Russia's priority export sectors

Table 4. Russia's top 20 commodity exports to India in 2018 by 2-digit HS code.

No.	HS Code	Description	Export value (US\$ million)	No.	HS Code	Description	Export value (US\$ million)
1	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	1855.14	11	72	Iron and steel	144.00
2	99	Commodities not specified according to kind	1152.09	12	39	Plastics and articles thereof	140.29
3	84	Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof	1097.76	13	73	Iron or steel articles	127.74
4	71	Natural, cultured pearls; precious, semi-precious stones; precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	1075.74	14	49	Printed books, newspapers, pictures, and other products of the printing industry; manuscripts, type-scripts, and plans	87.43
5	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers; parts and accessories of such articles	520.34	15	29	Organic chemicals	70.82
6	31	Fertilizers	310.00	16	25	Salt; sulphur; earths, stone; plastering materials, lime and cement	68.39
7	48	Paper and paperboard; articles of paper pulp, of paper or paperboard	274.02	17	7	Vegetables and certain roots and tubers; edible	40.45

No.	HS Code	Description	Export value (US\$ million)	No.	HS Code	Description	Export value (US\$ million)
8	90	Optical, photographic, cinematographic, measuring, checking, medical or surgical instruments and apparatus; parts and accessories	257.64	18	15	Animal or vegetable fats and oils and their cleavage products; prepared animal fats; animal or vegetable waxes	20.83
9	40	Rubber and articles thereof	174.80	19	47	Pulp of wood or other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	17.94
10	28	Inorganic chemicals; organic and inorganic compounds of precious metals; of rare earth metals, radioactive elements, and of isotopes	168.25	20	44	Wood and articles of wood; wood charcoal	17.32

Export values are fob (freight on board/free on board) values, including all costs incurred in placing the goods in the ship for export.

HS Code = Harmonized System Code.

Data Source: UN Comtrade Database 2022.

The top 20 commodities exported from Russia to India in 2018 included mineral fuels, pearls, semi-precious stones, imitation jewelry, fertilizers, and chemical products. Agricultural and animal husbandry products comprised animal and vegetable fats and oils, vegetables, rubber, and wood and related articles. On the other hand, the top 20 export commodity products from Russia to India in 2021 were aluminum, auto components, and pharmaceutical products, while wood, wood pulps, and related articles, and vegetables were replaced. A summary of these products is presented in Table 5, providing a comprehensive overview of the broad commodity sector groups exported by Russia to India in recent years.

Table 5. Priority commodity export sectors for Russia.

Industrial exports	Agriculture, animal husbandry and fisheries exports
Mineral fuel, Pearl, semi-precious stones, precious metals, imitation jewelry, Electrical machinery and equipment,	Animal and vegetable fat and oils, Rubber and articles, Edible vegetables, Wood, pulp, and articles.

Industrial exports	Agriculture, animal husbandry and fisheries exports
Nuclear reactor and allied parts, Fertilizers, Chemical products, Iron and steel, Paper and products, Pharmaceutical products, Plastic articles, Auto equipment, Printed books, newspapers, Salt, sulfur, earth, stone, lime, cement, Aluminum and articles.	

Data Source: Compiled by the author.

In 2018, the value of services exported by Russia to India was US\$ 439 million, with the largest export being a miscellaneous business, professional and technical services at US\$ 230 million. Personal travel was the second-largest export at US\$ 128 million, followed by air transport at US\$ 18.2 million, business travel at US\$ 16.2 million, and sea transport at US\$ 11.1 million. Russia's total services exports to the world in 2018 amounted to US\$ 64.63 billion, indicating that Russian services exports to India constituted only 0.7 percent of its total services exports. The outbreak of the Russia-Ukraine conflict has affected travel and air transport, and given the small percentage of services trade between the two countries, there is currently little scope for significant expansion in this area.

India has a notable reliance on Russia in the defense sector, having been importing weapons systems since the 1970s. Over the years, Russia has provided India with various critical and sensitive weapons platforms, such as nuclear submarines, aircraft carriers, tanks, guns, fighter jets, and missiles. This history of procuring weapons from Russia highlights India's dependence on Russia in the defense trade. It is estimated that up to 85 percent of weapons and platforms used by the Indian armed forces are of Russian origin, contrary to the commonly cited figure of 60 percent. From 2000 to 2020, Russia accounted for 66.5 percent of India's arms imports, valued at US\$35.82 billion. During the same period, the USA and Israel had respective arms import values of US\$4.4 billion and US\$4.1 billion⁷.

Russia is currently the second-largest arms exporter globally, with the USA being the largest. In contrast, India stands as the world's largest arms importer of Russian weapons. A comparison between the periods 2011-2015 and 2016-2020 indicates a 53 percent decline in Russia's arms exports to India in the latter period, although Russia still holds the position of the largest arms exporter to India⁸.

⁷ Kaushik K. 2022. Explained: How dependent is India on Russia's weapons? 03 March 2022. *The Indian Express*. URL: <https://indianexpress.com/article/explained/india-russia-military-weapons-defence-ties-7795804/> (accessed 29.04.2023).

⁸ Ibid.

India has been considering diversifying its arms suppliers and establishing a self-sufficient domestic defense supply chain for some time now. However, transitioning to a more diversified set of defense suppliers is a gradual process, particularly in India, where the acquisition process historically takes a long time. Although there are some pending defense deals and proposals between India and Russia, ongoing conflicts and potential new sanctions could negatively impact them. Despite this, the defense sector will remain an area of mutual benefit for both countries in the near future. In the long run, India's desire for diversified arms import partners and indigenous defense production capabilities will likely reduce its reliance on Russia for defense imports, although this transition may take longer than anticipated⁹.

Conclusion

Based on the latest trade data for the financial year 2022-23, India's bilateral trade with Russia has reached a record high of US\$ 18.23 billion in the first five months of the year (April-August). The increase in trade is primarily due to the import of Russian oil and fertilizers, resulting in Russia becoming India's seventh-largest trading partner, up from the 25th position in the previous year (2021-22). However, India's exports to Russia during this period amounted to only US\$ 992.73 million, while Russian exports to India accounted for US\$ 17.24 billion, resulting in a significant trade deficit of US\$ 16.24 billion for India.

This growth in trade is not surprising as Russian oil and fertilizers were previously exported to Europe and other markets. However, the imposition of sanctions on Russia has resulted in a shift towards other markets that can compensate for the loss of European markets. If this trend continues, Indo-Russia trade volume is expected to increase further, surpassing the historically low levels of bilateral trade. Despite the sanctions imposed on Russia, recent trade activities in the oil and fertilizer sectors are consistent with the priority sectors identified in the paper's data analysis, providing statistical validation.

India's potential for growth in the range of 6.5-7.0 percent in the current financial year makes it imperative for the country to seek new sources of energy and raw materials at reasonable prices. Continued exports of Russian fuel and fertilizer could prove beneficial for both nations. However, the fate of the Russian Special Military Operation in Ukraine will determine the trajectory of future bilateral developments (Warren, Ganguly 2022). An early resolution of the conflict can facilitate Indo-Russia trade expansion, while a prolonged conflict could result in secondary sanctions on countries like India. India's growth story will be pivotal in determining actual subsequent devel-

⁹ Ghoshal D., Ahmed A. 2022. India, the world's biggest buyer of Russian arms, looks to diversify suppliers. 18 May. *Reuters*. URL: <https://www.reuters.com/world/india/india-worlds-biggest-buyer-russian-arms-looks-diversify-suppliers-2022-05-18/> (accessed 29.04.2023).

opments. If India maintains a moderate to a healthy pace of growth in the next three to five years, other major economies may be inclined to participate in that growth story, positively lifting up global growth. However, suppose India experiences risks and challenges, such as inflation and trade slowdown, and clocks below-par growth rates in the next few years. In that case, the country may face some secondary sanctions.

The geographical proximity of Russia and China compels India to adopt a neutral position towards Russia, which has been accepted by major powers in the West thus far. While the Chinese economy has slowed down due to its strict COVID-19 containment policies, India is expected to be the next engine of global growth. However, if India fails to meet global growth expectations in the immediate future, it may face repercussions from the primary sanctions imposed on Russia. An early resolution of the conflict between Russia and Ukraine could ease these hindrances.

On the other hand, if the Russian Special Military Operation in Ukraine ends and the sanctions are gradually lifted in the next couple of years, Russia may return to its original export destinations in Europe and elsewhere. Economic logic suggests that lower cost advantage will drive this transition back to the previous status quo. This could result in a decline in bilateral trade engagement between India and Russia.

To prevent a return to sluggish trade momentum, India and Russia need to maintain the recent surge in trade flow actively. An analysis of this paper outlines the priority sectors for both countries with an expected increase in trade volume. Russia should continue engaging with India in sectors such as energy, fuel, civilian nuclear reactors, fertilizers, and metals such as aluminum. Meanwhile, India should aim to increase its exports to Russia in sectors such as pharmaceuticals, electronic equipment, auto components, medical and surgical instruments, tea, coffee, spices, oil seeds, cereals, rubber, meat, fish, and marine products.

Secondly, it is crucial to maintain investment collaborations in the civilian nuclear power and defense sectors between India and Russia, as Russia's expertise can aid India in building the necessary infrastructure in these areas. Furthermore, with the imposition of sanctions in other parts of the world, Indian investment may offer new opportunities for Russian capital in India. India has a long-standing interest in investing in Russia's energy sector, with state-owned companies such as ONGC Videsh Limited, Bharat Petroresources Limited, Indian Oil Corporation, and Oil India Limited has invested USD 16 billion in the sector to date. India's desire to expand its energy sector investments in Russia was discussed during the meeting between the Indian Foreign Minister and his Russian counterpart in November 2022¹⁰, and both countries should harness the potential for further investment collaboration.

¹⁰ Chaudhury D.R. 2022. Plans afoot to raise Russian energy sector investments. 10 November. *The Economic Times*. URL: <https://economictimes.indiatimes.com/news/india/plans-afoot-to-raise-russian-energy-sector-investments/article-show/95411642.cms> (accessed 29.04.2023).

Thirdly, given the current momentum in trade between the two nations, it is advisable to expedite interactions between the private sectors of both countries. This is necessary for Indian private sector participation in Russia, which is currently considered risky to conduct business. However, if a peaceful resolution to the conflict is reached in the near future, this may be an opportune moment for India to introduce its private sector to the potential of investing and doing business in Russia. It is essential to recognize that investment must not be a one-way street; just as India expects investment from Russia, it must also reciprocate by investing in Russia. The Russian economy desperately needs investment post-sanctions, and the country is expected to negotiate for Indian investment on Russian soil.

Fourth, as the volume of trade between India and Russia reaches a record high, it is suggested that serious discussions on trade settlement in the rupee-rouble exchange rate should be initiated. However, there are some possible challenges in implementing a full-fledged rupee-rouble trade settlement; a partial mechanism could be devised with deeper engagement from both sides. Given the current strength of the US dollar, establishing such a partial trade settlement mechanism would be mutually beneficial for India and Russia.

Furthermore, the positive outlook for future bilateral relations between India and Russia is currently contingent on the Russian Special Military Operation resolution in Ukraine. Any conflict escalation could lead to stricter sanctions and more restrictive actions from Western countries, creating additional barriers for future Indo-Russian bilateral endeavors.

In the context of a constantly evolving global order, with conflicts and unpredictable events influencing trade and investment trajectories in the long run, it is challenging to estimate future trends. Nevertheless, these broad-based efforts can potentially enhance trade and investment levels in the short term (over the next two to three years) and pave the way for sustainable growth in the future, benefiting both India and Russia.

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Российско-индийское экономическое сотрудничество: наследие прошлого, динамичные перемены и открывающиеся возможности

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Экономические отношения между Индией и Россией исторически имели ограниченный характер, будучи связанными с различными проблемами. Однако изменение геополитической и геоэкономической ситуации открыло перед двумя странами новые возможности, одновременно актуализировав ряд вызовов и рисков. Целью настоящей статьи является обсуждение как «унаследованных» проблемных аспектов, так и происходящих в настоящее время динамических сдвигов в международной торговле и порядке. В статье рассматривается продолжающаяся трансформация индийско-российского экономического взаимодействия и предлагаются возможные пути его дальнейшего развития, а также обозначаются существующие преимущества обеих стран в сфере торговли и инвестиций.

Исходя из предположения о скором завершении специальной военной операции на Украине, автор предлагает экономическую дорожную карту для сохранения темпов развития торгово-экономических отношений России и Индии. Первым шагом является укрепление двусторонней торговли в существующих приоритетных экспортных секторах обеих стран. За этим может последовать более глубокое сотрудничество в нефтяной промышленности, гражданской атомной энергетике и оборонной сфере. Переход на расчёты в рупиях и рублях, хотя бы частичный, мог бы значительно усилить эффект упомянутых шагов. Также обсуждается необходимость активизации усилий правительств двух стран по привлечению частного сектора к реализации подобных мер.

В статье утверждается, что в случае реализации указанных мер, а также скорейшего завершения конфликта на Украине, существует потенциал выведения двусторонней торговли и уровня инвестиций на траекторию устойчивого роста.

Ключевые слова: Россия, Индия, российско-индийская торговля, атомная энергетика, оборонная промышленность, торговый баланс, частные инвестиции

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Russia-India Economic Cooperation: Current Trends and Promising Directions

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Abstract: The prevailing geopolitical conditions, characterized by Russia's reorientation away from the West and India's steadfast pursuit of an independent foreign and economic policy, present a distinctive prospect for Russia and India to enhance their trade and investment collaboration to a heightened level. Despite the existence of a Special and Privileged Strategic Partnership between the two nations, the volume of bilateral trade and mutual investments has long remained insufficient in comparison to their political ties. Nevertheless, the trade volume between Russia and India is now experiencing rapid growth due to the significant increase in exports of energy, fertilizers, iron and steel, wood products, vegetable and animal oils from Russia to India. This article not only examines this phenomenon but also assesses the necessary conditions to address India's escalating trade deficit with Russia. These prerequisites encompass the expansion of the manufacturing sector in India, the rise in purchasing power of the Indian middle class, and the accelerated development of digitization in both India and Russia. The Indian economy has been notably stimulated by key governmental initiatives led by Narendra Modi, such as "Atmanirbhar Bharat" (or "Self-Reliant India"), "Make in India," "Skill India," and "Startup India," all of which prioritize digital transformation. Russian entrepreneurs demonstrate a keen interest in India's market trends and swiftly adapt to India's evolving demands and capabilities. Similarly, Indian business circles exhibit a growing inclination to acquire knowledge about contemporary Russia. This realignment presents an opportunity to expand trade beyond conventional goods and establish new investment connections between the two countries.

Keywords: Russian economy, India's economy, geopolitics, entrepreneurship, new opportunities, digital transformation, mutually beneficial cooperation, trade and investment, venture capital, startups

The examination of the rapidly evolving circumstances in 2022-2023 and the emerging trends in bilateral cooperation between Russia and India necessitates a flexible approach. With trade data becoming more sensitive and the absence of official reporting, reliance on unofficial market analytics may be required more frequently than in the past. The objective of this article is to investigate how Russia and India are adjusting to geopolitical changes and how these changes impact their bilateral trade and economic relations.

The author worked on the foundation of earlier research in the subject of Russian-Indian relations (Kashin, Shaumyan 2017; Unnikrishnan, Kamalakaran, et al. 2015; Lunev, Iurtaev 2022)¹, as well as historical and recent publications of Russian and Indian scholars on the subject of Indian economy (Galistcheva 2019, Sdasyuk 2021, Baru 2022; Nilekani, Shah 2015). The conclusions of this article are based on the empirical evidence, the author's practical experience and, most importantly, interaction with business leaders and other stakeholders in Russia and India. The author's assessment is that businesses of both countries are now actively seeking ways to reengage with each other, and there are several prerequisites supporting this recalibration that provide a foundation for a qualitative shift in the Russian-Indian trade and investment relationship.

Stalling progress

It is widely acknowledged that, for multiple reasons, the economic collaboration between Russia and India has not kept pace with the rapid development of their political partnership. In 2019, the total trade turnover between Russia and India amounted to 11.2 billion USD. Russian exports to India accounted for 7.3 billion USD, showing a decrease compared to the previous year, while Indian exports to Russia amounted to 3.9 billion USD, indicating an increase from the previous year. By 2021, the bilateral trade between the two countries had reached 13.56 billion USD². In 2014, Prime Minister Modi and President Putin prioritized the enhancement of trade and economic relations between India and Russia, setting a target of achieving 30 billion USD in trade and 50 billion USD in investments by 2025. Both governments have been actively engaged in identifying and addressing bottlenecks and barriers that impeded the improvement of economic ties. To facilitate investments by Indian companies in Russia, the Russian Ministry of Economic Development introduced a "Single Window Service" to streamline the process. Similarly, in 2017, India established a similar

¹ See also: Volodin A. 2011. Rossijsko-indijskie otnosheniya – national'noe, regional'noe i global'noe izmerenie [The Relationships between Russia and India – National, Regional and Global Dimension]. *IMEMO*. URL: https://www.imemo.ru/files/File/ru/sc/2011/18052011_tez.pdf. (In Russian) (accessed 30.04.2023).

² Brief on India-Russia Economic Relations. *The Embassy of India in Moscow*. URL: <https://www.indianembassy-moscow.gov.in/overview.php>. Data from the Federal customs service of Russia. (accessed 30.04.2023).

facility through its investment promotion and facilitation agency, *Invest India*, which established a dedicated Russia Desk as a convenient advisory platform for Russian businesses seeking to invest in India. These initiatives aim to foster smoother and more efficient investment flows between the two countries.

Numerous institutions on both sides, including the Russian Exports Centre, Far East Investment and Export Agency, Business Russia, SKOLKOVO business school and Skolkovo Foundation, NITI Aayog, Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Department of Science and Technology (DST), and Invest India, have been actively working to foster connections between the business communities of Russia and India. Additionally, the India-Russia Strategic Economic Dialogue (IRSED)³ has been conducted through three rounds of meetings: in St. Petersburg in 2018, in New Delhi in 2019, and via video-conference in 2021. Under the IRSED, six coordination committees have been established to prioritize areas such as Transport, Agriculture, Digital Transformation, SMEs, Trade and Banking, and Tourism. In organizing regular business conferences, Roscongress collaborates with the Russian-Indian Business Council and the Indian Business Alliance. These initiatives, along with intergovernmental structures like the India-Russia Intergovernmental Commission for Trade, Economic, Scientific, and Cultural Cooperation led by ministers Denis Manturov and Subrahmanyam Jaisankar, aim to facilitate regular meetings and further strengthen bilateral cooperation between Russia and India.

The decision to initiate negotiations for the establishment of a free-trade zone between India and the Eurasian Economic Union (EAEU) has been mutually approved, and discussions are expected to commence in the near future. The Russian Far East, a vast region of Russia that is being developed as its Asian gateway, has opened up opportunities for Indian businesses and is poised to become a catalyst for the growth of Russian-Indian relations. Prime Minister Narendra Modi's participation as a Guest of Honour at the 5th Eastern Economic Summit in Vladivostok in September 2019 marked a significant moment when he urged Indian business leaders to "Look Far East," prompting them to explore the economic potential of the region. Subsequently, the announcement of the development of the Vladivostok–Chennai sea corridor was made, aiming to establish a crucial transportation link connecting the Russian Arctic and Far East with India.

However, the targeted figures for bilateral trade volume have proven challenging to achieve since their establishment, and the COVID-19 pandemic has further complicated the task. It was the crisis in Ukraine and the subsequent geopolitical shifts that provided renewed momentum to trade between Russia and India.

³ The initiative is led by NITI Aayog and the Russian Ministry of Economic Development.

Energy sector preponderance

Significant changes are currently occurring, particularly in the energy and fertilizer sectors, where Russian exports to India have experienced substantial growth. During his speech at the Valdai Discussion Club on October 27, 2022, V. Putin remarked: "The pace of economic cooperation is growing today. Overall trade is growing. One example: Prime Minister Modi asked me to increase the supply of fertilisers, which is very important for Indian agriculture, and we did it. By how much do you think? The supply of fertilisers to India has increased by 7.6 times – not just by a fraction, but by 7.6 times. Bilateral trade in agricultural products has almost doubled."⁴

The cooperation between the two countries in the energy sector has historical roots. The USSR assisted India in discovering and exploring some of its most significant oil, gas, and coal deposits, particularly in Gujarat, West Bengal, Assam, Tamil Nadu, Jharkhand, and Chhattisgarh. In recent years, energy resources have become the main area of bilateral cooperation, with strategic implications. The core elements of this cooperation traditionally include nuclear energy and investments in the oil and gas industry⁵. For instance, Rosatom, a Russian state-owned company, is undertaking a large-scale multi-phase project to construct the Kudankulam nuclear power plant in India. On the other hand, Indian oil and gas majors such as ONGC Videsh Ltd (OVL), Bharat Petroresources Ltd, Indian Oil Corp (IOC), and Oil India Ltd (OIL) have invested around 16 billion dollars in major assets in Russia, including Sakhalin-1, the Vankor field, Taas-Yuryakh, and Imperial Energy. Rosneft, a Russian state-owned oil company, has acquired Indian Essar Oil Limited and is currently developing a port and refinery in Vadinar (Gujarat), where petrochemical production, retail development, and entry into the Indian petrochemical market are also ongoing. The possibility of Indian investments in the Russian projects Vostok Oil and Arctic LNG-2 is also under discussion. Gazprom, Novatek, and Sroytransgaz have been expanding their presence in the Indian market as the Indian government's strategic course to increase the use of gas opened up new opportunities for them in recent years. In October 2021, India received its first direct shipment of liquefied natural gas from Novatek's facility in Yamal in accordance with the long-term contract between Gazprom and GAIL Ltd⁶.

⁴ Valdai International Discussion Club meeting. The President Took Part in the final Plenary Session of the 19th Meeting of the Valdai International Discussion Club. 2022. *President's Website*. October 27. URL: <http://en.kremlin.ru/events/president/news/69695> (accessed 30.04.2023).

⁵ Russia – India Energy Cooperation: Trade, Joint Projects, and New Areas. *RIAC – Gateway House policy brief*. URL: <https://russiancouncil.ru/papers/Russia-India-Energy-Policybrief13-En.pdf> (accessed 30.04.2023).

⁶ In 2012, GAIL, an Indian natural gas company, entered into a 20-year contract with Gazprom Marketing & Trading Singapore, a trading subsidiary of Gazprom Germania, to purchase 2.5 million tons of LNG per year. This contract was subsequently extended to 25 years. Gazprom, a Russian gas company, supplies LNG to India from various sources, including Russia's Yamal region, as well as its global portfolio. However, in 2022, Gazprom Germania faced de facto expropriation by the German authorities. As a result, Gazprom encountered difficulties in maintaining uninterrupted LNG supplies to India, leading to the non-delivery of several shipments. Nevertheless, the significance of this long-term contract should not be underestimated, as it provides greater stability and predictability in pricing for both the buyer and the seller compared to spot prices.

The cargo went through the Northern Sea Route, the Pacific and Indian Oceans to GAIL terminal in Dabhol (Maharashtra).

In 2022, the natural complementarity between the two countries in the energy sector was reinforced by external factors, including unprecedented sanctions against Russia, resulting in a significant increase in energy prices on global markets and interruptions in supplies. As a result, the energy bridge between the two countries, which involves trade and investments in oil and gas, liquefied natural gas (LNG), nuclear power, and coal production and processing, is expanding rapidly.

Since June 2022, market analysts have regularly reported that Russia has surpassed Iraq and Saudi Arabia as India's main crude oil supplier. As of October 2022, Russia accounted for 22% of India's crude oil imports, while Iraq accounted for 20.5% and Saudi Arabia, for 16%⁷. In October, the average daily crude oil shipments from Russia to India were estimated at 970,000 barrels, representing an increase from 942,000 barrels per day in September. By March 2023, this volume had further risen to 1.6 million barrels per day, demonstrating a significant growth trajectory compared to the 69,000 barrels per day recorded in March 2022. Notably, in April 2023, the oil supplies from Russia surpassed the combined supplies from Iraq and Saudi Arabia, highlighting Russia's prominent position as a major supplier of crude oil to India⁸. Reports indicate that Russia has offered substantial discounts to Indian buyers, while officials from both countries stress the mutually beneficial nature of this trade. India has one of the strongest petrochemical industries in Asia which accounts for approximately 12% of India's exports. While precise estimates are difficult to determine, up to 15% of India's petrochemical output may now be based on Russian oil⁹.

Investment cooperation in the oil and gas sector between Russia and India remains active. OVL, an Indian state-owned company, has expressed its intention to continue its participation in the Sakhalin-1 project, where it currently holds a 20% stake. Moreover, Indian state-run companies have shown interest in acquiring the stakes of Western energy players, such as ExxonMobil and BP, who have withdrawn from their investments in Russia. However, no official decisions regarding these potential acquisitions have been announced at this time.

Conversely, there have been instances of Indian companies disengaging from the Russian market. Tata Power, which had obtained a coal mining license in Kamchatka in 2017, has applied for the cancellation of the license. Additionally, Tata Steel, one of the long-standing businesses within the Tata conglomerate, decided to sever its business ties with Russia, making it one of the few Indian companies operating in the Russian market to take such a step.

⁷ Russia Becomes India's Top Oil Supplier as Sanctions Deflate Price. 2022. *The Financial Times*. November 8. URL: <https://www.ft.com/content/f01161be-189f-4f69-918f-fd2a1f0fa1e3> (accessed 30.04.2023).

⁸ Oil Imports from Russia to India Exceed the Supplies by Riyadh and Iraq for First Time. 2023. *RBC*. May 2. URL: https://www.rbc.ru/politics/02/05/2023/6450ddc99a7947814ff0a177?from=from_main_13 (accessed 30.04.2023).

⁹ The Indian Oil Bridge Between Russia and its Sanctioners. 2022. *Petro-logistics*. August 30. URL: <https://www.petro-logistics.com/blog/posts/the-indian-oil-bridge-between-russia-and-its-sanctioners/> (accessed 30.04.2023).

Apart from the Indian companies that choose to stay, there are new players considering entering the Russian market, where clients are looking for substitutes to the European equipment in oil processing, various types of industrial machinery, mining, auto components, medical equipment, food processing, printing and polygraphy, and other industries. Indian exporters are willing to work in the new setup and seek solutions to financial and logistics challenges¹⁰. Hence one of the most important tasks for both countries' authorities is to protect bilateral financial and goods streams from Western interference and improve their efficiency.

India's rapid economic recovery following the COVID-19 pandemic has resulted in an increased demand for Russian coal. This demand surge can be attributed to various factors, including the slowdown in China's economy, a decrease in coal production within China, and a reduction in India's coal imports from countries such as Australia, the United States, and South Africa. These factors have allowed Russian coal producers to adjust their pricing strategies, correcting the previously heavily discounted prices.

While India's coal purchases peaked in the summer of 2022 and subsequently declined as prices rose, the Indian market remains of significant importance to Russian coal producers. In response, some Russian coal producers, like SUEK, are actively working towards establishing a stronger presence in India. Despite India's aspirations to reduce the share of coal in its energy mix, it is projected that coal will continue to be used in the country until at least 2040. Additionally, the volume of coal consumption is expected to grow in the short term, primarily driven by the metallurgy and infrastructure sectors.

Russian coal is favored for its lower ash content and comparatively lower cost compared to the expensive and more polluting coal types sourced from Australia. To cater to the Asian markets, Russia has already relocated parts of its coal exporting fleet from the Baltic region to the Far East, demonstrating its commitment to serving the growing demand in the region.

Cooperation and politics

Despite the presence of strong anti-war sentiment in India, it does not automatically translate into a negative stance towards Russia. The Indian government has faced significant pressure from two sources regarding its neutral position on Russia's actions in Ukraine: Western capitals and the domestic opposition within India. Criticism has been directed at India's leadership for increasing oil supplies from Russia, with US officials emphasizing their desire for India to benefit from a Western price cap on Russian oil, a stance promoted by Washington. However, India's Minister of Oil and Gas, Hardeep Singh Puri, has defended India's efforts to diversify its suppliers, stating that India is acting in its national interests and for the benefit of its people.

¹⁰ Zakharov A., Kapoor N. 2022. India-Russia Trade Settlement: A way forward. *Observer Research Foundation*. August 2022. URL: <https://www.orfonline.org/expert-speak/india-russia-trade-settlement-a-way-forward/>. (accessed 30.04.2023).

The stability of both the economy and political landscape is crucial for India's overall development. The country is currently grappling with challenges such as inflation, depreciation of the rupee, and slower-than-desired job growth. The increase in India's energy bill, combined with its heavy dependence on imports, has the potential to negatively impact the country's finances and have significant implications for domestic policy. Ensuring economic and political stability becomes paramount in order to safeguard India's successful development trajectory. When praising India's independent strategy, Putin used a very telling comparison: "Prime Minister Modi is one of the few people in the world who are capable of pursuing an independent foreign policy in the interests of his people. Despite any attempts to contain or restrict something, he's like an icebreaker, you know, just moving calmly in the direction that the Indian state needs".¹¹

The new paradigm

In 2022, there was a substantial increase in India's imports from Russia, particularly in the energy and fertilizer sectors, resulting in a remarkable surge of 430% compared to the average monthly levels of the previous five years. This significant increase in imports is not unique to India, as other countries such as Turkey, Brazil, and China have also witnessed notable growth in their imports from Russia, with figures standing at +213% for Turkey, +166% for Brazil, and +98% for China¹². This surge in trade has propelled Russia from the 25th position to the 5th position among India's trade partners in just one year. Russia now follows the United States, China, the United Arab Emirates, and Saudi Arabia, surpassing countries like Iraq and Indonesia.

The substantial trade deficit between India and Russia, exacerbated by India's declining exports, has become a matter of concern for Indian policymakers. To avoid further exacerbating the trade deficit and considering the surplus of rupees, Russian companies supplying crude oil to Indian oil processing companies prefer to be paid in dollars. As of November 2022, India has emerged as the largest buyer of seaborne Russian Urals oil, accounting for 40% of the total purchases, surpassing all other countries¹³.

In the fiscal year 2022-2023, Russia and India have achieved a remarkable milestone by surpassing the 18 billion dollars mark in bilateral trade within just five months (April-August)¹⁴. Notably, they have not only reached their target bilateral trade vol-

¹¹ Valdai International Discussion Club meeting. The President took part in the final plenary session of the 19th meeting of the Valdai International Discussion Club. 2022. *President's Website*. October 27. URL: <http://en.kremlin.ru/events/president/news/69695> (accessed 30.04.2023).

¹² *Observatory of Economic Complexities*. 2022. URL: <https://oec.world/en/profile/country/ind> (accessed 30.04.2023).

¹³ India Purchased 40% of Seaborne Russian Urals oil in Nov. 2022. *Reuters*. November 29. URL: <https://www.reuters.com/business/energy/india-purchased-40-seaborne-russian-urals-oil-nov-refinitiv-data-traders-2022-11-28/> (accessed 30.04.2023).

¹⁴ In contrast, the total annual bilateral trade between the two countries stood at 13,124.68 million USD in 2021-22, and 8,141.26 million USD in 2020-21. It was 10,110.68 million USD before the pandemic in 2019-20, 8,229.91 million USD in 2018-19, and 10,686.85 million USD in 2017-18.

ume of 30 billion dollars ahead of schedule by the end of 2022, but they have also significantly surpassed this benchmark with a trade volume of 44.4 billion USD by April 2023¹⁵. However, this surge in trade has resulted in an increasing trade imbalance, prompting both countries to prioritize efforts to rectify these imbalances while also diversifying their economic cooperation in other areas.

During a visit to Moscow in November 2022, the Indian foreign minister, S. Jaishankar, was accompanied by senior officials from various Indian ministries, including finance, commerce, agriculture, petroleum and natural gas, ports and shipping, and chemicals and fertilizers. Minister Jaishankar held talks with his Russian counterpart, Sergey Lavrov, and together they co-chaired a meeting of the Inter-Governmental Commission on Trade, Economic, Scientific, Technical, and Cultural Cooperation, alongside Russian Deputy Prime Minister D. Manturov.

In a joint press conference following the initial round of talks, Minister Jaishankar emphasized the "significant growth" in bilateral trade and highlighted the focus on ensuring its sustainability. He also expressed India's "natural concern" regarding the trade imbalance and raised concerns about the obstacles hindering greater Indian exports.¹⁶

Current prerequisites

In light of the current geopolitical circumstances, there has been a correction in Russia's excessive leaning towards the West. This shift is not limited to the country's political leadership but also extends to its intellectual and business elites. There is a growing disillusionment with Russia's Western partners, and a recognition that reorientation towards the East is both unavoidable and irreversible. As a Eurasian country, the majority of Russia's territory lies in Asia. Russian decision-makers and strategists have been increasingly focused on pivoting towards the East¹⁷. This has been demonstrated most notably through Moscow's attention to the country's eastern regions and various initiatives aimed at transforming Vladivostok into Russia's gateway to rising Asia. However, the necessary infrastructure for this turnaround has been progressing slowly, and according to most Russian business leaders, this shift towards the East has yet to extend significantly beyond China.

Presently, there is a notable surge of interest in India and a growing desire for knowledge about the country in Russia. This interest is partly driven by Russian businesses being compelled to step out of their comfort zone. Additionally, India's strong

¹⁵ For the First Time Russia's Export to India Surpassed 40 Billion USD. 2023. *RIA Novosti*. April 27. URL: <https://ria.ru/20230427/eksport-1868017979.html> (accessed 30.04.2023).

¹⁶ 'If it works to my advantage...': Jaishankar's Blunt Message on Russian Oil. 2022. *The Hindustan Times*. November 8. URL: <https://www.hindustantimes.com/india-news/eam-underscores-india-russia-ties-in-moscow-with-positive-talks-on-energy-trade-101667918133234.html> (accessed 30.04.2023).

¹⁷ Volodin A. 2011. Rossijsko-indijskie otnosheniya – national'noe, regional'noe i global'noe izmerenie [The Relationships between Russia and India – National, Regional and Global Dimension]. *MEMO*. URL: https://www.imemo.ru/files/File/ru/sc/2011/18052011_tez.pdf. (In Russian) (accessed 30.04.2023).

independent stance in global politics and its consistent pursuit of strategic autonomy, which is widely recognized and respected in Russia, have sparked curiosity. However, the interest in India and the exploration of emerging opportunities go beyond political factors. The substantial changes witnessed in the Indian economy in recent years and its remarkable developmental achievements have also contributed to this enthusiasm. Unlike in previous years, there is no political imperative mandating business with India. Even major corporations, both private and state-owned, who previously visited India as part of large business delegations, are now approaching the country with a different perspective. The new generation of Russian entrepreneurs possesses a realistic understanding of the complexities involved in working with India, devoid of the inflated expectations inherited from the Soviet era. There is a natural curiosity and a hunger for knowledge, and despite the limited availability of information, these entrepreneurs are quick learners. Russia's institutions specializing in Indian studies, which have remained strong since the Indo-Soviet friendship era, are collaborating with business promotion and education establishments. These partnerships aim to educate the Russian business community about the ongoing changes in India, accumulate valuable experience, share best practices, and learn from practitioners in the field.

India is undergoing significant changes that are not widely known in Russia. One notable development is the increase in per capita income in India. Additionally, the implementation of a common Goods and Services Tax (GST) in 2017 has led to the creation of a unified nationwide market consisting of over one billion people (Agarwal 2017). Previously, the fragmented market and the limited number of consumers with disposable income acted as deterrents for Russian companies¹⁸ considering entry into the Indian market. However, it is projected that India's middle class will experience substantial growth, increasing from 14% in 2004-2005 to 46% in 2030 and 63% in 2047 (Galistcheva 2015). These demographic shifts indicate a significant expansion in the consumer base, which presents new opportunities for businesses operating in India.

Despite the alignment of Russia and India's official positions on international climate change policies, there is a lack of awareness among Russian businesses regarding the significance of the climate change agenda for India's people, companies, and political leadership¹⁹. However, India's ongoing economic transformation, driven by its commitment to addressing climate change, offers new avenues for cooperation between Russia and India. India has set ambitious targets to increase the proportion of renewable energy in its energy mix, accelerate the decarbonization of the transporta-

¹⁸ Molchanova Y., Sokolova K., Lemeshko O. 2018. Meet the New Indian Consumer: Changing Patterns of Consumer Behavior in one of the Fastest Growing Economies in the World. *Skolkovo Institute for Emerging Markets Studies*. URL: https://iems.skolkovo.ru/downloads/documents/SKOLKOVO_IEMS/Research_Reports/SKOLKOVO_IEMS_Research_2018-06-30_en.pdf. (accessed 30.04.2023).

¹⁹ Kulik L., Nurgalieva G., Sushkova E., Auyezova K. 2022. Climate Change Policy of India, China, and Kazakhstan. *Skolkovo Institute for Emerging Markets Studies*. URL: [https://sk.skolkovo.ru/storage/file_storage/34e5133b-554c-4be3-ba00-57d35f7eac46/Climate-Change-Policy-India-China-Kazakhstan-2022-ENG-sm-\(1\).pdf](https://sk.skolkovo.ru/storage/file_storage/34e5133b-554c-4be3-ba00-57d35f7eac46/Climate-Change-Policy-India-China-Kazakhstan-2022-ENG-sm-(1).pdf). (accessed 30.04.2023).

tion sector, and improve energy efficiency in buildings and infrastructure. These initiatives create opportunities for Russian companies to explore collaboration in line with India's climate agenda and energy transition.

There are several specific areas where Russian companies could potentially contribute to India's climate goals. For instance, a large number of coal-fired power plants in India require modernization, and there is a demand for smart grids, distributed power systems, affordable and efficient solar panels, batteries, advanced materials, and technologies related to energy efficiency. Moreover, the development of gas transportation and consumption infrastructure is also essential. Upgrading India's extensive railway system is another priority. In March 2023, a Russian-Indian consortium consisting of Transmashholding, a prominent Russian railway engineering company, and Rail Vikas Nigam Ltd., an extended subsidiary of the Indian Ministry of Railways, won a tender for the production, supply, and maintenance of 120 16-car Vande Bharat Express high-speed electric trains. This contract, valued at 1.7 billion USD, marks a significant achievement for a Russian company under the framework of India's "Make in India" initiative²⁰.

India's commitment to addressing climate change has led to active support for the development of advanced biofuels, energy-efficient cooling systems, and green hydrogen technologies. This opens up significant opportunities for cooperation between Russia and India in various sectors. The digitization of production, smart transport systems, water treatment, waste management, and public utilities are among the areas where new prospects are emerging. Additionally, India's climate agenda creates avenues for collaboration in nuclear energy and gas supplies, including the regasification of liquefied natural gas (LNG). There is also interest from New Delhi in producing LNG carriers in India with the assistance of Russian experts.

However, the potential for hydropower cooperation may be limited, particularly regarding the construction of new hydropower plants in India. Environmental concerns are likely to deter India from developing smaller hydropower stations in the Himalayas. On the other hand, Russia can play a crucial role in supplying India with essential metals such as nickel, copper, cobalt, lithium, and other rare and non-ferrous metals that are vital for the transition to a cleaner economy. These metals are indispensable for various applications, including renewable energy technologies and electric vehicles.

Presently, India's exports to Russia are primarily comprised of pharmaceuticals and organic chemicals. Russian business leaders are actively learning about India's initiatives, such as the "Aatmanirbhar Bharat" (Self-Reliant India) and "Make in India – Make for the World" programs, as well as the country's ambitious plans to di-

²⁰ Russian and Indian Railways Set to Manufacture Vande Bharat Trains in Boost to Make in India Campaign. 2023. *India Narrative*. April 6. URL: <https://www.indianarrative.com/world-news/russian-and-indian-railways-set-to-manufacture-vande-bharat-trains-in-boost-to-make-in-india-campaign-128596.html> (accessed 30.04.2023).

versify and strengthen its manufacturing sector. India aims to become the new global manufacturing hub, with significant investments in industries like electronics, including semiconductor production, electric vehicle manufacturing, and further development in textiles and auto components²¹. India's primary focus is currently on serving its robust domestic market, and there is a strong political will to outcompete Chinese exports in the US market, India's largest export destination. Therefore, it is likely that Russia will play a significant role in facilitating trade links between its market and India's production capabilities. Interestingly, reports suggest that Russia has shared an extensive list of items with India and other friendly countries that major Russian companies would like to procure. This proactive approach from Russia indicates that trade between the two countries is likely to expand more through Russia's demand rather than India's push, especially as Russian companies seek to minimize the impact of Western restrictions.²²

The power machines, shipbuilding, and space industries in India present significant opportunities for Russian exports and joint development and production. These sectors have recently opened up to private participation to support India's rapid development. Russia is particularly adept at prototyping, while India excels in scaling operations. Therefore, combining Russian expertise with India's manufacturing capabilities can prove mutually beneficial. Russian companies should consider adopting the "Build in India – Sell Globally" strategy, leveraging India's expanding market and global reach. Collaborative efforts in third countries across Africa, Asia, and the CIS also hold potential.

While Russia is facing workforce shortages in sectors like industry and construction, Indian workers can contribute to specific projects. It is essential for Russian authorities to be receptive to India's proposals for engaging Indian labor. India considers itself a reservoir of talent and workforce for the global economy, and employment and education rank among the top priorities of the Indian government. Therefore, this topic holds potential importance in the bilateral agenda.

Furthermore, there are certain misconceptions about the Russian business environment prevalent within India's business media and community. For example, the perception of significant volatility in the Russian ruble is greatly exaggerated. The increasing competitiveness of Russian solutions is not widely recognized, and the macroeconomic stability of the country is often underestimated.

The two countries are becoming increasingly close due to their simultaneous advancements in digitization. India's success in digital transformation, as well as its thriving startup scene and venture capital activity, are well-known among Russia's

²¹ At present India is already No. 2 globally in the production of smartphones and aims to occupy a large share of global electric vehicles market, with particular focus on two- and three-wheelers.

²² Exclusive: India asked by sanctions-hit Russia for parts for key sectors. 2022. *Reuters*. November 29. URL: <https://www.reuters.com/world/india/india-asked-by-sanctions-hit-russia-parts-key-sectors-sources-2022-11-29/> (accessed 30.04.2023).

technology business community and digital experts²³. India has made significant progress in areas such as increasing internet penetration, digital literacy, digital government, e-commerce, financial inclusion, instant payments, and goods tracking, among other digital applications²⁴. Consequently, Russian digital technology-focused companies and venture capital firms are at the forefront of business activity between the two countries outside of the traditional government-to-government segment, arguably possessing the most relevant and interesting experience of working with the new India. Although this sector merits a comprehensive investigation, it is noteworthy that there are approximately 70 startups from Russia operating in India, and nearly a dozen venture capital firms with Russian roots investing in India's digital technology sector, with even more in the pipeline. One of the most advanced sectors in this field is EdTech, where Russian companies combine expertise in STEM subjects with strong artistic creativity and necessary adaptation to the local market, responding to India's vast demand for educational and professional qualification services. There are some excellent examples of meeting India's industry needs with Russian digital solutions, which are renowned for their advanced algorithmic foundations.

Russian electronics producers should carefully consider opportunities in India, as the country offers incentives for localized production and has unique experience in scaling low-margin products and services. The business communities of both countries should actively explore opportunities in e-commerce, which has flourished in India and Russia in recent years. Direct access to consumers through e-commerce platforms can compensate for high logistics costs. Consumer-oriented promotional campaigns for "Made in India" and "Made in Russia" products would also be necessary. In addition to the areas already mentioned, the two countries have potential for cooperation in deep tech sectors such as artificial intelligence, big data and analytics, machine learning, as well as FinTech and smart logistics. One important element of support from governments on both sides could be the establishment of regulatory playgrounds and opening them up to participation by Russian and Indian companies. Experimental legal regimes could foster easier bilateral technological cooperation, and the free flow of cross-pollination and testing of ideas, especially between tech startups.

Significant efforts in this regard are being made by the Skolkovo Foundation and Moscow School of Management SKOLKOVO, in collaboration with Indian partners from academia, the Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), the National Institution for Trans-

²³ Kulik L., Korovkin V., Kalinin A. India Goes Digital. 2021. From Local Phenomenon to Global Influencer. *Skolkovo Institute for Emerging Markets Studies*. URL: https://ftp.skolkovo.ru/web_team/iems/India_Goes_Digital_SKOLKOVO_IEMS_Research_2021.pdf. (accessed 30.04.2023).

²⁴ Srivastava R., Bardiya A., Kulkarni A., Rithica M. 2022. India's Growth Transformation - Moving Ahead and Moving Up. *ISB – Centre for Business Innovation*. URL: <https://www.isb.edu/content/dam/sites/isb/research-thought-leadership/research-center/cbi/India's%20growth%20transformation%20-%20Moving%20ahead%20and%20Moving%20up%20ISB-CBI.pdf.coredownload.pdf>. (accessed 30.04.2023).

forming India (NITI Aayog), Invest India, and India's leading venture capital companies. Russian trade missions in India, now part of the Ministry of Industry and Trade, and the Russian Exports Centre, are actively working to facilitate the entry of Russian companies into the Indian market. The Ministry of Foreign Affairs of Russia has plans to increase its staff in friendly countries, possibly including India.

Similar efforts are required from the Indian side. Currently, there are no Indian journalists permanently based in Russia, and the coverage of Russian developments in the Indian media is secondary and often just a reiteration of Western views. In this context, developing people-to-people contacts becomes paramount. Encouraging more Indian students to study in Russia and inviting Russian educational institutions to establish their presence in India would help to bridge the gap. Restoring touristic links between the two countries is also essential. Prior to the pandemic, Russia was rapidly emerging as one of the new preferred destinations for Indian tourists, with up to 80,000 Indian visitors annually before 2020²⁵. To enhance tourism, expanding flight connectivity beyond Moscow, Delhi, and Goa, as announced in early 2023, is a crucial step forward. India could increase its attractiveness to Russian tourists by promoting medical and rehabilitation tourism, wellness, and Ayurveda, with creative industries, including filmmaking and animation, also deserving special attention.

However, these efforts will be futile without the timely and well-coordinated steps by the governments of both countries. These steps should include the implementation of secure and protected payment mechanisms, efficient logistics systems, and the removal of visa hurdles. Additionally, high non-tariff barriers to trade are a significant constraint on Russian-Indian economic cooperation (Galistcheva 2019). Many positions, especially in agriculture and related sectors, are currently closed to trade due to mutual restrictions or a lack of official permissions. The revision and easing of these barriers is also the prerogative of both governments.

The number of Russian and Indian banks that transact in national currencies is growing steadily, with pioneering banks such as Sberbank and Yes Bank leading the way. Moreover, non-sanctioned Russian banks and their Indian counterparts continue to employ conventional payment channels in dollars and euros. Meanwhile, discussions between regulators and banks of both countries are ongoing. Synchronizing Russian Fast Payment System and its MIR cards with Indian Unified Payment Interface and Ru-Pay cards, would be a crucial step, as well as the potential establishment of a BRICS reserve currency. As of now, the UAE has emerged as a favorable location for many Russian companies to establish their subsidiaries and work with India and other global markets.

The activation of the North-South multimodal transport corridor, spanning a distance of 7,200 km and connecting Russia, Iran, and India, holds great significance for Moscow, Tehran, and New Delhi. This project is not only of practical importance but

²⁵ Tourists from India can bring up to 1 bln USD to Russia per year. 2022. *ATOP – Association of tour operators of Russia*. December 8. URL: <https://www.atorus.ru/node/50594> (accessed 30.04.2023).

also carries symbolic value, as it retraces the historical journey of the Russian merchant Afanasiy Nikitin from Russia to India and back in the 15th century. Given Russia's current disconnection from many international shipping and logistics systems, the North-South corridor has gained even greater importance.

It is hoped that the necessary efforts will be undertaken to address the various challenges²⁶ that may arise in fully realizing the potential of this project. Russia is actively pursuing a comprehensive strategy for the development of Caspian Sea ports until 2030, with a specific focus on the ports of Astrakhan, Makhachkala, and Olya. Additionally, Russia aims to provide assistance to Iran in achieving its objectives related to the corridor. This strategy is expected to transform the entire Caspian Sea region into a significant international logistics hub, enhancing transport connectivity not only between Russia and India but also with Iran and other countries in the region and beyond.

Conclusion

Similar to India's rapid progress in digital development, Russian-Indian trade and economic relations have the potential to make a significant leap forward after two decades of stagnation. The coordinated efforts of all stakeholders can bear tangible results in stimulating business activity, extending bilateral trade and investment cooperation, as both macroeconomics and individual perceptions of entrepreneurs in both countries have undergone considerable transformations. Russian entrepreneurs have shown significant interest in India's market trends and quickly adapt to India's evolving requirements and capabilities. Similarly, appetite for knowledge of today's Russia gradually shapes up among Indian business circles. This recalibration creates opportunities for extending trade beyond the traditional scope of goods and building new investment connections between the two countries.

The 75th anniversary of India's independence, celebrated widely in 2022-2023, coincides with India's chairmanship in the Shanghai Cooperation Organization and the G20. The G20 Presidency of India is themed around the Sanskrit phrase "Vasudhaiva Kutumbakam" from ancient Hindu texts such as the Maha Upanishad, which means "all living beings on Earth are a family." The phrase has been translated into English as "One Earth, One Family, One Future." In the spirit of traditions dating back to J. Nehru, India aims to offer much-needed healing to a world torn apart by conflict, social hardships, and environmental degradation. Russia is genuinely interested in India's strengthening role in world affairs and economic growth. Significantly, when the two countries cooperate, it serves not only their national interests but also contributes to global stability. In the words of S. Jaishankar, "...as major G20 economies... we are actually helping to stabilize the world economy as well".

²⁶ Sazhin V. 2022. K voprosu o MTK «Sever-Yug»: problemy i perspektivy. [To the Question of International Transport Corridor North-South: Problems and Perspectives]. *The International Affairs*. July 26. URL: <https://interaffairs.ru/news/show/36291> (In Russian) (accessed 30.04.2023).

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Новая парадигма и новые возможности в торгово-экономических отношениях России и Индии

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Сегодня, когда Россия разворачивается на Восток, а Индия продолжает проводить независимую внешнюю политику, возникает уникальная возможность для выхода инвестиционного и торгово-экономического сотрудничества двух стран на качественно новый уровень. Благодаря значительному увеличению поставок в Индию российских энергоносителей и удобрений, а также железа, стали, изделий из древесины, растительных и животных масел объём двусторонней торговли в 2022 году резко вырос, что открывает перспективы приведения российско-индийского экономического взаимодействия в соответствие с официальным статусом отношений двух стран как «особо привилегированного стратегического партнёрства». Вместе с тем рост российского экспорта ставит задачу сокращения увеличивающегося торгового дефицита со стороны Индии, и, шире, поиска нового торгово-экономического баланса, отвечающего интересам обеих стран. Решению этой задачи могут способствовать следующие тенденции: рост индийского промышленного сектора, увеличение покупательной способности индийского среднего класса, а также опережающие темпы цифровизации как в Индии, так и в России. Цифровая трансформация лежит в основе большинства реформ и проектов правительства Нарендры Моди, которые оказывают стимулирующее воздействие на экономику Индии: Aatmanirbhar Bharat («Самодостаточная Индия»), Make in India («Делай в Индии»), Skill India («Обучай Индию»), Startup India («Стартап Индия»). В этих условиях российские предприниматели проявляют интерес к информации о перспективах выхода на индийский рынок, схожий рост интереса к России наблюдается и в индийских деловых кругах. Описанные изменения создают возможность для расширения номенклатуры двусторонней торговли за пределы традиционных групп товаров, а также для построения новых инвестиционных связей.

Ключевые слова: российская экономика, экономика Индии, геополитика, предпринимательство, новые возможности, цифровая трансформация, санкции против России, венчурный капитал, стартапы

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The Impact of Climate Change on India-Russia Relations

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Abstract: This study explores the implications of climate change for the bilateral relationship between India and Russia. While current research primarily focuses on the strategic aspects of their relationship, little attention has been given to the factors that could shape its future. Climate change has significant economic and social impacts on both countries, raising questions about how it will affect their relations. This paper examines the potential effects on livelihoods, agriculture, and trade, and investigates whether India and Russia can find areas of cooperation despite their differing roles as fossil fuel consumer and exporter, respectively.

Despite their reliance on Western technology transfer, India and Russia have the opportunity to collaborate and develop new technologies together. The study highlights the potential for joint efforts in renewable energy, such as wind and solar power, to reduce dependence on fossil fuels. It also explores collaboration in biofuel production using Russia's biomass resources.

Disaster risk management and information sharing emerge as additional areas of potential cooperation in the face of climate change. Collaboration in these areas can enhance preparedness and response mechanisms, strengthening overall resilience.

The study also considers the Northern Sea Route (NSR) as a potential collaboration opportunity. As the Arctic ice melts, the NSR offers a viable trade route between Russia's European and Far Eastern regions. India has shown interest in contributing to its development, which could reduce shipping losses and emissions in transporting liquefied natural gas (LNG) from Russia.

In conclusion, the paper emphasizes the need for adaptation and adjustment in the bilateral relationship to address climate change challenges. It underscores the importance of scientific collaboration, exploring joint initiatives, and developing sustainable solutions to mitigate the impacts of climate change while strengthening the long-standing India-Russia partnership.

Keywords: India-Russia, climate change, the Arctic, development, global powers, emitters, UNFCCC, Kyoto Protocol, energy

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Numerous scholarly works have extensively discussed the resilience of India-Russia relations, particularly in light of India's abstention from condemning Russia's actions in Ukraine. However, existing academic research predominantly focuses on the strategic aspects of this bilateral relationship, leaving little room for exploration of its future trajectory and underlying driving forces. Notably, climate change, given its global implications, holds significant potential to shape the future dynamics of India-Russia relations. The economic and social impacts stemming from climate change are expected to be substantial in both countries. Hence, this paper aims to analyze the prospective effects of climate change on the future of India-Russia relations, considering its potential repercussions on livelihoods, agriculture, trade, and other pertinent areas. By examining the interplay between climate change and the bilateral relationship, this study seeks to elucidate how these factors may influence India-Russia relations. Furthermore, it investigates whether there exist avenues for cooperation between the two nations in addressing climate change, or if their disparate roles as fossil fuel exporter and consumer respectively will hinder convergence. Through an in-depth exploration of these questions, this paper aims to provide valuable insights into the future of India-Russia relations in the context of climate change.

This paper is structured into eight sections. The first section presents a comprehensive literature review, offering an overview of the existing scholarly works on the topic. The subsequent section provides a concise examination of climate change and its potential ramifications on domestic politics and international relations. Section three analyzes the evolving stance of India on climate change, while section four investigates the probable effects of climate change on India as a nation. The fifth and sixth sections delve into Russia's position on climate change and its potential implications for the country. In the seventh section, the article explores the similarities between the Russian and Indian positions on climate change, identifying potential areas of collaboration. Lastly, the paper concludes with a final section summarizing the key findings.

The article employs a descriptive-analytical method, utilizing both primary and secondary data sources to derive conclusions. Historical analysis is conducted to trace the progression of the Indian and Russian positions on climate change. The article compares their respective positions and policies, aiming to identify potential areas for cooperation. Primary data sources include UN and government documents, while secondary data sources encompass journal articles, book chapters, newspaper articles, and relevant online resources. By employing a range of data from different sources, the paper seeks to provide a comprehensive analysis of the subject matter.

According to the Intergovernmental Panel on Climate Change (IPCC), human-induced climate change poses a significant threat to ecosystems and human populations¹. The report highlights that the frequency and intensity of heatwaves, droughts,

¹ Climate Change 2022: Impacts, Adaptation, and Vulnerability. *IPCC Sixth Assessment Report*. URL: <https://www.ipcc.ch/assessment-report/ar6/> (accessed 21.04.2023).

and floods have already surpassed the tolerance thresholds of plants and animals. In the realm of climate negotiations, India has been an active participant since the establishment of the United Nations Framework Convention on Climate Change (UNFCCC) in 1992. India has played a crucial role in shaping the background conditions and subsequently influencing the substance of the convention. While initially adopting a rigid stance with three non-negotiables, India later demonstrated flexibility and a proactive approach towards its position on greenhouse gas (GHG) emission reductions (Sengupta 2019).

Using the New Interdependence Approach, Nachiappan (2020) examines the rise of the Ministry of External Affairs (MEA) in driving India's climate change policy-making. He argues that the MEA's understanding of climate change was influenced by domestic environmental groups, namely the Tata Energy Research Institute (TERI) and the Centre for Science and Environment (CSE). Andonova and Alexieva (2021) explore the domestic and international determinants shaping Russia's climate position, shedding light on its evolving role in climate negotiations and the seemingly unexpected shifts in rhetoric and strategy. They contend that changes in domestic elite and bureaucratic politics are instrumental in understanding Russia's recent adoption of a more positive rhetoric and constructive role in climate negotiations.

In the context of climate change's impact on Russia, Gustafson (2021) predicts that the Russian economy and society will face significant challenges in the next three decades. Similarly, Conley and Newlin argue that climate change will pose several economic problems for Russia.² Poberezhskaya highlights various factors contributing to Russia's weak climate policy, including the prioritization of economic development over environmental protection, close ties between the state and the energy sector, weak environmental institutions, and a low level of public awareness and concern about climate change.³

In a comparative study of climate policies conducted by Compston and Bailey (2015), Japan and Europe are identified as frontrunners in terms of climate policy stringency, while Russia is positioned as a laggard in this regard. Kochtcheeva (2022) suggests that Russia's approach to climate change is influenced by the contradictions between its economic structure, domestic interests, and ambitious foreign policy objectives.

Climate change

Climate change is predicted to have far-reaching impacts on various aspects of society and the environment. One of the significant consequences is the potential effect on agricultural productivity, including changes in crop yields and viability. Fur-

² Conley H.A., Newlin C. 2021. Climate Change Will Reshape Russia. *The Center for Strategic and International Studies*. January 13. URL: <https://www.csis.org/analysis/climate-change-will-reshape-russia> (accessed 21.04.2023).

³ Poberezhskaya M. 2015. Why climate change is not on Russia's agenda. 19 November. OpenDemocracy. URL: <https://www.opendemocracy.net/en/odr/why-climate-change-is-not-on-russia-s-agenda> (accessed 21.04.2023).

thermore, climate change is expected to disrupt the quantity, quality, and availability of freshwater resources, leading to water scarcity and posing challenges for various sectors, including agriculture and human consumption. Coastal erosion and land degradation are additional concerns, particularly in vulnerable regions, which can result in the loss of landmass and infrastructure.

The frequency and intensity of natural disasters, such as hurricanes, floods, and droughts, are projected to increase due to climate change, exacerbating the risk to human lives, infrastructure, and ecosystems. These effects can also lead to internal migration, the displacement of populations, and the emergence of climate refugees. In turn, these factors contribute to the potential for famines, social unrest, and instability.

As climate change poses these risks to human security, food security, water security, and environmental security, it is increasingly recognized as a non-traditional security threat. Beyond these non-traditional security dimensions, climate change can also give rise to traditional security challenges. The economic and political instability caused by climate-related issues can strain countries and impact their relations with one another, particularly in cases where water-sharing or river-sharing arrangements are involved.

The magnitude of these challenges has garnered global attention, leading to concerted efforts to address climate change as a global issue. Notable initiatives in this regard include the 1985 Vienna Convention for the Protection of the Ozone Layer, UNGA Resolution 44/207 of 1989, the United Nations Framework Convention on Climate Change (UNFCCC) established in 1992, the Kyoto Protocol adopted in 1997, the Paris Agreement reached in 2015, and the Conference of Parties held in Sharm el Sheikh, Egypt, in 2022. These international agreements and conferences signify the recognition of climate change as a pressing global challenge and demonstrate the commitment to finding collective solutions.

India's position on climate change

India actively participates in global climate change negotiations, particularly within intergovernmental frameworks operating under the United Nations General Assembly (UNGA). By advocating for convention negotiations under the UNGA, India emphasizes the importance of openness, transparency, universality, legitimacy, and the full participation and commitment of all states⁴. This approach ensures that specialized agencies or forums do not exclude any country from the negotiation process.

India's engagement in international climate change discussions dates back to UNGA Resolution 44/207 of 1989, which called for the preparation of a "framework convention" to address climate change. Through strategic efforts, India managed to

⁴ *Protection of Global Climate for Present and Future Generations of Mankind*. 44th Session of General Assembly. November 02, 1990 (A/45/696). General Assembly, p.1.

garner widespread support from the developing world for its key stance on climate change. One of its fundamental positions is the opposition to legally binding quantitative emission targets imposed on developing countries, as such targets would impede their development processes. Instead, India asserts that the primary responsibility for reducing greenhouse gas emissions lies with the developed countries, who are the major producers of emissions.

India's international position on climate change is based on three core pillars. Firstly, it emphasizes that the developed countries, being responsible for the majority of emissions, should bear the primary burden of emission reductions. Secondly, India argues against imposing emission reduction targets on developing countries, as it would hinder their efforts to address poverty and promote development. Lastly, India calls for the transfer of technology and additional financial resources to support developing countries in their climate change mitigation and adaptation efforts, as integral components of any formal agreement⁵. India has consistently advocated for developed countries to take the lead in combating climate change, rooted in a strong normative discourse around equity in global climate action. This perspective underscores India's commitment to promoting fairness and ensuring that global climate efforts consider the varying capacities and development priorities of different countries (Jogesh, Dubash 2015).

The adoption of the United Nations Framework Convention on Climate Change (UNFCCC) in Rio de Janeiro in 1992 reflected the recognition and acknowledgment of India's position on climate change. The final text of the UNFCCC acknowledged that "the largest share of historical and current global emissions of greenhouse gases has originated in developed countries," and per capita emissions in developing countries are still relatively low and that "the share of global emissions originating in developing countries will grow to meet their social and development needs".⁶ The UNFCCC text further emphasized the necessity for comprehensive cooperation and the participation of all countries in an effective and appropriate international response to address the global nature of climate change. It emphasized the principle of "common but differentiated responsibilities and respective capabilities" in accordance with the social and economic conditions of each country. This principle recognized that while all countries should contribute to combating climate change, the primary responsibility for taking the lead in addressing climate change and its adverse effects lies with the developed countries (Article 3.1 of the UNFCCC).

During the initial negotiations on climate change, both developed and developing countries were considered to have "common responsibilities," as reflected in the original draft of the First Assessment Report of the Intergovernmental Panel on Cli-

⁵ *Greenhouse Effect and Climate Change: Issues for the Developing Countries, Proceedings of the Conference of Select Developing Countries on Global Environmental Issues*. Ministry of Environment and Forests, Govt. 1990

⁶ *United Nations Framework Convention on Climate Change*. 1992. FCCC/INFORMAL/84 GE.05-62220 (E) 200705. P.1.

mate Change (IPCC). However, under pressure from developing country parties, the language was amended to "common but differentiated responsibilities" to highlight the differing capacities and circumstances of developed and developing countries in addressing climate change.

India's position on climate change negotiations has been strongly influenced by its development needs and poverty reduction objectives. This has led India to oppose additional commitments for developing countries when advocating for a robust legally binding protocol. The Kyoto Protocol, which was the first legally binding agreement, recognized the demands of developing countries while imposing binding emission reduction targets on developed countries.

According to Article 3 of the Kyoto Protocol, 37 industrialized countries, economies in transition, and the European Union (referred to as Annex B countries) were assigned an average 5 percent overall emission reduction compared to 1990 levels for the first commitment period from 2008 to 2012.⁷ This established quantified emission limitations and reduction commitments specifically for developed countries.

India, supported by the Group of 77 (G77) and China, successfully resisted repeated attempts to impose "voluntary commitments" on developing countries. The argument put forth was that imposing new commitments on developing countries would hinder their entitlement to pursue economic growth and development. India emphasized that any notion seeking to deprive developing countries of their right to grow and develop could not be accepted or supported (Sengupta 2019: 119).

India's position on climate change negotiations has witnessed significant evolution while maintaining its fundamental stance. One notable instance is the country's acceptance of flexible mechanisms, exemplified by its embrace of the Clean Development Mechanism (CDM). The CDM enables nations with emission reduction commitments, known as Annex B Parties, to implement emission reduction projects in developing countries. The resultant certified emission reduction credits can be traded and utilized by developed countries to fulfill their obligations under the Kyoto Protocol.

Initially, India displayed opposition to the CDM, perceiving it as a stratagem employed by developed nations to transfer the burden of emission reduction onto developing countries. However, India subsequently assumed the role of host to numerous CDM projects and played an active role in shaping the rules, frameworks, guidelines, and institutions governing the mechanism.

A pivotal juncture occurred in 2007 when India unilaterally pledged that its per capita greenhouse gas (GHG) emissions would never surpass those of industrialized countries⁸. This marked the first instance of India voluntarily committing to limit-

⁷ Kyoto Protocol to the United Nations Framework Convention on Climate Change. *UN*. 1998. P.3. URL: <https://unfccc.int/resource/docs/convkp/kpeng.pdf> (accessed: 21.04.2023).

⁸ PM's intervention on Climate Change at Heiligendamm meeting. 2007. *MEA*. URL: <https://mea.gov.in/outgoingvisitdetail.htm?2453/PMs+intervention+on+Climate+Change+at+the+Heiligendamm+meeting> (accessed 21.04.2023).

ing its future GHG emissions while concurrently pursuing its developmental and economic growth objectives. India emphasized its commitment to equitable distribution of responsibilities by ensuring that its per capita emissions remained below those of developed countries.

Despite this voluntary commitment, India steadfastly maintained its core position that the present circumstances were not conducive to introducing legally binding emission reduction commitments for developing countries. Traditionally, India's refusal to agree to emission reduction targets was influenced by: "(1) a sense of material limitation, (2) a lack of trust in the international process, (3) concerns over equity, (4) the likely technical and political difficulties in effectively regulating a large number of small and poor "polluters" and (5) a strong sense of national sovereignty" (Atteridge et al. 2012: 69). The transformation in India's position in 2007 and subsequent years can be attributed to various factors. These encompass India's aspirations to enhance its global stature, concerns regarding regional security and national economic interests, as well as endeavors to foster broader geopolitical alignments, particularly with the United States and China (Atteridge et al. 2012: 70). Additionally, domestic imperatives related to energy security and access further influenced India's evolving stance on climate change (Rastogi 2011: 127).

Therefore, to uphold its commitment, India has undertaken measures at the domestic level, exemplified by the formulation of the National Action Plan on Climate Change (NAPCC). The NAPCC, launched on June 30, 2008, encompasses a comprehensive set of policies and programs designed to address climate change within the framework of sustainable development. Recognizing the imperative of maintaining a high growth rate to enhance living standards and reduce vulnerability to climate change impacts, the NAPCC underscores the intertwining of economic progress and climate action.⁹ A notable turning point occurred in 2009, demonstrating India's willingness to embrace a non-legally binding cap on its emissions. By signing the Major Economic Forum Leaders Declaration on Energy and Climate in L'Aquila, (Italy), India acknowledged, for the first time, the importance of limiting the global temperature increase to no more than 2 degrees Celsius (Sengupta 2019).¹⁰ The declaration committed the signatories to collaborate in establishing a global target for substantial emissions reduction by 2050. Concurrently, India proactively announced a voluntary numerical pledge to reduce the emission intensity of its gross domestic product (GDP) by 20-25 percent by 2020, relative to the 2005 level. This announcement, delivered in the Parliament, emphasized India's commitment to mitigating emissions through domestic efforts, aligning with its own national interests (Sengupta 2019: p. 123).¹¹ Importantly, India has already achieved this target.

⁹ National Action Plan on Climate Change [Press Release]. 2021. *PIB*. URL: <https://static.pib.gov.in/WriteReadData/specific-docs/documents/2021/dec/doc202112101.pdf> (accessed 21.04.2023).

¹⁰ Declaration of the Leaders of the Major Economies Forum on Energy and Climate [Press Release]. 2009. *White House*. URL: <https://obamawhitehouse.archives.gov/the-press-office/declaration-leaders-major-economies-forum-energy-and-climate> (accessed 21.04.2023).

¹¹ *Transcript of the Minister's Response in the Lok Sabha*. Lok Sabha. Parliament of India. New Delhi. 3 December 2009.

Without compromising its core principles, India has embraced the principle of voluntary emission reduction and set specific targets to be achieved through domestic measures. The country's updated national pledge, known as the Intended Nationally Determined Contributions (INDC), was revised based on the outcomes of COP 19. India has committed to reducing the emission intensity of its GDP by 33 to 35 percent by 2030 compared to the 2005 level. Additionally, India has pledged to create an additional carbon sink of 2.5 to 3 billion tonnes of CO₂ equivalent through increased forest and tree cover by 2030.¹² The INDC of India revolves around various aspects, including promoting sustainable lifestyles, fostering cleaner economic development, reducing emission intensity, increasing the share of non-fossil fuel sources, enhancing carbon sinks, prioritizing adaptation, mobilizing finance, facilitating technology transfer, and strengthening capacity building. Notably, India's INDC places significant emphasis on adaptation measures and provides a comprehensive assessment of the financial implications associated with achieving climate change goals, underscoring its commitment compared to other nations. The updated NDC was communicated to the United Nations Framework Convention on Climate Change (UNFCCC) on August 3, 2022, aligning India's climate targets with the enhanced commitments announced at COP 26 and supporting its long-term objective of achieving net-zero emissions by 2070.¹³ Following the update, India has politically committed to reducing the emissions intensity of its GDP by 45 percent by 2030, compared to the 2005 level, and aims to achieve around 50 percent of its cumulative installed electric power capacity from non-fossil fuel-based sources by 2030. Consistently adhering to the principle of common but differentiated responsibilities and respective capabilities (CBDR & RC), the updated NDC reaffirms India's dedication to pursuing low-carbon emissions while striving to achieve sustainable development goals. It is important to note that India's NDC does not impose sector-specific mitigation obligations or actions, as the primary goal is to reduce overall emission intensity and enhance energy efficiency.

India's vulnerability to climate change

The adoption of a "flexible" and "proactive" approach by India, while maintaining its traditional position on the "non-negotiables," was driven by the country's best interests. This perspective was expressed by Jairam Ramesh, the former Union Minister for Environment and Forest¹⁴. As India's vulnerability to climate change and its impacts increased, there was a pressing need for the adoption of more assertive strategies, including the establishment of performance targets for various sectors of the economy.

¹² India's Intended Nationally Determined Contribution: Working towards Climate Justice. 2015. *Ministry of Environment, Forest and Climate Change. Government of India*. New Delhi. P. 15.

¹³ A step towards achieving India's long-term goal of reaching net zero by 2070 [Press Release]. 2022. *PIB*. 03 August. URL: <https://pib.gov.in/PressReleaseSelfFramePage.aspx?PRID=1847812> (accessed 21.04.2023).

¹⁴ Transcript of the Minister's Response in the Lok Sabha. Parliament of India, New Delhi, 3 December.

India ranks among the top three countries in terms of natural disasters experienced in the 21st century¹⁵ and is the fifth most vulnerable nation to extreme weather events¹⁶. The Global Climate Risk Index 2021¹⁷, placed India in the seventh position, considering the magnitude of weather-related loss events and their impact on fatalities and direct economic losses. Between 2000 and 2019, India reported 321 incidents of natural disasters, resulting in the loss of 79,732 lives and affecting another 1.08 billion people¹⁸. The economic loss incurred by the country during this period amounted to 80 billion USD.

In 2018, India experienced a significant economic loss due to climate-related events, amounting to nearly twice the losses incurred between 1998 and 2017, totaling 37 billion USD¹⁹. The impacts of climate change in India manifest in various forms such as rising land and sea temperatures, prolonged dry seasons, erratic rainfall, flash floods, cloud bursts, heatwaves, cyclones, and mini-tornados.

The rise in surface temperatures has led to drought-like conditions across the country, triggering the intensification of cyclonic storms. Approximately 76% of India's coastal line, spanning around 5,770 km, is vulnerable to cyclones. With cyclones often accompanied by heavy rainfall, the coastal areas are also at risk of flooding. Over the past eight years, India has faced 41 cyclones, of which 28 were severe. Additionally, due to changing climate patterns and rising sea temperatures, the Arabian region is projected to witness an increase in cyclone frequency. This poses a significant threat to districts in the eastern and western zones, making them vulnerable to extreme cyclonic pressures.

Coastal areas in India also face the risk of inundation and rising sea levels. The intrusion of saline water into freshwater sources further exacerbates the scarcity of freshwater and poses a threat to freshwater ecosystems. Groundwater depletion, pollution of freshwater sources, increased occurrences of dry spells, and unpredictable monsoons contribute to high water stress levels for a large portion of the Indian population. The NITI Aayog, India's policy think tank, has raised concerns about acute water shortages, with over 600 million people already affected²⁰. It is projected that by 2030, the demand for water in India will be twice the available supply, highlighting the severity of the water crisis.

¹⁵ India's two-decade tryst with natural calamities. 2021. *India Today*. 08 February. URL: <https://www.google.com/amp/s/www.indiatoday.in/amp/diu/story/300-disasters-80-000-deaths-100-crore-affected-india-s-two-decade-tryst-with-natural-calamities-1767202-2021-02-08>. (accessed 21.04.2023).

¹⁶ *Global Climate Risk Index 2021*. URL: <https://www.germanwatch.org/en/19777>. (accessed 21.04.2023).

¹⁷ *Ibid*.

¹⁸ India is not prepared for Natural Disasters. 2020. *The Business Line*. January 03. <https://www.thehindubusinessline.com/opinion/india-is-not-prepared-for-natural-disasters/article30463153.ece> (accessed 21.04.2023).

¹⁹ Climate Change and Environmental Sustainability. *UNICEF INDIA*. URL: <https://www.unicef.org/india/what-we-do/climate-change>. (accessed 21.04.2023).

²⁰ Composite Water Index 2018. *NITI Aayog*. URL: http://social.niti.gov.in/uploads/sample/water_index_report2.pdf. (accessed 21.04.2023).

Recent studies conducted by the Council on Energy, Environment, and Water (CEEW) have revealed that a staggering 17 out of 20 people in India are susceptible to extreme hydro-meteorological disasters, including floods, droughts, and cyclones²¹. This implies that over 80% of the Indian population resides in areas that are highly exposed to risks. Among the states most vulnerable to such events are Assam, Andhra Pradesh, Maharashtra, Karnataka, and Bihar.

Over the past two decades, India has witnessed a significant increase in extreme weather events, with an average of 17 floods occurring annually. In fact, India ranks second globally in terms of flood-affected population. Official estimates indicate that more than 12% of the country's land is prone to flooding, 68% of cultivable land is vulnerable to droughts, and 70-80% of the coastal areas are at risk of cyclones and tsunamis²². As a result, 27 states and union territories in India are considered disaster-prone.

It is important to note that the current trends in extreme weather events have emerged from a mere 0.6 to 0.7-degree Celsius increase in temperature over the past century. Therefore, the projected rise of 2 degrees Celsius will have far-reaching consequences. If the current trajectory continues, all states in India are expected to experience temperatures surpassing 30 degrees Celsius²³. Such temperature increases directly impact the food and agriculture sector, with estimated declines of 10-30% in rice production and 25-70% in maize production.

The health effects of climate change-related events are devastating, particularly for vulnerable populations such as children, low-income communities, persons with disabilities, pregnant women, and indigenous communities. Climate change acts as a multiplier of existing crises and can potentially lead to the emergence of new conflicts. Consequently, a large portion of the Indian population remains highly vulnerable to the impacts of extreme and erratic weather events and disasters.

Russia's position on climate change

The Russian stance on climate change holds significant importance due to its status as one of the top five emitters of greenhouse gases (GHGs) and its substantial fossil fuel reserves. Russia ranks third globally in fossil fuel production, possessing the second largest proven natural gas reserves, the third largest coal reserve base, and standing as the world's third largest oil producer, following the United States and Saudi Arabia²⁴. Fossil fuel exports accounted for 63.2% of Russia's total exports

²¹ Mapping India's Climate Vulnerability: A District Level Assessment. *Council on Energy, Environment and Water*. URL: <https://www.ceew.in/publications/mapping-climate-change-vulnerability-index-of-india-a-district-level-assessment>. (accessed 21.04.2023).

²² Disaster Risk Profile (India). 2022. *National Institute of Disaster Management*.

²³ Climate Change 2022: Impacts, Adaptation, and Vulnerability. 2022. *IPCC Sixth Assessment Report*. URL: <https://www.ipcc.ch/assessment-report/ar6/> (accessed 21.04.2023).

²⁴ Russian Federation: Energy resources and market structure. *OECD* URL: <https://www.oecd-ilibrary.org/sites/23fe599b-en/index.html?itemId=/content/component/23fe599b-en>. (accessed 21.04.2023).

in 2017²⁵, and oil and gas revenues contributed to 36% of the country's federal budget in 2016²⁶. Consequently, Russia is often regarded as having one of the most carbon-intensive economies worldwide²⁷.

Given these circumstances, Russia's position on climate change has been shaped by concerns about the adverse impact of reduced fossil fuel usage on its economy. It has been estimated that implementation of climate-related policies by other countries could potentially lead to a decrease of around half a percent in Russia's GDP growth rate (Makarov et al. 2017, as cited in Yagodin 2021: 65).

In the early 1970s, Soviet climatologist Mikhail Budyko proposed that human activities had surpassed natural geological processes in terms of carbon dioxide emissions, resulting in an increase in air temperature that could potentially lead to the melting of the Arctic Ocean's ice cover as early as 2050. Initially met with scepticism²⁸, Budyko's views gradually gained global recognition, positioning the Soviet Union as a prominent advocate against climate change. Russia ratified the United Nations Framework Convention on Climate Change (UNFCCC) soon after its adoption in 1992, aiming to demonstrate active and constructive engagement. However, since then, Russia has displayed less enthusiasm in combating climate change, despite signing all UN treaties related to the issue²⁹.

Similar to many countries outside of Europe, addressing climate change is not currently a top priority for Russia. Russia's historical stance on climate change has been that of an outlier or sceptic, influenced by economic crises and a scientific community that was unconvinced of the anthropogenic impacts on climate. Russian scientists argued that international efforts to control climate processes would be ineffective, mitigation measures would be unaffordable, and that Russia's vast forests would naturally absorb most of its carbon emissions³⁰. Furthermore, Russia viewed climate change as a Western conspiracy aimed at economically undermining developing countries, including Russia.

Climate change was not a prominent topic of discussion in Russian politics, public discourse, or media. When it did enter public debate, climate change was often portrayed in positive terms for Russia and its population, such as potentially lower electricity bills, a milder climate overall, reduced reliance on heating systems, decreased use of furs, enhanced agricultural productivity, and the opening of the Northern Sea Route due to Arctic ice melting³¹. A 2009 survey revealed that only 30 percent of Rus-

²⁵ Ibid.

²⁶ Ibid.

²⁷ Poberezhskaya M. 2015. Why climate change is not on Russia's agenda. 19 November. *OpenDemocracy*. URL: <https://www.opendemocracy.net/en/odr/why-climate-change-is-not-on-russia-s-agenda> (accessed 21.04.2023).

²⁸ Safonov G. 2021. Back to the Future? Russia's Climate Policy Evolution. *The Center for Strategic and International Studies*. March 01. URL: <https://www.csis.org/analysis/back-future-russias-climate-policy-evolution> (accessed 21.04.2023).

²⁹ Ibid.

³⁰ Ibid.

³¹ Poberezhskaya M. 2015. Why climate change is not on Russia's agenda. 19 November. *OpenDemocracy*. URL: <https://www.opendemocracy.net/en/odr/why-climate-change-is-not-on-russia-s-agenda> (accessed 21.04.2023).

sian citizens considered global warming a serious issue (Andonova and Alexieva 2012: 627). The prevailing public perception in Russia is that climate change is a natural and cyclical phenomenon that is not catastrophic, and the country already assumes the status of a "great environmental power" by default, rendering new commitments on climate change excessive (Yagodin 2021: 65).

The influence of the fossil fuel lobby has also played a role in preventing Russia from fully engaging in climate change negotiations.

Despite ratifying the UNFCCC, Russia later aligned itself with the Organization of the Petroleum Exporting Countries (OPEC) and opposed setting quantitative emission limits in subsequent climate protocols (Andonova and Alexieva 2012: 619). During the negotiations for the Kyoto Protocol, Russia joined forces with countries in the Umbrella Group, including Japan, Canada, and Australia, which shared similar levels of greenhouse gas (GHG) emissions and were reluctant to adopt stringent emission reduction targets (Andonova and Alexieva 2012: 619). Notably, while negotiating alongside these countries, Russia was able to present a credible claim of economic weakness, which allowed developing and transitioning countries to demand concessions both normatively and by threatening an inability to implement more significant commitments. By 1997, Russia's economy had contracted by 39 percent, and its GHG emissions had decreased by 34 percent compared to 1990 levels (Andonova and Alexieva 2012: 619).

Following the collapse of the Soviet Union and the subsequent economic hardships, Russia's GHG emissions fell below the acceptable levels specified in the Kyoto Protocol³². Russia insisted that it would only commit to stabilizing its emissions at 1990 levels to regain its pre-1990 economic strength. Consequently, Russia secured one of the most favorable deals under the Kyoto Protocol: it had the option to either increase its emissions by 34 percent until 2012 (which was deemed unlikely) or sell a significant portion of its emission reduction allowances for economic gain (Andonova and Alexieva 2012: 619). However, it took Russia six years to sign and ratify the Protocol in 2007, along with some climate-related initiatives at the national level. As a result, these actions did not have a substantial impact on Russia's GHG emissions.

At the Copenhagen Summit, Russia made a pledge to reduce its emissions by 15-25 percent compared to 1990 levels, contingent on the participation of all major emitters and the recognition of its forests as carbon sinks. This demonstrated Russia's attempt to strike a balance between its reliance on fossil fuels for economic growth and revenue and its commitment to addressing climate change. President Medvedev stated that this approach would allow Russia to pursue development opportunities while still contributing to global efforts against climate change (Andonova and Alexieva 2012: 621).

³² Ibid.

Prior to the Copenhagen Summit, President Medvedev signed Russia's climate doctrine, which recognized climate change as a dangerous anthropogenic phenomenon (Andonova and Alexieva 2012: 623). The doctrine outlined the potential adverse effects of climate change on Russia, including increased droughts, forest fires, floods, permafrost degradation, disruption of ecological balance, and an increase in infectious and parasitic diseases (Andonova and Alexieva 2012: 623). However, the non-binding nature of the declaration drew criticism from Russian environmentalists, who viewed it as a soft power effort (Kokorin and Korppoo 2013). Despite this criticism, the declaration represented a significant shift from Russia's previous scepticism toward climate change.

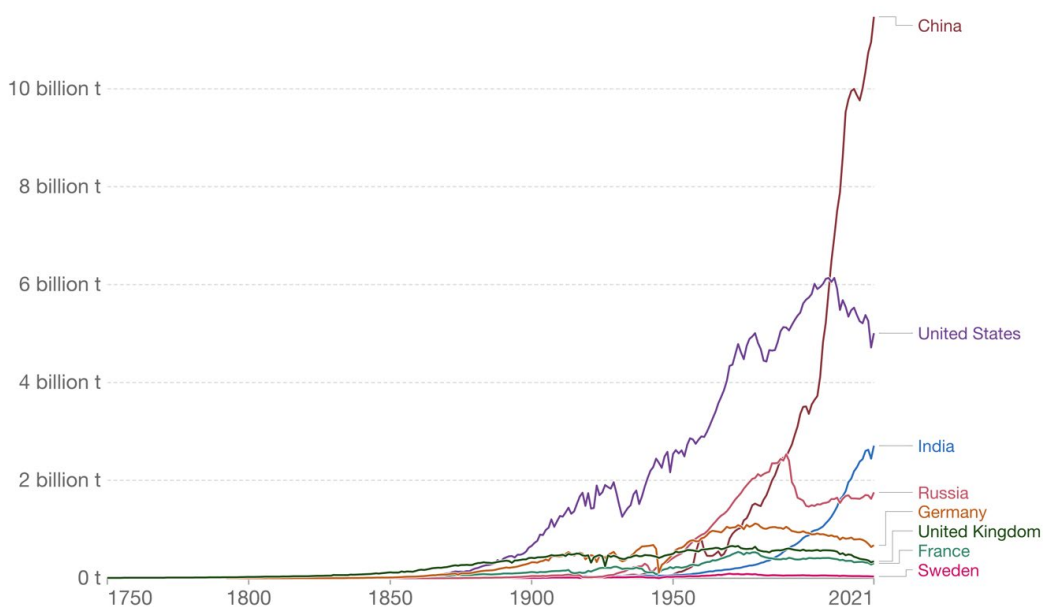
In recent years, Moscow's position on climate change has become more constructive, reflecting a greater willingness to engage with global efforts to address the issue.

In 2015, Russia submitted its "intended nationally determined contributions" (INDC) and announced its intention to "likely" reduce greenhouse gas (GHG) emissions by 25-30% of its 1990 levels by 2030, with the condition that all countries share climate responsibilities and consider its forest reserves³³. However, this commitment was met with criticism from the international community and national environmental NGOs. They argued that this target would not require Russia to make significant efforts to reduce its emissions, as it had already achieved a reduction below the announced levels.

In 2016, Russia signed the Paris Agreement, and it ratified the agreement in 2019. Under the Paris Agreement, Russia pledged to keep its greenhouse gas emissions to 75% of the 1990 levels, which was considered a relatively easy task for Russia to achieve. However, Russia has faced criticism for not doing enough to reduce its emissions. In 2021, Russia emitted a significant amount of carbon dioxide (1.76 billion tonnes), more than European countries like France (305.96 million tonnes), Germany (674.75 million tonnes), and the UK (346.77 million tonnes). However, Russia's emissions were still lower than countries like India (2.71 billion tonnes), the US (5.01 billion tonnes), and China (11.47 billion tonnes) in the same year³⁴.

³³ Ibid.

³⁴ Ritchie H., Roser M. Rosado P. 2022. CO₂ and Greenhouse Gas Emissions. *OurWorldInData.org*. URL: <https://ourworldindata.org/co2-and-other-greenhouse-gas-emissions>. (accessed 21.04.2023).



Source: Our World in Data based on the Global Carbon Project (2022) [OurWorldInData.org/co2-and-other-greenhouse-gas-emissions/](https://ourworldindata.org/co2-and-other-greenhouse-gas-emissions/) • CC BY

1. **Fossil emissions:** Fossil emissions measure the quantity of carbon dioxide (CO₂) emitted from the burning of fossil fuels, and directly from industrial processes such as cement and steel production. Fossil CO₂ includes emissions from coal, oil, gas, flaring, cement, steel, and other industrial processes. Fossil emissions do not include land use change, deforestation, soils, or vegetation.

Figure 1. Annual Carbon dioxide emissions of some major countries.

Data Source: Ritchie, Rossr, and Rosado³⁵.

The release of Russia's "Energy Strategy - 2035" in March 2020, which outlined plans for a substantial increase in fossil fuel production, combustion, and exports³⁶, was viewed by the West as a sign of Russia's lack of commitment to reducing emissions. The strategy was interpreted as contradicting the country's goals to combat climate change. In November 2020, Presidential Decree 666 was issued, setting a target of lowering emissions by 30 percent compared to 1990 levels by 2030. However, it was noted that even with this target, Russia's carbon emissions could still rise by 40 percent and remain below the threshold.³⁷

³⁵ Ritchie H., Roser M. Rosado P. 2022. CO₂ and Greenhouse Gas Emissions. *OurWorldInData.org*. URL: <https://ourworldindata.org/co2-and-other-greenhouse-gas-emissions/>. (accessed 21.04.2023).

³⁶ Safonov G. 2021. Back to the Future? Russia's Climate Policy Evolution. *The Center for Strategic and International Studies*. March 01. URL: <https://www.csis.org/analysis/back-future-russias-climate-policy-evolution> (accessed 21.04.2023).

³⁷ Ibid.

Renewable energy plays a modest role in Russia's energy future, with forecasts indicating that it will remain below 1-2.5 percent of the energy mix by 2035³⁸. In April 2021, President Putin announced during his state-of-the-nation speech that Russia aims to have lower accumulated net greenhouse gas emissions over the next 30 years compared to the European Union³⁹. Russia's focus is on achieving carbon neutrality by 2060 without sacrificing its status as an energy superpower and ensuring social and economic stability⁴⁰. The government emphasizes increasing the production and export of hydrogen and ammonia, as well as increasing the amount of greenhouse gases absorbed by forests and reducing emissions from Russian corporations⁴¹. However, the viability of these solutions is unclear at this point.

Russia's position in climate change negotiations following the Ukraine conflict is uncertain. It remains to be seen whether Russia will continue its half-hearted attempts at combating climate change and remain isolated or seek a new approach and potential grand bargain with the West on climate change. It is also unclear if Russia's position will change as its public becomes more concerned about climate change. Regardless of its stance, there is recognition that Russia could be significantly affected by climate change. The next section will explore the potential impacts of climate change on Russia.

How will climate change affect Russia?

Russia's position in the Global Climate Risk Index 2021⁴² stood at thirty-ninth, indicating its vulnerability to climate-related risks. Notably, an annual climate report released in 2019 by the Russian national weather service revealed a concerning trend of increasing average temperatures in the country. The report stated that between 1976 and 2018, the average temperature in Russia rose at a rate of 0.47 degrees Celsius per decade, surpassing global standards by 150%⁴³. Over the past 44 years, Russia experienced a temperature increase that was 2.8 times higher than the global average, leading to the occurrence of several natural disasters⁴⁴.

³⁸ Ibid.

³⁹ Message from the President to the Federal Assembly. 2021. *Kremlin*. 21 April. <http://www.kremlin.ru/events/president/news/65418> (accessed 21.04.2023).

⁴⁰ Kitade D. 2021. Russia's Climate Change Measures Entering a Transitional Period-Analysis in Terms of Increase and Decrease. *Mitsui*. URL: https://www.mitsui.com/mgssi/en/report/detail/_icsFiles/afldfile/2021/12/08/2111e_kitade_e.pdf (accessed 21.04.2023).

⁴¹ Ibid.

⁴² Global Climate Risk Index 2021. URL: <https://www.germanwatch.org/en/19777>. (accessed 21.04.2023).

⁴³ Bershidsky L. 2019. Even Putin Is Now Worried About Climate Change. September 24. URL: <https://www.bloomberg.com/opinion/articles/2019-09-24/putin-is-finally-worried-about-climate-change?leadSource=uverify%20wall> (accessed 21.04.2023)

⁴⁴ Kitade D. 2021. Russia's Climate Change Measures Entering a Transitional Period-Analysis in Terms of Increase and Decrease. *Mitsui*. URL: https://www.mitsui.com/mgssi/en/report/detail/_icsFiles/afldfile/2021/12/08/2111e_kitade_e.pdf (accessed 21.04.2023).

These climatic changes have the potential to significantly impact Russia's economy. The Russian Audit Chamber has estimated that by 2030, the economic cost of climate change could reach approximately 2 to 3% of the country's GDP⁴⁵. This projection underscores the magnitude of the potential consequences for various sectors, such as agriculture, infrastructure, and healthcare.

In recent years, Russia has already begun to witness the tangible effects of climate change. The year 2020, in particular, recorded historically high temperatures across multiple regions of the country, exacerbating forest fires that emitted approximately one-third more carbon dioxide into the atmosphere compared to the preceding year. Moreover, flash floods in Siberia caused extensive damage, including the destruction of entire villages and the displacement of thousands of residents. Another critical concern is the rapid thawing of permafrost, which blankets nearly two-thirds of Russia's territory (see note 2).

According to Gustafson (2021), the overall impact of climate change on Russia is expected to be predominantly negative. While some limited benefits may arise, such as slight improvements in agricultural productivity in certain regions and increased accessibility to Arctic waterways, the losses are projected to outweigh these gains. One significant concern is the degradation of infrastructure, particularly oil and gas pipelines, across 70 percent of Russia's landmass due to the melting permafrost.

The changing climate will also contribute to an increase in extreme weather events like floods and droughts, rendering certain parts of the country less habitable and less economically productive. These conditions will have adverse effects on food security, especially in key agricultural regions such as Rostov, which may experience droughts. Consequently, economic migration is anticipated, as rural populations are forced to relocate to already densely populated cities.

Additionally, as the global energy landscape shifts toward renewable sources, Russia is likely to face a substantial decline in revenue from its traditional fossil fuel exports. This revenue shortfall could lead to economic and social instability within the country.

Convergences

India and Russia play significant roles in climate change negotiations and efforts to combat climate change, despite their respective challenges and emissions profiles. India, being the third-largest consumer of oil, faces the task of balancing its fossil fuel consumption, which is seen as crucial for economic development, with its commitment to being a responsible global stakeholder in climate change issues. On the other

⁴⁵ Ibid.

hand, Russia, as a major exporter of fossil fuels and with a carbon-intensive economy, aims to maintain its status as an energy superpower while ensuring social and economic stability and working towards achieving carbon neutrality.

In terms of emissions, India is the third-largest emitter of carbon dioxide, while Russia ranks fourth. However, India's per capita carbon dioxide emissions are lower than those of many developed countries, including Russia. Despite this, both countries' climate policies have been assessed by the Climate Action Tracker as falling short of the required standards set by the Paris Agreement. India's climate policies are considered "highly insufficient," while Russia's are rated as "critically insufficient," indicating that their efforts are not in line with the Paris Agreement's objective of limiting global warming to 1.5°C.

India and Russia have a history of bilateral collaboration, particularly in the field of nuclear energy, which can contribute to India's transition towards cleaner energy sources. The Kudankulam nuclear power project in Tamil Nadu, for instance, involves the construction of six nuclear reactors by Russian enterprises. The first two units are already operating at full capacity, and work is underway on the third unit. President Putin has expressed Russia's readiness to build an additional 12 reactors in India over the next two decades, further strengthening their cooperation in the nuclear energy sector.⁴⁶

India and Russia hold differing views on climate change compared to the West, primarily due to their unique circumstances and considerations. In the case of Russia, its heavy reliance on fossil fuel exports as a crucial revenue source, coupled with its limited economic diversification, hampers its ability to minimize fossil fuel usage. This economic dependence makes it challenging for Russia to prioritize reducing fossil fuel consumption, despite recognizing the importance of addressing climate change concerns. The country's carbon-intensive economy further complicates efforts towards transitioning to cleaner energy sources. Tynkkynen and Tynkkynen (2018) argue that the Russian climate change discourse emphasizes the country's Great Power status, highlighting its sovereignty and fossil energy resources as fundamental components of this status.

Similarly, India faces the predicament of being one of the largest consumers and importers of fossil fuels. As mentioned earlier, India's stance on climate change underscores the perceived hypocrisy of the West, which industrialized using fossil fuels and contributed significantly to greenhouse gas (GHG) emissions. India questions the Western insistence on developing countries managing their development without relying on fossil fuels. This shared viewpoint between Russia and India reflects a critical

⁴⁶ Frolovskiy D. 2021. Energy cooperation as the backbone of India-Russia ties. 28 October. *The Hindu*. URL: <https://www.thehindu.com/opinion/op-ed/energy-cooperation-as-the-backbone-of-india-russia-ties/article37200740.ece> (accessed 21.04.2023).

perspective on the distribution of responsibilities for climate change mitigation. Both countries, as members of BRICS, argue that the burden of addressing climate change should primarily lie with wealthy industrial nations, given their historical contributions as the primary producers of GHG emissions (Mizo 2016).

Furthermore, both Russia and India exhibit limited media debate and relatively lower public interest in climate change compared to the West. Studies by Keller et al. (2019) on India and Yagodin (2021) on Russia reveal a lack of extensive public discourse or limited public engagement with climate change issues in these countries. This factor contributes to the complexity of climate change negotiations and policy-making, as it suggests that public pressure for more ambitious climate action may be relatively lower in comparison.

India and Russia share a similar perspective on the securitization of climate change negotiations and the involvement of the United Nations Security Council (UNSC). While the West, including the United States and European Union, aim to bring climate change into the agenda of the UNSC, India and Russia advocate for climate change discussions to remain within the United Nations General Assembly (UNGA), rather than being addressed by a specialized organ of the UN. India has consistently rejected alarmist notions regarding climate security, viewing such discourse as a Western strategy to impose its climate change agenda on India (Boas 2014).

As early as 2007, India, along with China, opposed discussing climate change at the Security Council, arguing that the Council lacked the mandate to address climate change and contending that climate change would not have significant security implications (Rajamani 2009). In 2021, both India and Russia voted against a draft resolution at the Security Council, which aimed to securitize climate change and was supported by a majority of members. Their opposition stemmed from the belief that framing climate change as a threat to global security would divert attention from the actual causes of conflict in different countries and potentially be exploited by developed nations to deny assistance to developing countries. They do not perceive a direct link between global security and climate change, and there are concerns that coercive actions may be taken under the pretext of addressing climate change.

Additionally, the West has sought to incorporate issues such as inequality and indigenous rights into the climate change agenda. Moscow objects to these attempts to link climate change with gender, indigenous rights, and other related issues. India may also resist such efforts, despite recognizing that climate change can have differential impacts on various population segments. This could explain India's decision not to sign the Glasgow Women's Leadership statement, which calls for the promotion of women and girls' role in addressing climate change. Given India's strong emphasis on sovereignty, it is likely to resist any perceived interference by the West in its domestic affairs.

In summary, there is a convergence of views between India and Russia regarding the securitization of climate change negotiations. Both countries advocate for climate change discussions to remain under the purview of the UNGA rather than the UNSC.

They perceive attempts to securitize climate change as potential distractions from addressing the root causes of conflicts and potential tools for developed countries to withhold assistance from developing nations. Furthermore, both countries resist efforts to expand the climate change agenda to include issues like inequality and indigenous rights, viewing them as potential Western interventions in their domestic affairs.

Conclusion

Both India and Russia will undoubtedly experience the consequences of climate change, including sea-level rise, coastal inundation, and severe natural disasters. Recognizing the need to address these challenges, both countries require technology transfer to effectively respond to the effects of climate change, often relying on the West for technological support. However, there exists an opportunity for India and Russia to collaborate and develop new technologies, rather than solely depending on the West, leveraging their robust history of scientific collaboration.

Although India and Russia possess immense potential for wind and solar energy, they currently lack expertise in green technology and rely on the West for technological advancements in this area. By joining forces, the two countries can collaborate on the invention of innovative technologies to harness renewable energy sources and enhance the efficiency of existing technologies. Notably, Russia's technological capabilities in producing green hydrogen align with the growing demand for this clean energy source. Establishing pipelines to transport green hydrogen from Russia to India, possibly through China, would not only benefit India but also facilitate collaboration between the two nations⁴⁷.

In the energy sector, it is worth mentioning that India has been purchasing liquefied natural gas (LNG) from Russia through a long-term agreement with GAIL, its main gas company. However, sanctions resulting from the Ukraine conflict have affected these supplies, despite GAIL receiving 2 million tonnes of LNG in 2021⁴⁸. If the sanctions were lifted, the agreement could be revived and expanded, strengthening energy cooperation between India and Russia.

Russia's substantial biomass resources, such as wood waste, low-grade wood, and agricultural residues, present another potential area of collaboration between New Delhi and Moscow. These biomass resources can be utilized to produce biofuels, offering an alternative and sustainable energy source. Collaborating on biofuel production and sharing expertise in this field could benefit both countries and contribute to their efforts in combating climate change.

⁴⁷ Safonov G. 2021. Back to the Future? Russia's Climate Policy Evolution. *The Center for Strategic and International Studies*. March 01. URL: <https://www.csis.org/analysis/back-future-russias-climate-policy-evolution> (accessed 21.04.2023).

⁴⁸ Russia defaults on supply of LNG to India. 2022. *Economic Times*. 19 July. URL: https://economictimes.indiatimes.com/industry/energy/oil-gas/russia-defaults-on-lng-supplies-to-india/articleshow/92974767.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst (accessed 21.04.2023).

Disaster risk management and information sharing provide another avenue for collaboration between India and Russia. Given the shared challenges of climate change impacts, cooperating in disaster risk management strategies, exchanging knowledge, and sharing best practices can enhance their preparedness and response mechanisms, ultimately mitigating the negative consequences of natural disasters.

Furthermore, the Northern Sea Route (NSR) presents a significant opportunity for collaboration between the two nations. With the Arctic ice melting, the NSR is becoming increasingly viable and economically attractive as the shortest sea route between Russia's European part and the Far East. Recognizing the potential of the NSR, India, as a member of the Arctic Circle, has expressed interest in contributing to its development as an international trade artery. By promoting the NSR as an alternative marine transport route to the existing land corridor between Russia and India, the loss of shipping liquefied natural gas (LNG) from Russia to India can be reduced. This, in turn, would contribute to lowering Indian emissions both in the use of LNG and its transportation.

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Влияние изменения климата на отношения Индии и России

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Большинство исследований по теме двусторонних отношений Индии и России концентрируются на стратегических аспектах взаимодействия, тогда как факторам, которые могли бы повлиять на будущее отношений, уделяется сравнительно мало внимания.

Одним из таких факторов выступает изменение климата, поскольку оно приведёт к масштабным социальным и экономическим последствиям для обеих стран: их сельского хозяйства, торговли, уровня жизни населения. В статье рассматривается потенциальное влияния изменения климата на индийско-российские отношения, а также перспективы сотрудничества двух стран по климатическим вопросам. В частности, предпринимается попытка оценить, как на этих перспективах сказывается различный статус России и Индии как, соответственно, экспортёра и импортёра углеводородного топлива.

Ключевые слова: двусторонние отношения Индии и России, изменение климата, Арктика, международное развитие, мировые державы, РКИК ООН, Киотский протокол, энергетика.

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Assessing the Role of Soft Power in India-Russia Relations

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Abstract: The article examines the cultural relationships between Russia and India, which have existed for several centuries, and their impact on the development of political relations between the two countries, particularly in the twentieth century. Culture has played an important role in the multi-layered bilateral relations between India and the Soviet Union. However, with the fall of the Soviet Union and geopolitical reorientations, Russia had to focus on rebuilding its economy before engaging with soft power. Similarly, India liberalized its economy in the 1990s and adapted to changing political equations in the international order.

Soft power, as defined by Joseph Nye, includes cultural resources, political values, and foreign policies that can be used to influence others. This article examines all three aspects of soft power and notes that Russia and India have channelized their cultural resources into public diplomacy since the 2000s, setting up institutions and bodies to deal with it. Despite their rich cultural resources and institutionalization of the dissemination of soft power, both countries do not fare well in soft power rankings.

The article argues that changes in the international order since the 1990s, shifts in political ideologies, and the reorientation of the foreign policies of both countries have led them to seek new allies. While cultural relations between the two nations continue, soft power and public diplomacy have yet to realize their full potential in this fluid scenario.

Keywords: soft power, cultural ties, public diplomacy, foreign policy, soft power rankings, international order, culture industries, education, cinema, festivals

This article provides an overview of the cultural relations between India and Russia for several centuries before delving into an analysis of when and how Russia and India began to engage with public diplomacy and soft power as foreign policy instruments. Specifically, it examines the measures taken by both countries to exercise soft power and how changing foreign policy orientations have affected the exercise of soft power between them. The article draws on Joseph Nye Jr's concept of soft

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power, which gained global popularity in the 1990s as a response to declining American power to attract and affect others in a post-War on Terror era. Nye notes that the US "new unilateralism," which became a full-fledged strategy rather than a sparingly used tactic, was undermining its soft power in Europe-America relations (Nye 2006: 25).

Traditional diplomacy was state-oriented and realized through official representatives of states interacting with each other. These accredited representatives implemented the foreign policies of their respective countries through negotiations. Public diplomacy, on the other hand, is oriented towards the public of another country, towards groups and organizations that may not have official status. According to Paul Sharp (2005: 106), public diplomacy is "... made necessary by economic interdependence, possible by the communications revolution, and desirable by the rise in democratic and popular expectations". This is a multilevel, open dialogue aimed at creating goodwill for the initiator country among the citizens of another country. Daya Thussu (2013: 4) points out that non-state actors, transnational corporations, universities, think tanks, non-government organizations, and celebrities associated with creative and cultural industries, among others, participate in public diplomacy.

Tested ties

Russia has had a longstanding friendship with India, and the relationship between the two countries has been a cornerstone of India's foreign policy. Since India gained independence, the Soviet Union has been a reliable political ally, and in 1971, the Indo-Soviet Treaty of Peace, Friendship, and Cooperation was signed. The Soviet Union provided assistance to India in establishing heavy industries and even facilitated Wing Commander Rakesh Sharma's journey into space as part of the Soviet Interkosmos Programme. The Soviet Union and Russia have also collaborated on the production of arms and have supplied weapons to India. Russia has supported India's bid for a permanent seat on the UN Security Council.

In addition to state-level cooperation between a socialist superpower and a developing country with socialist leanings, there have been political links between the communist parties of the two countries and people-to-people connections among those with a leftist ideology. For example, M.N. Roy (1887–1954), an international revolutionary who founded the Mexican Communist Party and the Communist Party of India in Tashkent, served as a delegate to the congresses of the Communist International during the times of Lenin and Stalin.

In 2000, President Putin signed the Declaration on the India-Russia Strategic Partnership during his visit to India. This declaration was further upgraded to a Special and Privileged Strategic Partnership during President Medvedev's visit to India in 2010. The highest dialogue mechanism between the two countries comprises the annual summit meetings between the Indian Prime Minister and the Russian President. Two intergovernmental committees have been formed to oversee the military technical cooperation, and trade, economic, scientific, technical, and cultural cooperation.

The committee on military technical cooperation is chaired by the Defense Ministers of both countries, while the committee on trade, economic, scientific, technical, and cultural cooperation is co-chaired by the External Affairs Minister from India and the Russian Deputy Prime Minister. The latter committee is the official and primary forum for economic cooperation, with various working groups focusing on areas such as trade, mining, energy, tourism, culture, science, technology, and IT.

India-Russia cultural relations

The strong government-to-government relations between India and Russia have been complemented by longstanding cultural connections. Buddhism, which originated in India, spread northwards into Siberia and beyond, with Buddhist lamas from Buryatia becoming influential in the Tsarist courts from the mid-18th century onwards. Indian merchants also settled in Astrakhan in the 17th century and became integral to the trade in the region.

Russian interest in Indian culture was further piqued by the travels of Afanasy Nikitin, one of the first European travelers to India, who recorded his impressions in his book *The Journey Beyond Three Seas*. In addition, translations of Sanskrit texts began in Russia in the late 18th century after Gerasim Lebedev, a writer, musician, and linguist, visited India and set up a printing press in St. Petersburg. The establishment of the Asiatic Academy in St. Petersburg in 1818 further facilitated Sanskrit studies in Russia. Scholars such as Pavel Petrov and Ivan Minyaev made significant contributions to the translation and study of Indian texts, including the Ramayana.

Notably, Lev Tolstoy's *Letter to a Hindu*, written in 1908 to Tarak Nath Das, the editor of *Free Hindustan*, espoused the concept of non-violence and had a profound influence on Mahatma Gandhi and his concept of *ahimsa*.

Konstantin Stanislavsky (1863-1938), the renowned Russian theatre director, was a proponent of the practice of yoga, which he used as a part of his exercises in training actors for the theatre. The Chamber Theatre in Russia staged Kalidasa's *Shakuntalum* in 1914, marking the first production of an Indian classic in the country. This was followed by other productions based on Indian literary works. In 1960, the Children's Theatre in Moscow produced the *Ramayana*, which featured Gennady Pechnikov in the lead role. He played the role for forty years and remained the only professional artist to do so in Europe. In recognition of his outstanding contribution, Pechnikov was conferred with the Padma Shri, the fourth-highest civilian award in India, in 2008¹.

¹ The 2022 list of Padma Shri awardees for 2021 included Prof Tatyana Shaumyan (Institute of Oriental Studies, Russian Academy of Sciences). The Padma Bhushan (third highest award) was given to Svyatoslav Roerich in 1961 and to Russia's Ambassador to India, Alexander Kadakin, in 2018. Likewise, The Order of Friendship has been awarded in the past to the well-known filmmaker Mrinal Sen; to Professor Devendra Kaushik, a specialist on Russia, Eurasia, and Central Asia, in 2003; to Ramayah Shanmuga Sundar, Director of the Kudankulam Nuclear Power Plant in 2016, to name just a few. The Indian Prime Minister, Shri Narendra Modi, was awarded the Order of St Andrew the Apostle, the highest Russian civilian award, in 2019. Pushkin Awards are also given annually to those who teach Russian language and literature.

Nikolai Roerich (1874-1947), a prominent Russian painter and set designer, established India as his permanent residence and conducted two expeditions to Central Asia and other regions beyond India. He passed away in India in 1947. Roerich believed in the spiritual connection between Mount Belukha in Altai and Mount Kailash, viewing them as spiritual twins. He also believed that Shambhala, the Buddhist utopia, was situated in the region between the two mountains.

In addition, the Soviet Union had a significant publishing and translation industry that translated an extensive range of books from various disciplines into many Indian languages and sold them at affordable prices. The generations of Indians who grew up with these economical and elegantly illustrated children's books are still overwhelmed by nostalgia at the mention of these publications today.

According to Nye, *"the USSR also placed great emphasis on demonstrating the superiority of its cultural and educational system, spending large sums on the arts. The Bolshoi and Kirov Ballet companies and Soviet symphony orchestras attracted wide acclaim (though socialist realist art did not). The Soviets also invested heavily in sports, and over the decades, Soviet Olympic teams won more gold medals than the US in the Winter Games and were second in the Summer Games. Popular culture, however, was an entirely different story. The closed nature of the Soviet system and its constant efforts to exclude bourgeois cultural influences meant that the Soviet Union ceded the battle for mass culture, never competing with American global influence in film, television or pop music"* (Nye 2004: 74). For Nye, the export of popular culture serves as the main criterion for evaluating the success of soft power, with science, technology, the arts, and sports being of secondary importance.

Lai and Lu (2012: 11) argue that Nye's concept of soft power fails to recognize the significance of technological and scientific prowess, economic resources, and foreign aid as indicators of a nation's place and importance in the world system. They also point out that Nye's discussion of the Soviet Union's closed nature overlooks other cultural markers, such as universal literacy and high cultural literacy rates. The concept of the "popular" is distinct from its definition under market and socialist economies. For instance, within the USSR, popular films sold over 60 million tickets in the year of their release, not to mention their long-term runs in theaters. The same was true for popular music.

Cinema

Nikolai Cherkasov (who played Alexander Nevsky and Ivan the Terrible in Eisenstein's eponymously named films) and Vsevolod Pudovkin (director of *Mother*, based on Gorky's classic literary work) visited India in 1951 and visited studios, film societies and met with leading Indian filmmakers of the time. Raj Kapoor's *Awaara* (1951) was the third-largest grosser among foreign films in the USSR, and it sold over 62 million tickets in the Soviet Union². Dev Anand's *Rahi* (1953), Kapoor's *Shri 420*

² The record for the highest number of tickets sold in the Soviet Union for a foreign film is held by the Mexican film *Yesenia* (91 million tickets) and Hollywood's *The Magnificent Seven* (67 million tickets).

(1955) and *Bobby* (1973), *Mamta* (1966), *Hamraaz* (1967), *Seeta aur Geeta* (1972), and later Mithun Chakravarty's *Disco Dancer* (1982), were widely seen in the Soviet Union. Post-Soviet times have seen fewer releases, such as *Barood* (1998), *My Name is Khan* (2010), and *Yeh Jawaani Hai Deewani* (2013). None of the stars of these films, however, were as popular as Raj Kapoor and Nargis were across the length and breadth of the Soviet Union.

There have been instances of coproductions between Indian and Soviet filmmakers. One such example is the film *Pardesi* (1957), a collaboration between Khwaja Ahmad Abbas and Vasily Pronin, which was based on Afanasy Nikitin's travels to India. Another instance is Raj Kapoor's *Mera Naam Joker* (1970), which featured Ksenia Ryabinkina in a lead role. *Ali Baba aur Chaalis Chor* (1980) directed by Umesh Mehra and Latif Faiziev, drew inspiration from a popular legend from *The Arabian Nights*. *Sohni Mahiwal* (1984), also by the same duo, was based on a well-known love story from the South and Central Asian region. In more recent times, films like *Lucky: No Time for Love* (2005) by Radhika Rao and Vinay Sapru, and Abbas-Mastan's *Players* (2012) were set in Russia, although the plot of the films did not revolve around the country or its people.

Public diplomacy is closely connected to state and nation branding, which in turn is linked to the global culture industries market. In the realm of cinema, famous directors can help promote a nation's image through the accolades they receive at prestigious film festivals. For example, Andrei Zvyagintsev's *Leviathan* won the Best Film Award at the International Film Festival of India (IFFI) in 2014, and Roman Vasyanov's *Dorm* received a Special Jury Mention at the 52nd IFFI in November 2021.

While India produces over 1500 films annually, Russia only produces around 150. Additionally, Russia and Brazil are the two largest markets for Hollywood films, whereas Indian audiences predominantly watch their own films. While Indian films have had success in the Soviet Union/Russia, Russian films have mostly been exhibited in India through film festivals, film society screenings, and more recently, through the "Days of Russian Cinema". The Russian Film Festival, organized by Rosskino in 2022, was screened in several Indian cities and showcased the latest comedies, melodramas, documentaries, and animated films, including Klima Shipenko's *Serf* and Alexander Fomin's *Young Man*. Over a period of three weeks, the festival drew nearly seven hundred thousand people, according to the organizers, and is scheduled to travel to two dozen countries, according to Russkiy Mir³.

Cultural Festivals

In 1987 and 1988, the Festival of USSR in India and the Festival of India in USSR respectively were grand occasions that brought the best high and popular art forms to almost one hundred cities in both countries. According to senior journalist Madhu

³ Russian Film Festival Prokhorit v Indii. Editorial Team of the Portal of Russkiy Mir. Available at: <https://www.russkiymir.ru/news/307451/> (accessed 12.04.2023).

Jain, "the two countries intend to show off their classical best as well as their kitsch modern. Thus it is the Bolshoi ballet and symphony (with an orchestra if a pit can be made in Siri Fort in time), the pick of European art from the incomparable Hermitage of Leningrad, as well as their gymnasts and circuses. India will send the best from its classical arts, as well as the wandering performers from *apna Utsav*. And over 200 works of some 80 painters from the National Gallery of Art collection – in addition to the exhibitions of Jamini Roy, Amrita Sher-Gil, and Rabindranath Tagore"⁴.

These cultural festivals, organized on a reciprocal basis by the governments of India and Russia, have persisted beyond 1991 albeit on a smaller scale such as the Festivals of Russian Culture in India and Days of Moscow in Delhi in 2012. Moreover, milestone anniversaries of the diplomatic relations between the two countries, such as the 150th birth anniversary of Tagore in 2011, have been celebrated with mini-festivals of Indian culture and conferences in Russia. These events serve as tools of soft power, attracting audiences from various strata of society. While academic events are primarily attended by specialists, cultural events cater to a broader demographic.

Education

The Embassy of India's Jawaharlal Nehru Centre in Moscow hosts regular cultural events and offers courses in Hindi, yoga, dance, and music for a large number of students. The Mahatma Gandhi Chair is located at the Institute of Philosophy in Moscow, and several universities have departments devoted to various aspects of Indian Studies, such as the Institute of Oriental Studies in Moscow, Kazan State University, Far Eastern National University in Vladivostok, and the School of International Studies at St Petersburg University.

In 1946, the University of Delhi established the Department of Russian Language, the first of its kind in India. Following this, several centers to teach Russian language and Russian/Soviet literature were established in universities across the country. Additionally, Russian/Soviet history was included as part of the syllabus in History Departments in many universities. Although the language and literature programs have experienced a resurgence after a period of decline in the 1990s, there has been a decrease in the study of Russia through other academic disciplines.

The number of people who speak Russian and have expertise on Russia has decreased globally⁵. The Soviet Union had many universities that welcomed thousands of students from developing countries, but the number of international students dropped

⁴ Jain M. 1987. Festivals of India-USSR Promise to be a Spectacular Extravaganza. *India Today*, 31. March. Available at: <https://www.indiatoday.in/magazine/society-and-the-arts/story/19870331-festivals-of-india-ussr-promise-to-be-a-spectacular-extravaganza-798683-1987-03-30> (accessed 12.04.2023).

⁵ This fall was a worldwide phenomenon. Richard Sakwa states that "the end of the Cold War has been accompanied by a dramatic falling off in students taking courses in Russian and allied studies. Commensurately, funding has been curtailed. The whole academic discipline of post-communist and Eastern European area studies is in a period of retrenchment" (Sakwa 1999: 712).

sharply after the dissolution of the USSR. Despite the Russian government's increase in scholarship opportunities for foreign students, the number of international students attending Russian universities is still much lower than during Soviet times. Currently, the United States receives 18% of the global intake of international students, followed by the United Kingdom with 10%, while Russia receives only 4%. In 2022, out of 1,324,954 Indian students who studied abroad, 465,791 went to the USA, 183,310 to Canada, 100,009 to Australia, 164,000 to the UAE, and only 18,039 to the Russian Federation⁶.

New Bottles for Old Wine

The presented inventory of cultural connections between India and Russia is not exhaustive, as it is impossible to encompass the multifaceted, intricate, and diverse threads of cultural relations that exist between the two countries at various levels, including state institutions, agencies, and people-to-people interactions spanning many centuries. The political bond, which has persisted through various challenges, along with the extensive range of cultural ties, has been reimagined in recent times. Despite the reduction in the scale of interactions since the 1990s, the cordiality between the two nations has endured.

Russia's Soft Power

In the mid-2000s, Russia had regained its position as a major player in international politics, but its image was still largely negative. The country struggled to attract foreign investments and faced challenges in gaining trust for its political objectives. The Color Revolutions in neighboring countries, such as Georgia's Rose Revolution in 2003, Ukraine's Orange Revolution in 2004, and Kyrgyzstan's Tulip Revolution in 2005, were sources of serious concern for Russia, as were its fears of NATO expansionism. Additionally, the Russo-Georgian War in 2008 further complicated Russia's relationships with neighboring countries. As a result, Russia began to pivot towards Asia, becoming closer to China and prioritizing its relationships with nearby countries through participation in regional organizations. The country also actively promoted BRICS, indicating its desire to establish stronger ties with emerging economies.

Three Phases

Vera Ageeva (2021: 120) has observed that Russia's pursuit of Soft Power has undergone three distinctive phases: 1) the unofficial stage spanning from 2000 to 2007; 2) institutionalization from 2008 to 2013; and 3) the tightening of the approach or the

⁶ Estimated Data of Indian Students Studying Abroad. *Ministry of External Affairs, Government of India*. <https://www.mea.gov.in/Images/CPV/lu3820-1-mar-25-22.pdf> (accessed 12.04.2023).

fall since 2014. Following President Putin's directives in the early 2000s, Russian government agencies and diplomats embarked on efforts to enhance Russia's international image. Ageeva states that the first period was marked by *"an informal approach, with no strict control by the state, but with pluralism in formats and personalities, private initiatives, and the involvement of foreign specialists (especially in the field of PR). Until 2007, the term 'soft power' was not pronounced inside the Kremlin, but the country's leadership was concerned about the international image of Russia, primarily because of its significance for foreign economic activity"* (Ageeva 2021: 124).

In 2004, the Valdai Club was established to facilitate discussions on significant global issues, featuring the participation of the President and leading experts from Russia and other countries. During the early 2000s, there was a shift in the perception of the diaspora, which had been previously viewed as "traitors" during Soviet times. Instead, they were now considered part of the "Russian World" and integral to Russia's soft power efforts.

Russia Today, an international television channel launched in 2005, marked Russia's entry as an active participant in the international media landscape. Its primary objective was to provide Russia's perspective on global events, broadcasting in English and other foreign languages while employing foreign reporters. Apart from news, the channel airs a variety of programs and has a broad viewership in over a hundred countries worldwide. The international supplement to the *Rossiskaya Gazeta – RTBH* – began publication in 2007 in several languages and countries and claimed a readership of about 32 million by 2016.

In an effort to improve Russia's image abroad, public relations firms Ketchum from the US and GPlus Europe from Belgium were hired for the 2006 G8 Summit. Their efforts proved successful, leading to further campaigns such as the 2007 push for President Putin to be named Time Magazine's Person of the Year, a four-part documentary on Putin by BBC Two in 2012, and a 2013 article by the President titled "A Plea for Caution from Russia." According to Ageeva, the services of prominent lobbyists such as James Baker and Henry Kissinger were also enlisted in the effort to improve Russia's image abroad (Ageeva 2021: 123).

Investing in Soft Power

The second phase of Russia's engagement with soft power began with President Putin's speech at the Munich Security Conference in 2007, and it was characterized by an increased level of government activity on the soft power front. During this phase, Russia emphasized the values of human rights, democracy, and the rule of law that are espoused in the West. In 2008, the Institute for Democracy and Cooperation was established in Paris and New York as a think tank to promote these values. Additionally, Russia started publishing reports on human rights in Europe, Canada, and the US.

In 2008, Russian government established Rossotrudnichestvo, which maintains the Russian Centres of Science and Culture and oversees exchanges and educational visits. This organization also organizes year-long performances of a country's culture

on a bilateral basis. Furthermore, the number of foreign students with fully funded scholarships in higher educational institutions increased to over 10,000, with over a hundred scholarships being availed of by Indian students.

In 2007, the Ministry of Foreign Affairs established several foundations to support the promotion of Russian language and culture, as well as to aid Russian schools and teachers of the language. Among these foundations was Russky Mir, which aimed to connect Russians living abroad and foreigners who identify with Russian culture. The word "mir" in Russian can mean both "world" and "peace", and the foundation sought to promote peace and understanding in the world through the Russian language and culture. The Gorchakov Foundation for Public Diplomacy was established in 2010, followed by the Foundation for the Support and Protection of the Rights of Compatriots Living Abroad in 2012.

Russia also hosted several major international events in recent years, including the Winter Olympics in 2014, the International Ice Hockey World Championships in 2016, and the FIFA World Cup in 2018. The Victory Day Parades on May 9th are also significant for Russia's branding as a Western ally that played a crucial role in the defeat of fascism. Additionally, the Sputnik news agency was established in 2014 to provide newsfeeds in English, Arabic, Chinese, and Spanish.

New Directions

In the third phase that began in 2014, there has been a shift in Russia's ideological orientations. The emphasis on soft power attractiveness based on political and economic achievements seems to have taken a back seat. The Ukraine conflict and the Crimean Peninsula becoming part of Russia in 2014 marked Russia's shift to smart power, the use of hard power and soft according to requirement and convenience. Russia's image in the international arena has considerably declined since the peak it had achieved during the first few years of the 2010s. According to Ageeva, *"the idea of the Russian world, which since the 2000s has been actively promoted by both the Russian government and the Russian Orthodox Church, has also transformed significantly from a purely cultural into a geopolitical phenomenon, forfeiting the potential of a neutral concept that could unite all those who, regardless of nationality, are interested in Russian culture..."* (Ageeva 2021: 134).

In the third phase, Putin's strategic narrative is centered around conservatism. This narrative appeals to the elites who are disappointed with the West and the general population that desires a slower pace to the post-Soviet transformations. Conservatism is the antithesis of the liberalism practiced in the 1990s.

The translation of "soft power" in Russian as "myagkaya sila" has been noted by some writers, who have suggested that this could be retranslated as "soft coercion" in English. Vasif Huseinov argues that *"the national narratives that constitute important components of Russia's soft power policies are built on the combination of a set of diverse policies, primarily a state-promoted ideology of conservatism and the Russian World concept, manipulation of symbols and nostalgia for the glorious days of the Soviet*

past, the leveraging of socio-political, economic, and cultural links with the post-Soviet states. These policies achieve greater success in Russia's 'near abroad' compared to the 'far abroad' (2019:141).

India's Soft Power

The 1990s marked a significant period of change for both Russia and India. India began implementing economic liberalization policies in the late 1980s, while the collapse of the Soviet Union in 1991 left Russia in a state of transition. Both countries faced the challenge of stabilizing their economies and attracting foreign investment. Against this backdrop, the concept of soft power emerged as a critical instrument of foreign policy for both nations. Addressing the issue of soft power became a priority for both countries as they sought to project a positive image and enhance their global influence.

History

India has a rich history of exporting and assimilating diverse cultural influences over time. The Ministry of External Affairs Report on Soft Power states that *"India's global influence has had a long and complex history, from the dissemination of Hindu and Buddhist ideas across Asia to the welcoming of Arab and Islamic thought on mathematics, astronomy, and other physical and metaphysical sciences, to the more recent export of human and intellectual capital to Western universities, transnational corporations and multilateral organizations. However, it has only been in the last two decades that India has begun to promote and enhance its soft power effectively actively."*

The concept of "soft power" as it is understood today was already being practiced by India immediately after achieving independence in 1947. India was seen as attractive in the post-independence period in terms of soft power due to the uniqueness of its non-violent means of achieving independence. However, it was in the 1990s that India's attractiveness in terms of soft power grew due to its economic liberalization policies. According to Patryk Kugiel, *"it was one of the first countries to pursue a soft power strategy, under the leadership of Prime Minister Jawaharlal Nehru, long before the term was coined. However, after the defeat in the 1962 war with China, India gradually shifted towards a hard power approach, and its foreign policy became more pragmatic and driven by realpolitik. Until recently, soft power played a negligible role in strategic and security discourse in India, and there was no single declaration or strategy to announce its greater infusion into the country's foreign policy. Only after 1998 did India rediscover the utility of its soft power in external relations"* (Kugiel 2017: ix).

⁷ Report, Standing Committee Chaired by Tharoor Shashi (2016-2017) Introduction. *India's Soft Power Diplomacy Including Role of ICCR and Indian Diaspora*. New Delhi: Ministry of External Affairs. Available at: http://164.100.47.193/Isscommittee/External%20Affairs/16_External_Affairs_13.pdf (accessed 12.04.2023).

Assets

In the recent decades, India has increasingly focused on public diplomacy and soft power, with particular emphasis on areas such as tourism (including the "Incredible India" campaign), yoga, ayurvedic medicine, culture, spirituality, and Bollywood cinema. According to Nye, *"the soft power of a country rests primarily on three resources: its culture (in places where it is attractive to others), its political values (when it lives up to them at home and abroad), and its foreign policies (when they are seen as legitimate and having moral authority). But combining these resources is not always easy"* (Nye 2008: 96). India has had the advantage of possessing all three resources – culture, political values, and foreign policies – that are crucial for building and projecting soft power. Additionally, India's rise as a global power since the 1990s has been recognized worldwide. The country's soft power has been based on its ability to embrace diverse cultures, establish strong democratic institutions, and lead other postcolonial countries towards development. Furthermore, India's soft power has been significantly influenced by its political legitimacy, which has been built up since the independence struggle against British colonialism. The adoption of Gandhian non-violence has been a key factor contributing to India's soft power.

The Indian diaspora, which comprises around twenty million individuals worldwide, plays a significant role in projecting India's soft power. This diaspora serves as evidence of the diverse ethnic, religious, and cultural fabric that constitutes India.

India's cultural landscape is characterized by a diverse range of elements, such as classical, pop, and film music, including fusion music by acclaimed artists such as Ravi Shankar, L Subramaniam, and Zakir Hussain. The country is also known for its art, tourism, films, sports, mysticism, literature, food, crafts, IT industry, yoga, and large diasporas, among other factors. Despite this vast potential for soft power projection, India has not been able to maximize its effectiveness. For instance, while India produces over 1500 films annually, compared to less than 500 by Hollywood, the turnover of Hollywood in ticket sales per year is significantly higher than that of Indian cinema.

In 2013, the Indian entertainment and media industry had an estimated value of 29 billion USD, while the Bollywood industry alone was worth 3.5 billion USD. Prior to 1991, India had only one television channel, but by 2013, it had expanded to include 800 TV channels that were available in approximately 70 countries. However, India's soft power influence in areas beyond Bollywood, such as education, is largely limited to neighboring countries in Asia and Africa. The distribution network for promoting other aspects of soft power is not as widespread, extensive, or well-coordinated.

Government Initiatives

India has made significant efforts to promote its soft power through various governmental initiatives. The Ministry of Overseas Indian Affairs was established in 2004, while the Public Diplomacy division of the Ministry of External Affairs was set up in 2006. A Standing Committee, chaired by Shashi Tharoor, was formed to examine India's Soft Power Diplomacy, including the role of the Indian Council for Cultural

Relations (ICCR) and the Indian Diaspora. The ICCR has been organizing art and cultural events, exhibitions, and academic activities, including scholarships for foreign students, India Studies Chairs abroad, visiting programs for scholars, and Indian festivals. However, successful implementation of soft power strategies requires coordination between various government bodies such as the ICCR, MEA, Ministry of Culture, Ministry of Human Resource Development, Ministry of AYUSH, Ministry of Tourism, and state governments.

The Indian Council for Cultural Relations (ICCR) was established in 1950 and has Nehru Centres affiliated with Indian embassies in foreign countries. Currently, there are approximately 35 ICCR centers located around the world. However, India needs to expand its institutional network to better promote its soft power resources.

India has been described as a defensive soft power and a soft power by default, with the focus of discussions primarily on cultural assets rather than foreign policy. The way in which India exercises its soft power is more significant than the resources it possesses.

Soft Power Indices

The Soft Power Index, which was developed by the Institute for Government (IFG) in the UK in collaboration with Johnathan McClory, was introduced in 2010. A high ranking on this index can enhance a country's reputation as a brand and attract foreign investment. *The Soft Power 30: A Global Ranking of Soft Power Report* (2019), jointly published by McClory, Portland consultancy, Facebook, and the USC Centre on Public Diplomacy, reveals that Russia has slipped to the thirtieth position on the list, having been ranked twenty-seventh in 2016, twenty-sixth in 2017, and twenty-eighth in 2018. India is not listed among the top thirty countries on the soft power index, but it holds the eighth position on the 2019 list of Asian Soft Power 10 (following Japan, South Korea, Singapore, China, Taiwan, Thailand, and Malaysia). According to the report, only the first four countries among the Asian top ten feature on the global soft power index list, with Japan ranked eighth, South Korea at nineteenth, Singapore at twenty-first, and China at twenty-seventh.

The top five countries, according to this report in the world are France, the United Kingdom, Germany, Sweden, and the United States. The data is collected according to two categories: objective data, which accounts for 65%, and polling data, which accounts for the remaining 35%. The objective data is collected based on six categories, namely Government, Culture, Digital, Education, Engagement, and Enterprise. On the other hand, the polling data is collected based on seven categories, namely Cuisine, Tech Products, Friendliness, Culture, Luxury Goods, Foreign Policy, and Liveability.

The Soft Power 30 Index relies heavily on data sources from Western countries, with a particular emphasis on Anglophone nations. According to Chang Zhang and Ruiqin Wu, *"the selection of indicators of the Portland 30 Index is constrained by hegemonic western culture, and in turn, consolidates western cultural hegemony by legitimizing*

Anglo-American political values, economic models and even cultural tastes" (Zhang, Wu 2019: 187). The authors point out that *"the 'attractive model of governance' in the 'Government' sub-index reflects Nye's liberal conceptualization as well as the US-led liberal order, just as the sub-index of 'Enterprise' favors neo-liberalism, reflecting not economic power, but 'ease of doing business' and 'attractiveness of a country's economic model'"* (Zhang, Wu 2019: 188).

According to the Anholt-Ipsos Nation Brand Index (2021), Russia is ranked 27th and India is ranked 40th in the global rankings. The top spot is occupied by Germany⁸.

It is important to critically analyze the variables used in soft power and nation branding rankings, as these rankings may be influenced by Western-centric perspectives. While countries like Russia and India may not be at the top of the soft power rankings, this may also be due to weaknesses in their strategies for disseminating their soft power assets. Despite having rich cultural traditions and attractive resources, soft power messages may conflict with hard power or national identity projections. Thus, policies may fail to deliver gains for the country. Soft power is linked to public diplomacy, and it is essential to be civil society-oriented instead of state-centric.

Both Russia and India have established institutions and organizations to deal with the dissemination of soft power since the 1990s. However, their cultural relations have remained on traditional paths laid out in the 20th century.

Conclusion

The international order is in transition, and the outcome is unclear. The conflict in Ukraine is challenging the system as it had evolved after the end of the Cold War. This is a new period of transition following the post-Cold War period of change in the international order. Shashi Tharoor and Samir Saran (Tharoor, Saran 2020: 278) have pointed out that the twenty-first century differs from the twentieth in that American unilateralism is over, and multipolarity is the new norm; there is a non-hierarchical diffusion of political and economic power across corporations, networks of non-state actors and cities and a great degree of economic interconnectedness along with a high degree of political divergence.

After the collapse of the Soviet Union in 1991, Russia experienced a decline in its geopolitical status as it embarked on a process of economic and political transformation. This involved a decade-long period of restructuring across various sectors including the economy, politics, and society. The most significant transformation during this period was in the realm of ideology.

⁸ Press Release. 2021. *Anholt-Ipsos Nation Brand Index*. Available at: <https://www.ipsos.com/sites/default/files/ct/news/documents/2021-10/NBI-2021-ipsos.pdf> (accessed 12.04.2023).

India liberalized its economy in the 90s, and though the friendship with Russia continued on track, both countries were busy stabilizing their economies and exploring diverse multi-vector options in the changing international system and relations outside. As Nivedita Kapoor has pointed out, "this was a particular post-Cold War moment which offered an opportunity to various states to build a more diversified foreign policy based on non-bloc engagement."⁹ Russia looked West and to the US but was not welcomed there. The warming of relations with China started under Gorbachev, and the subsequent settlement of border issues got further cemented with Russia's pivot to the East. India, on the other hand, maintained a flexible engagement with the US while its relations with China became embroiled in border disputes, the Belt and Road Initiative (BRI), and China-Pakistan relations. In the 1990s, China sought deeper economic engagement with the US and the West, but by the 2000s, the US saw China as a threat to its own economic status in the world. The formation of multilateral organizations such as the Shanghai Cooperation Organization (SCO) in 2001, of which India became a full member in 2017, the Russia-India-China Trilateral (RIC) in 2002, and the emergence of the BRICS (Brazil, Russia, India, China, South Africa) group in 2010 brought the three Eurasian countries together on the multilateral front. In 2007, the QUAD (USA, India, Australia, Japan) also emerged as a multilateral organization. The shifts in relations between the four players - Russia, the USA, China, and India - did not significantly strain their engagements beyond a reasonable point. However, the Special Military Operation in Ukraine in 2022 has changed the post-Cold War security arrangements, making the integration or rapprochement of Russia with the West unlikely in the immediate future. As Russia increasingly aligns with the East, it is possible that China may become a more important partner than India. According to Menon and Rumer, India's trade with Russia lags behind that of the US and China¹⁰. The Special Military Operation in Ukraine has brought hard power to the forefront, and Russia's efforts are geared towards presenting its position on the conflict, even as the conflict has lasted for a duration that had not been anticipated by many.

The Soviet Union was, and Russia remains, a trusted friend and ally and India's major arms and energy supplier through all these transitions and shifts.

Both Russia and India are territorially large countries with great diversities of languages, religions, ethnicities, and cultures contained within themselves. These are multinational states, and as such, their rich cultures remain a very important part of their identities.

⁹ Kapoor N. 2022. Russian Foreign Policy Under Putin: What Does it Mean for India? *Issue Brief, Institute for Security and Development Policy*. 15 July. Available at: <https://www.isdp.eu/content/uploads/2022/07/Brief-July-15-2022-Nivedita-Kapoor.pdf> (accessed 13.11.2022).

¹⁰ Menon R., Rumer E. 2022. Russia and India: A New Chapter. *Carnegie Endowment for International Peace*. Washington DC: Publications Department, September. Available at: <https://carnegieendowment.org/2022/09/20/russia-and-india-new-chapter-pub-87958> (accessed 12.04.2023).

Alexey Kupriyanov points out that the post-Soviet Russia-India partnership differs from that of the Soviet period in that it lacks economic and cultural components, although both countries share the political vision of a multipolar world order: "*Russia either cannot carry out soft power programs in India like it once did in Soviet times or does not understand the value of doing so. ... At the same time, it is widely believed in Russian society that soft power programs in relation to third world countries, conducted by the USSR during the Cold War years, led to a considerable waste of its scarce resources.*"¹¹ Following the Special Military Operation in Ukraine, the sanctions and the Asian "turn" in Russian politics, Russia is pulling up its soft power socks to seek deeper cultural ties with India. There is a concerted effort on the part of both countries to increase cultural diplomacy at the state and non-state levels. For example, the Moscow-based Institut Perevoda (Institute for Translation), established in 2011, provides grants for translating contemporary Russian literature and classics into foreign languages, including numerous Indian languages. Russia also had a significant presence at the International Film Festival in Goa, with a focus on expanding its presence in the Indian film industry through co-productions and location shooting. Similarly, India is encouraged to screen not only Bollywood films but also films in other Indian languages that address social and political issues in Russia. Furthermore, there has been an increased synergy between the two countries in the field of education. However, these cultural diplomacy efforts are not driven solely by political or economic gains in bilateral relations but are also built on time-tested foundations of cultural relations and diplomacy.

In the 1990s, Russia's public diplomacy and soft power efforts were mainly directed towards the West. However, recent changes in the image orientation of both Russia and India are causing concern as these changes may impair their soft power capabilities in the long term. Russia has historically been recognized for its alternative and non-Western approach to modernity since the 18th century. As an empire, Russia was a great power on par with Britain and France during Tsarist times. In the 20th century, it was considered a leader in the world as the embodiment of socialist ideas. Therefore, Russia's adoption of conservatism as its brand of image for soft power purposes erodes its claims to be the "alternative universal," (Palat 1994: 4) a quality that many countries, especially those from the Global South, have admired. Similarly, India is abandoning its "unity in diversity" philosophy for a conservative majoritarian cultural nationalism, which is affecting its soft power capabilities. In the long run, this would also affect the two countries' attempts at nation-branding, as well as their capacity to extract the maximum benefit from their investments in institutions to promote soft power and public diplomacy that they have set up in recent years.

¹¹ Kupriyanov A. 2019. Russia and India: Correcting Damaged Relations. *Asia Pacific Bulletin*, 6 May. Available at: <https://www.eastwestcenter.org/publications/russia-and-india-correcting-damaged-relations> (accessed 12.04.2023).

India and Russia should direct their soft power projections not only towards each other, but also towards wider Asia and the Global South. To further strengthen bilateral relations, they should increase their involvement in areas such as education, scholarships/fellowships, exchanges of scholars, publications and translations, and collaborative cultural activity. Despite their enduring historical relations, both countries need to be cautious of the shift towards a conservative majoritarian cultural nationalism that could potentially hinder their soft power capabilities.

In times when hard power is in action, soft power will play an even more important role as an instrument of foreign policy or public diplomacy. Therefore, it is imperative for India and Russia to ensure that their cultural ties are preserved, regardless of the shifts in their foreign policies.

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«Мягкая сила» в российско-индийских отношениях

Рашми Дорайсвами

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В статье рассматриваются культурные связи между Россией и Индией и их влияние на развитие политических отношений между двумя странами, особенно в XX веке. Культура играла важную роль во взаимоотношениях между Индией и Советским Союзом. Однако после распада СССР Россия была вынуждена сосредоточиться на экономическом развитии, а Индия либерализовала свою экономику, адаптировавшись к изменению политических условий в мире.

«Мягкая сила», включающая ресурсы культуры, политические ценности и внешнюю политику, может быть использована для влияния на другие страны. Россия и Индия начали использовать свои культурные ресурсы в целях публичной дипломатии с 2000-х гг., создавая специальные институты и организации. Однако, несмотря на наличие богатых

культурных ресурсов и институциональной поддержки «мягкой силы», обе страны не показывают высоких результатов в соответствующих рейтингах.

Автор статьи утверждает, что изменения в мировом порядке, идеологические сдвиги и переориентация внешней политики привели Россию и Индию к поиску новых союзников. Хотя культурные связи продолжают играть в отношениях между Россией и Индией важную роль, потенциал ресурсов «мягкой силы» и публичной дипломатии в этих отношениях пока не реализован в полном объеме.

Ключевые слова: «мягкая сила», культурные связи, публичная дипломатия, внешняя политика, рейтинги мягкой силы, международный порядок, индустрии культуры, образование, кино, фестивали

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The International North-South Transport Corridor: The Prospects and Challenges for Connectivity between Russia and India

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Abstract: Connectivity has been one of the most challenging issues for developing trade cooperation between Russia and India. Due to the geographic distance separating the two nations, along with the unstable security environment in Afghanistan and border disputes between India and Pakistan, the creation of a direct and shortest transport route has proven difficult, thereby rendering it impossible to implement crucial projects in energy infrastructure.

This paper briefly outlines the functioning logistics between Russia and India, which has relied primarily on shipping through the Suez Canal, with an emphasis on the developments in the wake of conflict in Ukraine. The author briefly explores the prospects for maritime connectivity between the Russian Far East and Indian ports, and highlights several challenges for launching a regular Vladivostok-Chennai corridor.

The US and European sanctions against the Russian economy, combined with subsequent difficulties in transporting goods by sea, has reinvigorated Russia's efforts to complete the International North-South Transport Corridor (INSTC). This corridor holds significant potential for Russia to expand its reach to India, the Persian Gulf, and East Africa. Additionally, it is believed that the project may facilitate India's connectivity with countries in the Caucasus, Central Asia, and Eastern Europe. Therefore, this paper particularly examines the case of the land corridor, exploring its current progress in implementation, the geo-economic factors involved, existing challenges, and opportunities for compatibility with other initiatives, such as the Europe-Caucasus-Asia Transport Corridor (TRACECA), the Belt and Road Initiative (BRI), and the Chabahar port.

The author argues that, although the implementation of connectivity projects between the two countries will not solve structural problems in their trade relationship, both have a vested interest in promoting infrastructure development for a deeper engagement with new regions. To qualitatively boost Russian-Indian trade, affordable logistical solutions should be developed simultaneously with the resolution of other issues like the settlements for financial transactions, and the elimination of tariff and non-tariff barriers.

Keywords: INSTC, Russia, India, trade cooperation, logistics, connectivity, Eurasia

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Numerous scholars have examined Eurasian connectivity through various lenses, such as the strategic, political, and economic interests of regional actors, as well as its potential for regional integration. One group has focused on the importance of developing regional connectivity for the landlocked countries, particularly members of the Eurasian Economic Union (EAEU), four of which lack ocean access (Vinokurov, Ahunbaev, Zaboev 2022).

The second group emphasizes the interests of great and regional powers and argues that connectivity-related initiatives, apart from having a positive impact on regional integration, can also be a source of contestation and be utilised by some actors to increase geopolitical influence. Interestingly, while some Indian scholars posit that "New Delhi's approach towards connectivity is driven more by geostrategic sensitivities than economic considerations." (Khan 2022: 139), others believe that "[t]he INSTC will be a success only if New Delhi recognises its strategic importance as an alternative connectivity channel with Eurasia over and above its economic benefits (Purushothaman, Unnikrishnan 2019: 80)".

Several publications have examined the role of connectivity in India's bilateral relations with Russia and Iran (Lunev, Belov, Binish 2023; Roy 2012; Tourangbam 2018; Volodin, Volodina 2019), as well as with the Central Asian Republics (Joshi 2017; Mukhia, Zou 2022; Roy 2011). Many of these authors frequently emphasize connectivity as a critical issue for India's engagement with Central Asia, with Iran often viewed as a "gateway" to the region.

In recent years, the International North-South Transport Corridor (INSTC) has been in the spotlight of research on Eurasia, primarily due to its lack of progress. The literature identifies numerous factors that have hindered the corridor's implementation. In exploring the bottlenecks to INSTC progress, researchers have highlighted factors such as U.S. sanctions against Iran, missing rail sections, poor infrastructure quality along the route, customs procedures, and a lack of coordinated transport policies among participating countries (Vinokurov, Ahunbaev, Zaboev 2022; Purushothaman, Unnikrishnan 2019).

This article seeks to contribute to the research on the role of connectivity for the bilateral ties between Russia and India, with an emphasis on the Russia-Ukraine conflict's implications for the regional logistical routes. The author used the qualitative sociological methods, such as expert interviews with Russian and Indian business representatives, to identify existing challenges for the INSTC's utilization and to explore the feasibility of the corridor for promoting Russia-India trade. Additionally, secondary data from government ministries of trade and commerce, transport and maritime authorities, railway, and logistics companies were used in this study.

The article first explores maritime connectivity between Russia and India, focusing on the challenges and prospects for realizing the proposed eastern maritime corridor from Vladivostok to Chennai. The author then analyzes various routes of the International North-South Transport Corridor, identifying changes in approaches

from the Russian and Indian sides and the geoeconomic and political motives driving efforts to advance its implementation. The paper concludes with the reflection on the viability of these transport links for the Indo-Russian trade.

The maritime connectivity goes East?

In 2022, the military conflict in Ukraine resulted in increased risks associated with maritime deliveries through the Suez Canal. Shipments to and from Russia via this route became unpredictable due to the threat of sanctions and the potential for cargo seizures in European ports, as well as the tense military situation in the Azov-Black Sea region.

As a result, there has been a significant increase in demand for container shipping and coal transshipment at Russian Far Eastern ports, which highlighted two new trends. First, it became a manifestation of Russia's "turn to the East", showcasing the reorientation of Russian mineral resource and commodity exports towards Asian markets. Second, Russia is moving away from Europe and looking to China and other regional countries as key sources of goods in short supply. However, Russia's transport and logistical infrastructure was not prepared for such a rapid reorientation, which has hindered Moscow's efforts to significantly boost trade ties with its Asian partners through the Far Eastern ports and border points¹.

According to the Far Eastern customs statistics, the total volume of goods turnover during the period of January to September 2022 remained largely unchanged compared to the same period in 2021, amounting to 135 million tons. The export of energy resources, including coal, oil, and gas, accounted for approximately two thirds of this volume. It is worth noting that while imports through regional transit points increased by 34%, the total export experienced a slight decrease of a few percentage points².

Since 2014, a growing number of Indian scholars have recognized the Russian Far East (RFE) as a potential growth area for business and trade ties between India and Russia, citing "immense opportunities" for Indian oil and gas and pharmaceutical companies, diamond cutting and polishing industries and the Indian labour force working in agriculture development³. In a broader perspective, the RFE has been viewed as a hub for business, trade, and innovation, making it an important area for promoting India's geo-economic interests in the Indo-Pacific region⁴.

¹ Zuenko I. 2022. Chto sderzhivaet logisticheskij bum na vostochnyh rubezhah Rossii? *Profil*. 15 September. URL: <https://profile.ru/economy/chto-sderzhivaet-logisticheskij-bum-na-vostochnyh-rubezhah-rossii-1158745/> (accessed 20.04.2023).

² Foreign trade turnover in the Far East for 9 months of 2022 did not change and amounted to 135.5 million tons. *DVTU*. 2022. 25 October. URL: <https://portnews.ru/news/337532/> (accessed 20.04.2023).

³ Unnikrishnan N., Purushothaman U. 2014. Russian Far East: Opportunities for India. *Observer Research Foundation*. URL: <https://www.orfonline.org/research/russian-far-east-opportunities-for-india/> (accessed 20.04.2023).

⁴ Rekha C. 2017. Relevance of Russia's Far East in India's Geo-economic Interests. *Centre for Air Power Studies*. 1 December, 3-4.

In 2019, Prime Minister Narendra Modi's visit to Vladivostok for the Eastern Economic Forum marked a significant turning point in India's renewed interest in the Russian Far East. The summit resulted in the signing of several agreements, including a Memorandum of Intent for the development of a maritime corridor linking the ports of Vladivostok and Chennai⁵. This idea is not a new one, as a similar maritime route, from Vladivostok to Madras, was operational in the Cold War era, from 1967 to 1969, connecting Russia's Far East with Southeast Asia and India⁶. At that time, the round trip took about 90 days, whereas today it is estimated that the one-way distance may take up to 24 days. Therefore, the proposed corridor has the potential to significantly reduce cargo shipping time by almost half compared to the route via Suez and Europe, thus facilitating cargo transfers between the eastern part of Russia and the eastern coast of India⁷.

Although both sides have expressed hope that the launch of maritime link "will provide a fillip to the bilateral trade" and the Indian government's feasibility study of the project is "in advance stage"⁸, its full operationalisation has not been launched yet.

The economic viability of the maritime connectivity between Chennai and Vladivostok is often analyzed in terms of India's interests in the resource-rich Far East, which offers possibilities for importing not only hydrocarbons but also timber, nickel, gold, diamonds, and rare earth minerals. Prior to the outbreak of conflict in Ukraine, coal and oil made up 70% of exports from the RFE to India.⁹ Although Tata Steel, which was formerly the largest Indian importer of Russian coal, ceased purchasing the commodity in May 2022, other Indian companies increased their imports. Russia was able to redirect its coal exports from Europe to Asia and significantly increased its supplies to India, from 6.6 million tons in 2021 to about 20.1 million tons in 2022¹⁰.

Currently, there are several Indian companies operating in the region. The Oil and Natural Gas Corporation (ONGC), which has held a 20% equity stake in the Sakhalin-I project since 2001, is the largest Indian investor in the RFE. Additionally, two Indian companies based in Vladivostok – KGK Group and M Suresh Group – operate in the

⁵ Agreements exchanged during visit of Prime Minister to Vladivostok. 2019. URL: https://mea.gov.in/bilateral-documents.htm?dtl/31792/List_of_MoUsAgreements_exchanged_during_visit_of_Prime_Minister_to_Vladivostok (accessed 20.04.2023).

⁶ Kapoor N., Iyer G. 2020. East Meets East: An Assessment of the Proposed Chennai-Vladivostok Maritime Corridor. *Occasional Paper No. 286*, Observer Research Foundation. India, December, 38.

⁷ Baru S. 2019. The Asian Mirror for the Far East: An Indian Perspective. *Valdai Papers No. 110*. Valdai Discussion Club, Russia, 7.

⁸ Partnership for Peace, Progress and Prosperity. India-Russia Joint Statement following the visit of the President of the Russian Federation. *Kremlin*. 2021. 6 December. URL: <http://en.kremlin.ru/supplement/5745> (accessed 29 November 2022).

⁹ Natural resources from Russia's Far East to fuel India's growth. *MEA*. 6 September 2019. URL: <https://indbiz.gov.in/natural-resources-from-russias-far-east-to-fuel-indias-growth/> (accessed 20.04.2023).

¹⁰ Coal Industry: Helping Asia and Survival. 2023. *Roscongress*. URL: http://roscongress.org/upload/medialibrary/a86/s7c-fir647cgq5ti7epqmionlt2onsr8p/Ugolnaya_otrasl.pdf (accessed 20.04.2023).

diamond industry, while Artem-based Jay Tea Ltd runs the sole tea-packing factory in the region. These companies continue doing business despite the sanctions against Russia, but their cumulative investments amount to only \$15.7 million¹¹.

While the Russian motivation in attracting Indian investors is obvious, the pertinent question remains: how could the RFE gain from the enhanced connectivity with India's south-eastern regions? What could be the list of competitive Indian goods that the industries and population of the Russian eastern regions would need to import? Apart from these, there is also the challenge of underdeveloped infrastructure in Russia that impedes efforts to increase exports to Asia. The so-called "Eastern Polygon," which includes the Trans-Siberian Railroad (Transsib) and the Baikal-Amur Mainline (BAM), has limited throughput capacity, which highlights the need for either modernizing transport infrastructure or building alternative logistical routes. This must be a primary reason why the Far Eastern ports have not seen any increase in freight traffic in 2022, even though they have been used for exports of petrochemicals, coal, and coke (see Tables 1 and 2).

Table 1. The cargo traffic of the Russian sea port terminals.

Basin	January – December 2022		4th quarter of 2022	
	<i>Million tons</i>	<i>% to Jan-Dec 2021</i>	<i>Million tons</i>	<i>% to Q4 2021</i>
Arctic	98,5	4,4	25,4	6,1
Baltic	245,5	-2,9	63,6	-4,8
Azov-Black	263,6	2,7	72,9	10,8
Caspian	6,0	-13,9	1,8	15,5
Far Eastern	227,8	1,5	58,5	5,8

Data source: PortNews. 2023. Russian sea ports. 4th quarter 2022. URL: https://portnews.ru/upload/basefiles/2732_2022Q4%20pPpochrchtppovpachja%20chschtppachtpichschtpipkpa.pdf (accessed 5 April 2023).

Table 2 demonstrates that the export of commodities from Russian ports remained possible throughout the year of 2022, despite the exposure of some of these routes to various disruptions.

¹¹ Indiyskie kompanii priglasili k rasshireniyu investitsionnogo sotrudnichestva na Dalnem Vostoke i v Arktike. 2023. FEDC. URL: <https://erdc.ru/news/indiyskie-kompanii-priglasili-k-rasshireniyu-investitsionnogo-sotrudnichestva-na-dal-nem-vostoke-i-v/> (accessed 20.04.2023).

Table 2. The increase of cargo traffic of certain goods at the Russian sea port terminals in the 4th quarter of 2022 (in percent).

Basin	Oil	Petrochemicals	LNG	Coal, coke	Containerised cargo	Other	Total
Arctic	3,2	-40,2	3,5	40,7	8,1	-1,8	6,1
Baltic	-3,7	1,4	11,9	29,5	-81,0	-2,8	-4,8
Azov-Black	2,6	-1,1	-4,2	2,7	-14,5	37,6	10,8
Caspian	-26,9	-	-	-	223,0	55,6	15,5
Far Eastern	-7,4	-3,3	-1,1	11,7	28,2	-4,9	5,8

Data source: PortNews. 2023. Russian sea ports. 4th quarter 2022. URL: https://portnews.ru/upload/basefiles/2732_2022Q4%20Ppochrchtppovpachja%20chschtpachtpichschtpipkpa.pdf (accessed 5 April 2023).

For the moment, it is not clear why India and Russia would need the dedicated maritime corridor, given that there have already been occasional supplies of commodities between Russian Far Eastern ports and Chennai. For instance, India's largest steel companies and cement producers had reportedly imported Russian coal due to shortage of domestic supply and a more attractive price compared to other international exporters¹². Interestingly, in some cases Indian entities paid for the import of Russian coal in yuan.

Until a detailed feasibility study is presented, the Vladivostok-Chennai maritime corridor appears to be dominated by non-containerized freight traffic and may be one-sided, with Russia's exports significantly outweighing India's ones. Arguably, to develop containerized cargo transportation, it would be reasonable to include other destinations such as Chinese or ASEAN ports in the itinerary. Otherwise, there may not be enough loading of container ships. Even during Soviet times, this was the case with the Soviet ships' port calls in Yokohama, Hong Kong, and Singapore on their way to Madras and Calcutta¹³.

In the near term, it seems that launching the Vladivostok-Chennai maritime route as a full-fledged corridor will be problematic due to the combination of the following reasons:

- 1) The enduring prevalence of economic activity in the western ("European") part of Russia over the Far Eastern regions.
- 2) The insufficient throughput capacity of Transsib and BAM making it difficult to increase eastbound supplies of commodities like coal.
- 3) The underdevelopment of port infrastructure in the Russian Far East.
- 4) The low volumes of shipments from Chennai to the RFE.

¹² Jacob S., Jai S. 2022. Captive power units turn to Russia as domestic coal supply fails to resume. *Business Standard*. 15 August. URL: https://www.business-standard.com/article/economy-policy/captive-power-units-turn-to-russia-as-domestic-coal-supply-fails-to-resume-122081400390_1.html (accessed 20.04.2023).

¹³ Kapoor N., Iyer G. 2020. East Meets East: An Assessment of the Proposed Chennai-Vladivostok Maritime Corridor. Occasional Paper No. 286. *Observer Research Foundation*. India, December, 38.

These challenges, however, will not prevent the emergence of new shipping lines between Russia and India. FESCO, for instance, has launched several container lines to and from Nhava Sheva, shipping from major Russian cities in the Urals, West Siberia, and the Far East. The transit time from Vladivostok to Nhava Sheva is estimated to take from 28 to 33 days, with a freight rate of \$5500 per TEU. The route also includes port calls to Ho Chi Minh and Chennai and in some cases extends to Pipavav and Mundra¹⁴.

Exploring the INSTC: challenges and opportunities

The tripartite agreement for the construction of the International North-South Transport Corridor (INSTC) was signed between Russia, Iran, and India in 2000 and came into effect in 2002. Since then, the project has been progressing very slowly, despite having received support from ten more countries, and the numerous attempts by participant stakeholders to expedite its implementation. However, it is worth noting that some sections of the corridor have been utilized for cargo traffic, with the largest volumes of shipments between Russia and Azerbaijan, both by road and by rail, and between Russia and Iran via transshipment in Caspian ports (Vinokurov, Ahunbaev, Zaboev 2022: 165-166). The renewed momentum in Russia's efforts to complete the corridor can be attributed to US and European sanctions against the Russian economy, as well as subsequent difficulties with transporting goods by sea.

The INSTC is not a one-dimensional transport corridor; rather, it comprises various modes of transportation, including rail, shipping lines, and automobile highways. According to the EDB estimates, the corridor covers over 100 infrastructure investment projects in seven countries¹⁵ (Armenia, Azerbaijan, Georgia, Iran, Kazakhstan, Russia, Turkmenistan).

The INSTC is a multimodal project that includes three distinct routes, each with its own unique characteristics.

The *Western route* passes through the border points Samur (Russia), Yamala (Azerbaijan), Astara (Azerbaijan-Iran) and further through the Iranian railway network. Despite gaining momentum since 2018, thanks to the construction of a bridge on the Iran-Azerbaijan border and the completion of railway sections between Tehran and Qazvin, as well as Qazvin and Rasht, the railway connectivity of this route remains incomplete due to the prolonged implementation of the Rasht-Astara railroad. This missing link has led to a need for double transshipment from railway cars to trucks, increasing costs and delivery times, which makes the delivery of cargo commercially unfeasible¹⁶.

¹⁴ The presentation of FESCO representative at the TransRussia. 2023. *Expo*. Moscow, April 2023.

¹⁵ Vinokurov E., Ahunbaev A., Usmanov N., Zaboev A. 2022. International North-South Transport Corridor: Investments and Soft Infrastructure. *Reports and Working Papers 22/2*. Eurasian Development Bank, Almaty, Moscow.

¹⁶ Ibid. P. 5.

Currently, motor vehicles constitute the main part of freight traffic in the Western part of the corridor and their importance is set to increase considering that the completion of Rasht – Astara segment would likely require much time. Iran's inability to complete the missing link can be attributed to two key factors: the challenging terrain and the private ownership of land along the Caspian Sea, from Anzali to Astara. Due to the recreational nature of this region, land acquisition requires substantial funding¹⁷.

The estimated cost for constructing the missing section of the railroad amounts to \$2 billion. Iran's regional partners had proposed to provide assistance in completing the railway link. In 2017, Azerbaijan extended a concessional loan worth \$500 million to Tehran to fund the construction of the missing segment. However, this credit line could not be implemented due to the economic sanctions imposed by the US on Iran¹⁸. Now that both Russia and Iran are facing Western sanctions, it may be assumed that Russian companies, no longer concerned about secondary sanctions, will be more open to participating in the commercial projects in Iran.

Moscow has been considering an extension of a \$1.5bn loan to Tehran for the completion of railroads projects. During a visit to Tehran in July 2022, Russian President Vladimir Putin reiterated his strong commitment to accelerating the progress of stalled projects in Iranian territory, underlining that "...Russia is ready to [construct the Rasht – Astara line]" given the interest to "connect Russia's northern region, St. Petersburg, with the Persian Gulf"¹⁹. Moreover, at the meeting with the largest Russian industrialists and entrepreneurs Putin urged the government to "speed up the process" and to "form [the] pool of potential investors".²⁰

Once the Rasht-Astara section is completed, it should enable a regular container traffic to Bandar-Abbas. However, due to the different track gauges utilized by Russia and CIS states (1520 mm) versus Iran (1435 mm), transshipment of containers at the Azerbaijan-Iran border point will still be necessary.

Reflecting on the prospects for the extension of Rasht – Astara railroad, Valentin Ivanov, the Russian Deputy Minister for Transport, stated that "...a wide gauge right to Persian Gulf ports" will be even more advantageous for Russia because this will allow to avoid unnecessary transshipment of goods. This means that, apart from aiding Iran with completing the link between Rasht and Astara, Moscow is considering the construction of a "completely new railroad directly to [Iranian] Persian Gulf ports"²¹.

¹⁷ Ibid. P. 20.

¹⁸ Regular Russia-Iran Container Train Services Launched. 2022. *Financial Tribune*. 4 November. URL: <https://financialtribune.com/articles/domestic-economy/115820/regular-russia-iran-container-train-services-launched> (accessed 20.04.2023).

¹⁹ Vladimir Putin answered media questions. 2022. *Kremlin*. 19 July. URL: <http://en.kremlin.ru/events/president/news/69036> (accessed 20.04.2023).

²⁰ Plenary Session of the RSPP Congress. 2023. *Kremlin*. 16 March. URL: <http://en.kremlin.ru/events/president/news/70688> (accessed 20.04.2023).

²¹ Rasht-Astara railroad may be extended to Persian Gulf ports — Russian official. 2022. *TASS*. 17 November. URL: <https://tass.com/economy/1538487> (accessed 20.04.2023).

Entrepreneurs hold different views on the potential utilization of the Western route. Some of them support the idea of building a completely new wide gauge rail tracks on the Iranian territory (from Astara to Bandar Abbas) arguing that the "seamless infrastructure" can boost the freight traffic up to 60-70 million tons a year, which is badly needed for the INSTC to become cost-effective. The other group, largely representing logistics companies, believe that developing railroads is a lengthy process fraught with challenges such as land rights, infrastructure ownership rights, and varying tariffs. They point out that, until the volumes of supplies increase significantly, it is more practical to invest in the new vessels and trucks. According to this viewpoint Iran's well-developed network of high-quality highways and low fuel prices make road freight forwarding a dependable option²².

The INSTC's *Eastern route* seemingly saw the most visible impetus in 2022 following the launch of a new Russia-India container service through territories of Kazakhstan, Turkmenistan, and Iran. Although there are still several physical and soft infrastructure projects along this route that require refurbishment and reconstruction, the freight line from Central Russia to India is fully operational, with deliveries occurring regularly once a month.

The Eastern route is considered a "unique opportunity" for delivering cargoes from West Siberia and the Urals to the Iranian port of Bandar Abbas²³. This branch may be particularly attractive to Russian exporters of agricultural products, fertilizers, and petrochemical products from these regions.

According to the RZD press service, "on average the pilot runs through both Western and Eastern routes took 30-32 days", and efforts are being made to reduce this time²⁴. For the time being, however, the cargo delivery along the Eastern route takes up not less than 37 days. The longer route passing through Turkmenistan – Iran border at Sarahs is used due to the upgrading of the Ak-Yayla / Incheh Borun railway border crossing point and the modernisation of the Garmsar – Incheh Borun railway line.

²² These views were expressed by the Russian and Indian entrepreneurs at the session on INSTC at the TransRussia. 2023. *Expo*. Moscow, April 2023.

²³ RZD Logistics launches new railway container service on eastern branch of North-South ITC. 2022. *PortNews*. 5 July. URL: <https://en.portnews.ru/news/331739/> (accessed 20.04.2023).

²⁴ Rustamova S. 2022. Kak dobratsya do Indii? Slozhnosti mezhdunarodnogo koridora Sever-Yug. *NewsRu*. 18 August. URL: <https://news.ru/world/kak-dobratsya-do-indii-slozhnosti-mezhdunarodnogo-koridora-sever-yug/> (accessed 20.04.2023).



Figure 1. The three routes of the INSTC project and other regional transport corridors.
Data Source: Created by the author.

Other issues facing the Eastern route include the poor road network and the use of one-lane, non-electrified railways, which affects travel speeds, increases the risk of accidents, and leads to a considerably lower capacity. Almost all the lines comprising this route in Turkmenistan and most of the railway lines in Iran use diesel locomotives. To increase the speed and volumes of goods delivery along this way, it is imperative to modernize existing transport infrastructure by implementing railway electrification and constructing secondary main tracks²⁵.

²⁵ Vinokurov E., Ahunbaev A., Usmanov N., Zaboiev A. 2022. International North-South Transport Corridor: Investments and Soft Infrastructure. *Reports and Working Papers 22/2, Eurasian Development Bank*. Almaty, Moscow. P. 32-33.

The third route is the *Trans-Caspian*, connecting the Russian Caspian ports of Olya (Astrakhan region) and Makhachkala (Republic of Dagestan) with the Iranian ports of Anzali, Nowshahr and Amirabad. This route may be particularly useful for transporting metals, timber, mineral fertilizers, grain, and containerized cargo, and it opens opportunities for transporting goods by river-sea vessels²⁶. However, the development of a transit route through the Caspian faces several obstacles. Firstly, the double transshipment in the ports of Iran and Russia significantly affects the duration of shipments. Secondly, as the river navigation can only be used during the warm seasons, there is a need to change logistics twice a year, which limits the route's usability. Thirdly, the infrastructure of the Caspian ports is underdeveloped, and it is necessary to modernize the railway approaches to the ports and construct multifunctional port logistics complexes (e.g., in the economic zone of the Olya port in the Astrakhan region)²⁷. Finally, some experts believe it would be promising to utilize the "river-sea" routes with entry into the Volga River for transporting bulk cargo²⁸, but this would require the construction of universal combined river-sea navigation bulk carriers or container ships of the Volga-Don Max class, which would still be vulnerable to weather conditions.

The challenges related to the utilization of this route became apparent in early 2023, as the Russian southern ports struggled to handle the increasing cargo flow. This was due to various factors, such as the insufficient number of berths, terminals, and cranes in Astrakhan, the limited availability of ships on Iran-Russia lines, and congestion in the shallow Volga-Don Canal²⁹.

The geoeconomic and political motives behind the INSTC project

Despite the existing challenges facing various infrastructure projects, RZD data shows that 8.8 million tons of cargo were transported via the North-South transport corridor in 2022. Of these, 7.8 million tons were delivered along the Western branch through the Samur border point, representing a 50% increase from the previous year. The Trans-Caspian route and the Eastern branch saw 0.5 million tons of freight traffic each³⁰.

The new momentum gained by the INSTC in 2022 can be explained by two main factors. *The first* and foremost is the disruption in traditional shipping lines via the Suez Canal following the start of the Russia-Ukraine military conflict in February 2022. In

²⁶ Ibid. P. 16.

²⁷ Ibid. P. 6.

²⁸ Skorlygina N. 2022. Gruzy tyanut po meridianu. *Kommersant*. URL: <https://www.kommersant.ru/doc/5633446> (accessed 20.04.2023).

²⁹ Potaeva K. and Litova A. 2023. Koridor Sever-Yug ne spravlyaetsya s vozroshhim gruzopotokom. *Vedomosti*. 28 March. URL: <https://www.vedomosti.ru/business/articles/2023/03/28/968353-koridor-sever-yug-ne-spravlyaetsya-s-vozroshhim-gruzopotokom> (accessed 20.04.2023).

³⁰ Volkov S. 2023. Koridor Sever – Yug. Kak rabotayut skidki i pogranperekhody. *Gudok*. 2 April. URL: <https://www.gudok.ru/content/freighttrans/1631266/> (accessed 20.04.2023).

addition to the official restrictions adopted at a state level, many private companies from Western countries suspended their services and operations in Russia. Container shipping giants such as Denmark's Maersk, Switzerland's Mediterranean Shipping Company (MSC), France's CMA CGM Group, Germany's Hapag-Lloyd, Taiwanese Yang Ming, and Japanese Ocean Network Express halted cargo bookings and supplies to/from Russia, with the exception of some essential goods³¹.

This exodus of major players in the field disrupted export/import operations with Russia, causing difficulties for businesses in both Russia and India. Notably, Russia's Minister for Transport Vitaly Savelyev acknowledged that "sanctions spoiled all the logistics [in Russia] and we are forced to search for new logistical corridors."³²

Interestingly, even nine months into the conflict in Ukraine, some Indian suppliers continued to rely on Western shipping lines, presumably due to better pricing rather than mistrust of Chinese competitors. As expected, goods shipped to Russia with these Western companies faced stopovers in European ports, leading to significant delays in resolving the issue³³.

The instability of maritime supply chains increased the necessity of developing a land corridor as an alternative to traditional shipping lines via the Suez Canal. As the Russian First Deputy Prime Minister pointed out, the "unipolarity" of Suez Canal created risks for the world economy, while the INSTC, which provides Russia with access to Persian Gulf, Africa, India, and China, may rival its dominance in the future³⁴.

The second factor behind the INSTC's increased momentum stems from Moscow's attempt to initiate a "Pivot to the East 2.0." After facing unprecedented international isolation from the West, Moscow sought to demonstrate that it had viable options for external trade. Russian businesses rushed to discover Asian markets, seeking ways to create new supply chains to Africa, the Persian Gulf, South Asia, and Southeast Asia. The need to bypass Europe has spurred incentives to expedite the realization of the INSTC.

The feasibility and attractiveness of the land corridor still appear to be inferior to its primary maritime competitor. According to the EDB, the average cargo fee on the India-Iran-Europe route was estimated at \$2600-\$3500 per TEU in 2021, while sea shipping via the Suez Canal cost \$1000-\$1200 (Vinokurov, Ahunbaev, Zaboev 2022: 162). The high cost of rail delivery across Iran, which can reach up to \$800-\$900 per TEU when crossing the country from the north to the southern ports of Bandar Abbas and Chabahar, explains the majority of this disproportion³⁵.

³¹ Saul J., Jacobsen S. and Gronholt-pedersen J. 2022. World's largest container lines suspend shipping to Russia. *Reuters*. 1 March. URL: <https://www.reuters.com/business/worlds-biggest-container-lines-suspend-shipping-russia-2022-03-01/> (accessed 20.04.2023).

³² Pashkova L. 2022. Glava Mintransa zayavil, chto sanktsii «prakticheski polomali» logistiku. *RBC*. 21 May. URL: <https://www.rbc.ru/politics/21/05/2022/628909be9a794737cecf7e3f> (accessed 20.04.2023).

³³ Author's expert interview with a Russian entrepreneur. Moscow: November 2022.

³⁴ Dzyadko T., Anisimova N. 2022. Belousov nazval koridor «Sever — Yug» konkurentom Suetskoy kanalu. *RBC*. 28 October. URL: <https://www.rbc.ru/politics/28/10/2022/635bdf549a79478c84141571> (accessed 20.04.2023).

³⁵ Skorlygina N. 2022. Gruzy tyanut po meridianu. *Kommersant*. URL: <https://www.kommersant.ru/doc/5633446> (accessed 20.04.2023).

Furthermore, the disruptions to supplies through Europe in 2022 further increased the cost of INSTC logistics, rendering it unfeasible for many businesses. At the beginning of 2023, the freight rates of the land corridors had decreased by almost half as compared to July 2022, while the cost of transportation through the Trans-Caspian route had doubled due to seasonal factors and low throughput capability³⁶ (see Table 3).

Table 3. The estimated freight rates, delivery times and goods transported via different routes of the INSTC (as of March 2023).

The Route	Delivery Time	Freight Rates ³⁷	Type of Goods
Western	40 days	\$6500 (TEU)	Fertilizers, food products
Trans-Caspian	45-60 days	\$6000-7000 (FEU)	Grain, metal, wood, equipment
Eastern	37-45 days	\$7000 (TEU)	Construction materials, food products, timber

Data source: Compiled by the author from different sources.

In 2022, Indo-Russian trade witnessed an unprecedented rise, surpassing the target of \$30 billion and setting a new goal of reaching \$50 billion. This surge was primarily due to increased imports by India, especially in terms of hydrocarbons, as Russia emerged as a major supplier, accounting for over 25% of Indian oil imports in 2022³⁸.

While the increase in bilateral trade is a positive signal, it has provided little evidence so far that businesses from both countries need the land corridor for their export/import operations. The structure of Russia-India trade is dominated by the commodities which are unlikely to be shipped via INSTC routes for the reasons of economic feasibility, safety, and technological limitations. These include crude, petroleum oils, coal, and diamonds, which constitute 85% of India's imports from Russia (see Table 4). The remaining 15% of trade, which accounts for approximately \$6 billion, consists of goods that can theoretically be shipped through INSTC.

The issue is that India's exports to Russia have not shown any increase and continue to fluctuate around \$3 billion, indicating a lack of interest in the Russian market from Indian companies. Additionally, Indian business representatives have highlighted that current freight rates are too high for the shipment of goods to Russia. According to them, rates should not exceed \$3000 per TEU for the INSTC routes to become a viable option³⁹.

³⁶ Potaeva K., Litova A. 2023. Koridor Sever-Yug ne spravlyaetsya s vozroshhim gruzopotokom. *Vedomosti*. 28 March. URL: <https://www.vedomosti.ru/business/articles/2023/03/28/968353-koridor-sever-yug-ne-spravlyaetsya-s-vozroshhim-gruz-opotokom> (accessed 20.04.2023).

³⁷ TEU – twenty-foot equivalent unit; FEU – forty-foot equivalent unit.

³⁸ Russia's share in Indian oil imports surpasses 25%. 2023. *TASS*. 13 February. URL: <https://tass.com/economy/1575701> (accessed 20.04.2023).

³⁹ Author's expert interview with an Indian entrepreneur. Mumbai, March 2023.

Table 4. The structure of India's exports to and imports from Russia (in USD billion).

Commodity	Export		Commodity	Import	
	FY2021-2022	FY2022-2023 (Apr-Feb)		FY2021-2022	FY2022-2023 (Apr-Feb)
Pharmaceutical products	0,4	0,4	Crude and petroleum oils	2,5	27,5
Organic chemicals	0,2	0,3	Coal	1,6	4,3
Machinery	0,3	0,3	Other petroleum oils	1,1	2,7
Crustaceans	0,1	0,1	Fertilisers	0,4	2,2
Inorganic chemicals	0,03	0,1	Diamonds	0,8	1,1
Iron and steel	0,1	0,1	Sunflower seed	0,5	0,9
Miscellaneous chemical products	0,1	0,1	Project goods	0,5	0,6

Data source: Department of Commerce (2023) Export import data bank. Ministry of Commerce and Industry, Government of India. URL: <https://tradestat.commerce.gov.in/eidb/default.asp> (accessed 20 April 2023).

INSTC and other connectivity projects in Eurasia

The INSTC also has the potential to enhance overall transport connectivity from Europe and West Asia to China. According to Purushothaman and Unnikrishnan (2019: 80), the financial feasibility of INSTC could increase with the participation of Southeast Asian countries. Vinokurov et al. (2022: 162) estimate that interlinking INSTC with Eurasian east-west corridors could increase container freight traffic by 2.3-4.4 million tons.

Additionally, the TRACECA corridor is already linked to INSTC. Despite the Western sanctions and strained relations between the EU and Russia, the supplies from Europe to Russia via Turkey and Azerbaijan remain uninterrupted. Despite higher costs and longer distances, this route, which includes railways and highways, is operational and capable of facilitating exports and imports⁴⁰.

The development of the INSTC should also be examined in the context of the Belt and Road Initiative (BRI) and other China-led projects. The BRI has six economic corridors: the Bangladesh-China-India-Myanmar (BCIM), China-Central Asia-West

⁴⁰ Vinokurov E., Ahunbaev A., Usmanov N., Zaboiev A. 2022. International North-South Transport Corridor: Investments and Soft Infrastructure. *Reports and Working Papers 22/2. Eurasian Development Bank*. Almaty, Moscow. P. 14.

Asia (CCAWA), China-Indochina Peninsular (ICP), China-Mongolia-Russia (CMR), China-Pakistan Economic Corridor (CPEC), the Maritime Silk Route (MSR), and the New Eurasian Land Bridge (NELB) (Kunavut, Okuda, Lee 2018; Sharma 2019). The Eastern branch of INSTC overlaps with the China-Kazakhstan-Turkmenistan-Iran corridor launched in 2018, while the CCAWA may benefit from the completion of the Astara-Rasht section (Grajewski 2022: 179). The latter route, as well as the Trans-Caspian International Transport Route (TITR or the Middle Corridor), have gained traction in the wake of the ongoing crisis in Ukraine as both provide an alternative to the Sino-European land route, which previously passed through Kazakhstan, Russia, Belarus, and Poland (as part of NELB).

The growing utilisation of and investments in these routes will benefit Turkey⁴¹, Iran and the countries of Caspian region, which are emerging as important transport hubs. Establishing connections between these corridors and INSTC is feasible and may benefit not only transit states, but also the origin/destination countries of the routes such as Russia, India, and China.

There is also widespread discussion about the possibility of including Chabahar port in INSTC's and Eurasian transport network. Chabahar has two ports: Shahid Kalantari and Shahid Behesti. The former is an old port with limited waterfront and a draft of 7-8 meters suitable only for feeder vessels. The latter is a deep-draft port (16 meters draft) developed in four phases⁴². The first phase is completed, and the port's capacity is around 8 million tons per year. The port has been operational in the recent years for the cargo transshipment, beyond the consignments of wheat to Afghanistan. However, the total cargo traffic of the Shahid Behesti port in 2022 is estimated at 2.2 million tons per year⁴³. The US sanctions against Iran have hindered the port's development, particularly the procurement of the necessary equipment.

Russia and other member states have supported India's proposal for connecting Chabahar with other nodal points of the INSTC⁴⁴. This, however, created confusion among scholars, with some of them viewing the port developed by the Indian state entity as part of the North-South corridor's agreement (Ghiasy 2021; Mukhia, Zou 2022).

In reality, Chabahar has not been formally integrated into the corridor's framework. Furthermore, it appears that New Delhi is more interested in utilizing the project to expand its reach to Central Asia rather than Russia. The progress made in developing the Chabahar-Zahedan rail link is a positive sign and has the potential to

⁴¹ Turkish Ministry of Foreign Affairs has promoted the synergy between "the Middle Corridor" and the BRI and has highlighted the advantages of their initiative over the Trans-Siberian railway as a trade route between Europe and Asia. *Türkiye's Multilateral Transportation Policy*. URL: https://www.mfa.gov.tr/turkey_s-multilateral-transportation-policy.en.mfa (accessed 20.04.2023).

⁴² About Chabahar. 2021. *IPGL*. URL: https://www.ipgl.co.in/show_content.php?lang=1&level=1&ls_id=489&lid=65 (accessed 20.04.2023).

⁴³ Author's expert interview with an Indian official. March 2023, Mumbai.

⁴⁴ Partnership for Peace, Progress and Prosperity. India-Russia Joint Statement following the visit of the President of the Russian Federation. 2021. *Kremlin*. 6 December. URL: <http://en.kremlin.ru/supplement/5745> (accessed 20.04.2023).

connect with Turkmenistan's railways and ultimately the INSTC's Eastern route. The railway has been seen in India mainly as a means of establishing functional connectivity with Afghanistan by bypassing Pakistan, from Zabol through the Zaranj-Delaram Highway and from Khaf to Herat (Mukhia, Zou 2022: 195).

Given the unstable security situation in Afghanistan, which hinders transport infrastructure development, it can be argued that connecting Chabahar with Turkmenistan is of greater importance to India's economic interests, as it would allow the port to link with the Eastern route of the INSTC at the Sarahs transit point. However, this would require coordinated efforts with Iran, which began construction of the Zahedan-Mashhad railroad in late December 2017 (Lunev, Belov, Binish 2023: 51), but progress has been limited thus far. The Zahedan-Zabol-Malik-Birjand railway (approximately 910 kilometers) remains incomplete, and its completion is critical not only for India's interests but could also provide Turkmenistan with access to high seas.

Conclusion

The wider repercussions of the Ukraine conflict have reshuffled the logistical routes between Russia and India, increasing the relevance of new alternative ways for cargo deliveries between the two countries. Despite the emergence of different obstacles for Russian exports of commodities since February-March 2022, the shipments of oil, coal, and fertilizers to India, which constituted the main part of bilateral trade increase in FY2022-2023, were still made through maritime corridors.

The INSTC, which is the most promising land corridor between Russia and India, is operational, but cargo supplies via this route are still irregular, quite expensive, and time-consuming. The completion of corridor's segments requires enhanced coordination between the participating parties. It would obviously take some time to harmonise the tariff policies, complete the critical infrastructure projects and eliminate other barriers that impede faster cargo flows.

It seems that, having faced unprecedented isolation from the West, Russia is keen to accelerate INSTC's completion to embrace new export destinations in Asia and Africa. This could benefit India by facilitating its trade with Central Asian republics, the Caucasus, and even Eastern Europe through improved land logistics. However, as these are not currently top markets for Indian businesses, the development of the corridor may not be a priority for New Delhi. The development of Shahid Behesti port in Chabahar and its connection with the INSTC network holds promise for boosting India's trade across Eurasia on condition that India's economic presence in the region increases and the logistics becomes cost-effective. The realization of this potential depends on several factors, as each of the corridor's routes faces various challenges.

It is also important to note that the enhanced connectivity will not automatically provide for the rise in trade cooperation between Russia and India. Although the renovation of transport infrastructure may become a prerequisite for stronger economic and business ties, their expansion will depend on the resolution of structural issues.

Given the increasing interest of Russian businesses in the Indian market and the efforts of both governments to eliminate transaction bottlenecks and tariff and non-tariff barriers, bilateral trade may indeed begin to rise. A more efficient and affordable logistics system, particularly functioning maritime routes from the Russian Far East to Indian ports and the North-South corridor, could facilitate this process. However, connectivity cannot be viewed in isolation from other factors, such as sanctions, the feasibility and tariffs of cargo supplies, and the list of products to exchange. The ultimate outcome will likely depend on the concerted efforts of both sides in all of these areas. Connectivity is only one piece of the puzzle that Moscow and New Delhi must put together to take their trade cooperation to a new level.

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Международный транспортный коридор «Север – Юг»: вызовы и возможности для развития транспортной связности между Россией и Индией

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Национальный исследовательский университет «Высшая школа экономики»

Транспортная связность – один из традиционных вызовов для развития торгового сотрудничества между Россией и Индией. Отсутствие общей границы, нестабильная обстановка в области безопасности в Афганистане и территориальные споры между Индией

и Пакистаном не позволяют создать удобный транспортный коридор между странами, а также и серьёзно затрудняют реализацию других проектов в сфере энергетики. Сегодня существует три торговых пути между Индией и Россией: 1) судоходный маршрут через Суэцкий канал; 2) периодические поставки по восточному морскому коридору Владивосток–Ченнаи; 3) использование маршрутов международного транспортного коридора «Север–Юг». Учитывая санкционные риски при использовании морских перевозок через Европу, последний маршрут сегодня приобретает особое значение для выхода российских компаний на рынки Индии, Персидского залива и Восточной Африки. В свою очередь, для Индии развитие МТК «Север–Юг» открывает возможности увеличения торгового взаимодействия со странами Закавказья, Центральной Азии и Восточной Европы. Это обуславливает актуальность многоаспектного изучения данного транспортного коридора: сложностей в его реализации, геоэкономических факторов, оказывающих влияние на подходы стран-участников, а также его совместимости с другими региональными проектами, такими как транспортный маршрут Европа–Кавказ–Азия (ТРАСЕКА), Инициатива «Пояса и Пути» и порт Чабахар. Вместе с тем, совершенствование транспортной инфраструктуры не разрешит всех структурных проблем в торговых отношениях России и Индии. Транспортная связность между двумя странами будет способствовать активизации торгово-экономических контактов, только если она будет развиваться одновременно с решением других задач, таких как создание надежных механизмов финансовых расчётов и устранение тарифных и нетарифных барьеров.

Ключевые слова: МТК «Север–Юг», Россия, Индия, торговое сотрудничество, логистика, транспортная связность, Евразия.

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Russia-India cooperation on Post-American Afghanistan

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Abstract: Russian foreign policy has long championed multipolarity in international relations. As relations between Russia and the West have deteriorated, Russia has sought to establish a Eurasian project involving non-Western great powers. India has been identified by Russia as one of the major pillars of this global realignment. However, India's global reach and power have been undermined by its entanglement in regional disputes and volatile relations with some of its partners. While some minor differences exist on the regional level in Eurasia between Russia and India, a major disagreement has been the role of the Shanghai Cooperation Organization, which Russia views as a global organization, and India sees it as regional. Our analysis suggests that the US military presence in Afghanistan, along with its plans for geoeconomic and geopolitical dominance in Eurasia, has been a major distracting factor in Russia-India relations. The US withdrawal from Afghanistan and the decline of its influence may provide new opportunities for regional cooperation between Russia and India. Our research indicates that Afghanistan may be one such country where the interests of Russia and India can converge. Both countries are interested in a stable and secure Afghanistan, and both may be willing to accept Taliban rule, subject to certain conditions, if it helps achieve that goal. In Central Asia, Russia and India have previously pursued divergent agendas, with Russia being somewhat protective of its natural sphere of interests. However, we conclude that with the elimination of external disturbances in the form of US military occupation of Afghanistan, the interests of both countries could be reconciled in relation to Central Asia. By working in synergy, Russia and India could collaborate more effectively in this region.

Keywords: Russia, India, Russian-Indian relations, Eurasia, Afghanistan

The policies of Russia and India towards Central Asia and Afghanistan have been extensively studied by experts from both countries (Kaushiki 2013; Kothari 2014; Stobdan 2015; Safranchuk 2018; Stepanova 2019; Stepanova 2021). While Central Asian and Afghan issues are usually analyzed together, it is important to

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differentiate the approaches of Russian and Indian authors. Russian scholars consider Central Asia as part of a zone where Russia promotes economic and security initiatives, and builds international institutions. They take into account Afghanistan mainly from a security perspective, often as a negative factor for Russian policies in Central Asia. In contrast, Indian authors view Central Asia as an area of emerging economic opportunity, where soft power can also be used to increase political influence. Afghanistan is an integral part of India's policy towards Central Asia, serving as a bridge to the region.

Therefore, underlying vectors of Russian and Indian attitudes to Central Asia seem to collide. India seeks to facilitate and exploit the opening of former Soviet spaces, which many in Russia associate with a decrease in regional connections to Russia and, consequently, a decline in Russian influence. Russia aims to bind Central Asia with various economic and security ties, making its connections to Russia overwhelmingly more intensive and important than connections to other countries. The mismatch between the vectors underlying Russian and Indian policies toward Central Asia can be explained and analyzed with reference to their respective economic and security interests, which can then be placed into an analytical framework of conflicting or reconciling interests regarding Central Asia.

However, this article suggests a different approach. It employs traditional descriptive analysis to demonstrate that an important element of Russian policy toward Central Asia and Afghanistan was a reaction to US and Western regional policies, which were perceived as hostile to Russian interests. India, on the other hand, was eager to take advantage of opportunities arising from the US intervention in Afghanistan. According to this explanatory model, the US geopolitical and geoeconomic activism in Eurasia, of which the military presence in Afghanistan was central, diverted regional calculus and exacerbated regional divergences instead of helping to reconcile them. Consequently, after the collapse of the US project for Afghanistan, regional views on Afghanistan may converge to a greater extent.

Russia's vision for Eurasia and the role of Afghanistan

In the late twentieth century, Eurasia became preoccupied with globalization. Countries situated on the seashore edges of the Eurasian continent took advantage of their seashore positions to participate in globalization and associated themselves with other political and economic regions, rather than with Eurasia. Meanwhile, in the core of Eurasia, newly independent states (NIS), some of which had been under Moscow's influence for centuries, were discontented with their socialist experience and sought cooperation with leading world powers, whom they regarded as a source of prosperity (Safranchuk 2019: 5-6). Additionally, after more than seventy years of Soviet integration, the NIS became hostile to many interdependencies between them, some of which were imposed rather than naturally evolved, and wanted to tackle them in the spirit of emerging national identities. The wish either to get rid of interdependencies or to

shift them in one's favor, which can be defined as egoism toward neighbors, contributed to tensions between neighboring countries and further increased NIS's interest in globalization as a source of development. In the 1990s, openness to the outside world went hand in hand with more division inside the core of Eurasia, and interestingly enough, the latter reinforced the former. This proclivity for engagement with leading world powers fitted well into the growing trend of globalization, together with regional egoism shaping a strong outward political vector (from Eurasia to the world centers of development) at the core of Eurasia.

In the 2000s, a new important element emerged in Eurasia in addition to the outward vector. With the increase in commodity prices, international interest in Eurasian countries grew substantially. Some countries expressed interest in the region's natural resources, while others sought to take advantage of its transit capabilities, and some were drawn by both factors. Germany (and the entire EU), China, Japan, Iran, Turkey, Pakistan, India, and Middle Eastern monarchies (although their interest had more to do with the Islamic component), were among the states that paid greater attention to the landmass of Eurasia. The interest in the core of Eurasia by countries that had already succeeded in globalizing formed a sort of inward policy vector in the region. As a result, not only the post-Soviet countries looked outward from Eurasia, but also many others looked inward to the continent. At that time, the inward and outward vectors were viewed as complementary within the prevailing trend for globalization, and there was a growing interest in enhancing connectivity within the Eurasian continent from both ends, from the depths of Eurasia and from its seashore parts.

However, a vision for regional integration also existed at the core of Eurasia. While Russian and Kazakh policies were following the outward vector in the 1990s, they also preserved some interest in integration initiatives in the post-Soviet space. In the 1990s, although a number of agreements were signed, their initiatives did not outweigh the momentum for egoism. However, statistics for 1999-2002 revealed that economic growth in Russia and Kazakhstan, driven by the increase of world oil prices, led to more active trade within the entire post-Soviet space, and in particular between Russia, Kazakhstan, Ukraine, and Belarus. This suggested that common economic growth for these four states could be quicker and more sustainable than individual growth for each of them. Besides, the idea emerged that integration may help these countries to preserve their industrial capabilities under tough competition, which would stem from accession to the World Trade Organization (WTO)¹. That thinking was fully in line with the new regionalism approach. While scholars debate many aspects of it (Wheeler 2002; Söderbaum 2003: 5; Hettne 2005; Warleigh-Lack 2006;), there is

¹ Grinberg R.S. 2005. Edinoe jekonomicheskoe prostranstvo kak sredstvo diversifikacii nashih jekonomik [Common Economic Space as an instrument for diversification of our economies]. *Proceedings of the first forum 'Edinoe jekonomicheskoe prostranstvo Belarusi, Kazahstana, Rossii i Ukrainy: znachenie, vozmozhnosti, perspektivy'* [Common Economic Space for Belarus, Kazakhstan, Russia, and Ukraine: Options and Perspectives]. Moscow. P. 73–74.

a strong consensus that the new regionalism is "extroverted rather than introverted" (Söderbaum 2003: 5). This means that, contrary to old regionalism, which emphasized protectionism and encouraged trade within economic blocks while discouraging it with outside countries, the new regionalism is more open, exposing regional industries to global competition and thus fully consistent with globalization. Soon Russian and Kazakh approach to integration further evolved. In 2007-2008, the West, viewed as the driver of global development, suddenly became the source of global financial crisis. The crisis appeared to undermine globalization (Vardomsky, Pylin 2014: 10) and trigger strategic rebalancing. Traditional leaders were in relative decline while new contenders were on the rise. The most ambitious leaders of the post-Soviet space, namely Putin and Nazarbaev, wanted to be part of this strategic shift. In October 2011, Putin and Nazarbaev presented a vision of a new regional union. "This union will allow us not merely to fit into the global economy and trade, but truly participate in decision-making on global rules and frameworks for the future," Putin wrote². Nazarbaev added that the new union had "every chance to become an integral part of the new world architecture"³. Post-Soviet integration – an attempt to build a coalition merely to fit better into globalization supervised by others – evolved into Eurasian integration, which aimed to create a strong regional center of development to be one of the stakeholders in the new world order. While Putin and Nazarbaev stressed the open character of their Eurasian Union vision, some aspects of their thinking suggested adjustments to the mainstream new regionalism. Putin claimed that, in the post-crisis reality, solutions for global problems should come from "the bottom": solutions should first be tried "inside established regional structures – the EU, NAFTA, APEC, ASEAN and others, and only then (taken on global level) through a dialogue between such structures."⁴ Later, Russian scholars developed this idea into the notion of "integration of integrations," which constitutes globalization. In this interpretation, globalization and regional integration are not opposed to each other.

These broad geostrategic considerations underpinned many political collisions in the post-Soviet space between Russia and the West, particularly through the 2000s and the beginning of 2010s. Yet, neither of the parties has been completely successful in achieving their objectives. Integration projects promoted by Russia and Kazakhstan encountered obstacles, with a customs union only being established in 2010. It was later extended to form a common economic space, and in 2015, the Eurasian Economic Union (EAEU) was established. With all the delays and compromises, only five coun-

² Putin V. 2011. Novyi integratsionnyi proekt dlya Evrazii – budushchee, kotoroe rozhdaetsya segodnya [New project of integration for Eurasia – the future that is born today]. *Izvestiya Newspaper*. URL: <http://izvestia.ru/news/502761> (accessed 28.12.2022).

³ Nazarbaev N. 2011. Evraziiskii Soyuz: ot idei k istorii budushchego [Eurasian Union: from idea to the story of the future]. *Izvestiya Newspaper*. URL: <http://izvestia.ru/news/504908>. (accessed 28.12.2022).

⁴ Putin V. 2011. Novyi integratsionnyi proekt dlya Evrazii – budushchee, kotoroe rozhdaetsya segodnya [New project of integration for Eurasia – the future that is born today]. *Izvestiya Newspaper*. URL: <http://izvestia.ru/news/502761> (accessed 28.12.2022).

tries became full members (Russia, Kazakhstan, Belarus, Kyrgyzstan, and Armenia), with Uzbekistan joining as an observer in 2020. Important regional economies, such as Ukraine and Azerbaijan, have no intention of joining the EAEU.

However, the Western efforts did not succeed either. In the late 1990s and early 2000s, the EU and the US envisioned the Central Asia – Caucasus axis around the Caspian Sea with further connection to Europe either through Turkey and the Mediterranean, or through the Black Sea and Ukraine. Although several pipelines connected the eastern coast of the Caspian Sea with the Black Sea, a robust transport corridor through the Central Asia – Caucasus axis did not emerge. Trans-Caspian infrastructure did not materialize at all, remaining hostage to many diplomatic, political, technical, and economic complexities. Even the Caucasus – Europe part of the axis remained underdeveloped, and the conflict of 2008 exposed the Caucasus to higher geopolitical risks. In the following years, Turkey became increasingly at odds with Europe, and competition over Ukraine intensified. All geographical elements necessary to connect Central Asia to Europe via the South Caucasus were under severe geopolitical pressure. Meanwhile, after the US invasion of Afghanistan, American experts developed a vision to integrate Central and South Asia⁵. In late 2005, Secretary of State Condoleezza Rice declared it to be the US policy under the name "Greater Central Asia" (GCA), and the 2006 National Security Strategy praised the concept. In 2011, the Obama administration introduced the "The New Silk Road" (NSR) vision, which was very close to the GCA. However, it remained underfunded in the following years and was mainly narrowed to the Northern Distribution Network, designed to help supply increased US military presence in Afghanistan with less dependence on Pakistan's transit route. As the situation in Afghanistan deteriorated, prospects for the GCA or NSR declined.

In the end, Russia and Kazakhstan were unable to fully consolidate the Eurasian core into a solid economic bloc, while the US failed to provide states in the region with access to global markets independent from Russia. When China launched its Silk Road Economic Belt (SREB) initiative in September 2013 (later rebranded into One Belt – One Road, OBOR), the US initially viewed it as a reinforcement of globalization in Eurasia. Indeed, China had previously been cautious about the formation of the Customs Union, as well as about the Eurasian Union vision, when it was first presented by Putin and Nazarbaev in 2011. China did not want new trade and investment barriers in Eurasia (Western Asia in Chinese terms). Moreover, the Chinese interest in the core Eurasia had grown from merely having access to local markets and raw materials to something more ambitious, as the SREB intended to build land routes to the Middle East and Europe. Seemingly, this was enough for the Chinese project to qualify as globalist, and allayed not only Central Asian concerns about the Chinese expansion, but even American ones. The Obama administration's "Enduring Vision for Central Asia,"

⁵ Starr F. A. 2005. 'Greater Central Asia Partnership' for Afghanistan and Its Neighbours, The Central Asia. *Silk Road Paper*. URL: https://www.files.ethz.ch/isn/30296/05_Greater_Central_Asia_Partnership.pdf. (accessed 28.12.2022).

released in early 2015, defined the Chinese SREB and the US NSR as complementary, and Washington offered Beijing to discuss how to coordinate the two projects⁶. However, China instead engaged in talks with Russia to coordinate the SREB and the Eurasian Economic Union (EAEU).

In all these dynamics of the 2000s and early 2010s, Afghanistan was viewed as an element of Western geopolitical and geoeconomic strategies. In the framework of the system dominant among the Western politicians and experts, it was necessary to provide the countries in the depths of Eurasia with access to major maritime trade routes. Although this was sometimes explicitly linked to the geopolitical interests of the United States⁷, it was more frequently articulated in terms of historical and economic considerations. It was common to state that transport projects should revive the Great Silk Road, which once connected China, Turkey, India, the Middle East and South Asia through Central Asia. The disruption of these close ties was attributed to the policy of the Russian Empire, which purportedly severed the connections between local nations and the wider world by extending its power deep into Eurasia, and the USSR, which allegedly isolated these regions even further⁸. The disruption of trade and economic ties in Eurasia was often linked to the partition of spheres of influence between the Russian and British Empires, as well as the transformation of Afghanistan into a buffer state (Rubin 2020: 14). These claims are not entirely historically correct, and experts acknowledge that the closing off of Central Asian spaces (although not their complete isolation from the outside world) occurred much earlier, in the 17th century. Despite that fact, these distorted views formed the foundation of a large-scale geo-economic program designed to strengthen economic relations in Eurasia while circumventing Russia. Following the U.S. invasion of Afghanistan and the establishment of a pro-American regime there, the country became a central link in the implementation of these plans.

Meanwhile, Russia experienced an increased economic isolation after the continuing exchange of sanctions and countersanction with the West since 2014. Despite some voices within Russia supporting further protectionist measures and a move towards some sort of "closed regionalization Russia", the decision-makers quickly rejected this option. While Russia may have initially wanted to become more protectionist, the risk of being further isolated by other countries made preventing such isolation a political priority. Consequently, Russia focused on creating a more global framework above the

⁶ Hoagland Richard E. Central Asia: What's Next? 2015. *Georgetown University, Washington, DC*. March 30 // <http://www.state.gov/p/sca/rls/rmks/2015/240014.htm>

⁷ Jaffe A.M. 1988. Unlocking the Assets: Energy and the Future of Central Asia and the Caucasus: Main Study. *The James A. Baker III Institute for Public Policy of Rice University*. URL: http://large.stanford.edu/publications/coal/references/baker/studies/assets/docs/UnlockingtheAssets_MainStudy.pdf (access 28.12.2022).

⁸ Byrd W. 2002. Economic Activity and Financing in the Regional Context Exploiting the New Opportunities. *Paper Presented at the Tripartite Ministerial Meeting of Afghanistan, Iran, and Pakistan on Cooperation for Development*. Tehran. Iran. 18-19 May. P. 1-2.

EAEU, developing the concept of Greater Eurasia, signing various "EAEU plus" agreements with countries such as Vietnam and Iran, and introducing the vision of Greater Eurasian Partnership.

This pivot towards Asia did not change Russia's desire to see Eurasia become a center of economic and political power (Karaganov 2017: 6), and its "EAEU plus" approach is complementary to the interests of regional powers located on the seashores of Eurasia. These regional powers prioritize securing their own access to assets within Eurasia rather than promoting access beyond Eurasia for landlocked countries. In the past, the United States' globalist approach with its inherent openness seemed to offer the possibility of achieving such access, but now Russia's adjusted regionalization vision is supportive of greater connectivity within Eurasia. The Greater Eurasia vision, accommodates both the Chinese interest to develop trans-Eurasian transport infrastructure, and the EU's, Iranian, Indian, Japanese, and others' desire to have access to the core of Eurasia. In 2022, in the context of the Ukrainian crisis, the West imposed a large wave of sanctions on Russia, which can be seen as an attempt to disconnect Russia from global and regional economic activity. However, Russia opposes such isolation and is investing time and effort into creating economic connections with non-Western countries.

Russia's policy towards Afghanistan: from expectations to reality

In the immediate aftermath of the 9/11 attacks, Russia supported the US military intervention in Afghanistan and utilized its influence in Central Asia to aid the operation. Russia hoped that this move would not only lead to a general improvement in Russia-US relations but also result in significant practical advantages.

During the 1990s, Afghanistan was implicated in various events in the post-Soviet space. For instance, the office of Taliban spiritual leader Mullah Omar had a map depicting the borders of the Islamic Emirate of Afghanistan extending into the former Soviet space and even into Russian territory. Afghan's connections of Central Asian extremist underground were apparent in many cases, the most obvious one being the civil war in Tajikistan in 1992-1997, where Afghanistan supported the anti-secular forces. This conflict involved Russia, as the Tajik-Afghan border was guarded by the Russian border guards. Afghanistan was also linked to the first and second Chechen wars, in which Russia confronted not only separatists but also Islamist extremists⁹. The Taliban government in Afghanistan was the first entity with which the de-facto independent Ichkeria (after the Khasavyurt accords of 1997) established diplomatic ties. At the turn of the century, Russian officials used to identify a strategic Islamic-extremist trian-

⁹ For instance, Khattab, a field commander of Arab origin, who became widely known during the Chechen campaigns, fought against the Soviet troops in Afghanistan, then received patronage from the Taliban and al-Qaeda, ran a training camp for fighters on territories under their control, and smuggled fighters into Chechnya to fight the Russian army.

gle Afghanistan–North Caucasus–Kosovo. The severity of this threat was such that in 2000, Sergey Yastrzhembsky, an advisor to Russian President Vladimir Putin, publicly stated that Russia might have to attack the Taliban and al-Qaeda in Afghanistan¹⁰. However, this did not come to pass.

Russia's initial support for the U.S. intervention was based on the calculation that American goals in Afghanistan would be exclusively counterterrorist and not geopolitical. Moreover, Russia expected the U.S. to achieve the main counterterrorism objectives in about two years, and withdraw from Afghanistan afterwards.

However, events unfolded differently than expected. The American military presence in Afghanistan extended beyond the anticipated timeline, and the situation in the country continued to deteriorate after the resurgence of the Taliban in 2004. Arguably, Russia was ready to accept that the Americans were unsuccessful and needed more time. After all, Russia knew the difficulty of implementing any strategy in Afghanistan. But there emerged voices in the U.S. in favour of a long-term military presence in Afghanistan, with geopolitical rather than counterterrorist aims. The U.S. sought to consolidate its military bases in Central Asia and to maximize cooperation with local governments by supporting political and economic projects that would limit Russian influence. In addition, the flow of drugs from Afghanistan was increasing, which created a lot of criminal and social problems in the post-Soviet countries, including Russia, while the U.S. military avoided a decisive fight against drug production in Afghanistan.

Ultimately, Russia found itself witnessing an increased U.S. political influence and military presence near its borders, which it did not expect. At the same time, the intervention hadn't definitively eliminated the terrorist and drug threats, which was exactly what Russia had counted on. By the second half of the 2000s, Russia officially acknowledged that events in Afghanistan were likely to follow a negative scenario. For instance, the Russian Ministry of Foreign Affairs' foreign policy review in 2007 stated that "if the Afghan campaign ends in failure and the U.S. and NATO leave, the Central Asian countries and Russia will be left face to face with the consequences of the aggravated Afghan problem, primarily the drug and terrorist threat, with an upsurge of fundamentalist sentiments and the destabilization of the region"¹¹.

In fact, for Russia the situation became even more complicated. By the late 2000s, Russia faced a progressively tightening dilemma: if the U.S. and international coalition failed in Afghanistan, it would lead to a security crisis, while if they succeeded, the U.S. would connect Central Asia to South Asia instead of Russia. As such, Russia was interested in the international coalition neither fully failing nor fully succeeding.

¹⁰ Russia Threatens Afghanistan. 2000. *CBS News*. URL <https://www.cbsnews.com/news/russiathreatens-afghanistan/>. (accessed 28.12.2022).

¹¹ Obzor vneshnej politiki rossijskoj federacii [Review of the foreign policy of the Russian Federation]. 2007. *Interros*. URL: http://www.intelros.ru/strategy/gos_rf/316-obzor_vneshnejj_politiki__podgotovlennyj_ministerstvom_inostrannykh_del_rossii.html (accessed 28.12.2022).

The Obama administration added another facet to this dilemma. Although top administration officials insisted that in March 2009 the US president approved a broad counterinsurgency strategy for Afghanistan¹², many saw Obama's inclination towards an exit¹³. The US could just depart, without ultimately failing or succeeding, which would leave Afghanistan's neighbors face to face with various risks originating from the country.

As Russia could no longer rely solely on the US mission in Afghanistan, it intensified consultations with all of Afghanistan's neighbors. In March 2009, after the SCO International Conference on Afghanistan in Moscow, Russian Deputy Foreign Minister A. Borodavkin stated that "efforts by the international community in stabilizing Afghanistan need rethinking"¹⁴. As Russia-US relations further deteriorated after 2014, Russia became even less reliant on the US. Throughout the 2010s, Russia shifted to a more active position on Afghanistan, preparing to manage the Afghan issue independently of the US (without necessarily being against it), instead working with Afghanistan's neighbors. Russia facilitated the so-called "Moscow format," which involved meetings of intra-Afghan forces and brought together representatives of all major factions of the Afghan military-political spectrum, including the Taliban movement. The idea behind this was that without American boots on Afghan soil, these factions could either restart a civil war (they were on the verge of doing this several times even with the Americans still present) or talk to each other and make deals to manage their country without US. Additionally, Russia engaged with powers around Afghanistan to reduce regional competition over the country.

The US attempted to impede Russian efforts to facilitate intra-Afghan dialogue, but after engaging in direct talks with Taliban and particularly after reaching the deal in 2020 (Machitidze 2020), the US relied on Russia to facilitate the intra-Afghan talks as the deal provided.

Following a relatively passive stance towards Afghanistan during the US occupation, Russia gradually increased its connections with various forces in the country, including the Taliban, up until moving to the front line. With the collapse of the Ghani government and the entire pro-American regime in Kabul in August 2021, Russia became one of the nine states that did not evacuate their embassies from Kabul, opting

¹² Press Briefing by Bruce Riedel, Ambassador Richard Holbrooke, and Michelle Flournoy on the New Strategy for Afghanistan and Pakistan. 2009. *The White House*. URL: <https://obamawhitehouse.archives.gov/realitycheck/the-press-office/press-briefing-bruce-riedel-ambassador-richard-holbrooke-and-michelle-flournoy-new-> (accessed 02.12.2022).

¹³ One of the authors of this article recorded in his personal archive the main moments of the meeting of Russian military and political experts with a major Western diplomat, the special representative for Afghanistan of one of the leading NATO countries, on the margins of the International Conference on Afghanistan under the aegis of the SCO, held in Moscow on March 27, 2009. This author met a special representative for Afghanistan from one of the leading NATO countries, who made it clear that Obama had begun to retreat from Afghanistan and stated that the "Najibullah option" was, under the current circumstances, the best that Western capitals could hope for.

¹⁴ Borodavkin A. *Mir i stabil'nost' v Afganistane otvechaet dolgosrochnym interesam Rossii* [Alexey Borodavkin: Peace and stability correspond to Russia's long-term interests]. 2009. *Infoshos*. URL <http://infoshos.ru/ru/?idn=3949> (accessed 28.12.2022).

instead for regular diplomatic contacts with the Taliban authorities, albeit without formally recognizing a new government. This move seemed inconsistent with Russia's previous policy, leading some observers to attribute it simply to anti-Americanism. Some believe that Russia is almost blinded by the idea of confronting America and underestimates the risks associated with the Taliban, while others claim that Russia has made a conscious and decisive choice in favor of an anti-American alliance with "bad guys" of all stripes.

The reality is that Russia relied on the most independent local force in Afghanistan (Safranchuk, Zhornist 2021). After the intra-Afghan talks were included among the provisions of the US-Taliban deal, Russia could not continue its own efforts towards reconciliation, as the US made clear they would consider it a blow to their agreement with the Taliban. As a result, Russia was forced to relinquish the initiative to the US with regard to reconciliation. However, the US was unable to make any significant progress in this regard, and the Taliban's military activities intensified during the summer of 2021.

During the US occupation of Afghanistan, the central government, whether under Karzai or Ghani, was largely under American control and acted as a US tool in regional geopolitics and geoeconomics. Leaders of the once-independent Northern Alliance entered into deals with the US, becoming so dependent on their financial support that they lost their autonomy. In the summer of 2021, when the Taliban launched a full-scale assault, Northern Alliance leaders were constrained by the central government in Kabul and the US and did not dare to fight. In comparison, the Taliban emerged as the most self-determined and independent actor, despite reservations about the movement's connections with Pakistan and its Inter-Service Intelligence. Dealing with such an independent actor is consistent with Russia's logic of a polycentric and diverse world.

India's quest for Central Asia and Afghanistan from a Russian perspective

The US intervention in Afghanistan served the interests of India, which had been disoriented by the collapse of Najibullah's government in 1992 (Dixit 1992). The intense civil war and the takeover of power by the Taliban movement ran counter to India's security interests. Indian External Affairs Ministry pointed out in one of its reports that Afghanistan had transformed into "a hotbed of extremism, terrorism and narcotics trafficking" under the Taliban rule¹⁵. Furthermore, the Taliban supported Kashmiri separatists and their involvement in the hijacking of the Indian Airlines flight in 1999¹⁶. The Taliban regime also exhibited religious intolerance by destroying

¹⁵ Annual Report 1999-2000. 2000. *Indian Ministry of External Affairs Library*. URL: <https://mealib.nic.in/?pdf2528?000> (accessed 28.12.2022).

¹⁶ Maley W. 2000. The Foreign Policy of Taliban. *Council on Foreign Relations Report*. URL : https://www.cfr.org/sites/default/files/pdf/2005/08/ForeignPolicy_Taliban_Paper.pdf. (accessed 28.12.2022).

monuments and forcing Hindus to wear insignia¹⁷. As a result, India (together with Russia, Iran, Tajikistan and Uzbekistan) supported the Northern Alliance¹⁸, a group of military commanders, mostly non-Pashtun, who subordinated, at least formally, to Rabbani, the last internationally recognized President of Afghanistan. India also considered his authority to be the legitimate government of Afghanistan.

After the fall of the Taliban regime in 2001, India intensified its engagement in Afghanistan, becoming a significant contributor to various projects in the country. As an emerging power, India sought regional economic and political dominance, which included counterbalancing Pakistan's influence (Basu 2007). However, Indian investment in Afghanistan was not solely driven by its quest to counter Pakistani influence and prevent Afghanistan from turning into a terrorist hotbed¹⁹. Presumably, India's interests were more extensive, encompassing broader political stabilization and socio-economic modernization, which the US and US-led international coalition pledged to facilitate in Afghanistan. India was eager to contribute to this ambitious goal²⁰, and did not have reservations about Western geoeconomic plans for this part of the world. In fact, India welcomed the US's Greater Central Asia vision, and was interested in its full-scale implementation, which would eliminate longstanding barriers for transport connections between India and Afghanistan through Pakistan's territory, also connecting India to Central Asia via Afghanistan.

In the 2000s, India also intensified its policy towards Central Asia (Banerjee 2007). Following the formation of the Shanghai Cooperation Organization in 2002, India demonstrated significant interest in the organization, which was perceived at the time as a compact on regional affairs under Russian and Chinese leadership. In 2006, India, alongside Pakistan, joined the SCO as an observer. India viewed its association with the SCO as an effective means to facilitate its penetration into Central Asia and sought full membership in the organization. However, India's interest in Central Asia extended beyond political and economic issues, as it was also focused on security. In 2002, India invested in Tajikistan's Ayni airbase, upgrading the equipment and intending to station Indian air force units there²¹.

¹⁷ Taliban Slams Hindu Denouncements. 2001. *Washington Post*. URL: https://web.archive.org/web/20200604123112/https://www.washingtonpost.com/wp-srv/aponline/20010524/aponline153713_000.htm (accessed 28.12.2022); India's move on demolition of Buddha statues in Afghanistan. 2001. *Indian Ministry of External Affairs Media Centre*. URL: <https://mea.gov.in/rajya-sabha.htm?dtl/9781/Q+4466++Indias+move+on+demolition+of+Buddha+statues+in+Afghanistan>. (accessed 02.12.2022).

¹⁸ Paliwal A. 2012. New Alignments, Old Battlefield: Revisiting India's Role In Afghanistan. *Carnegie India*. URL: https://carnegieendowment.org/files/6152017_Paliwal_IndiasRoleinAfghanistan_Web.pdf. (accessed 28.12.2022).

¹⁹ Constantino Z. 2020. The India-Pakistan Rivalry in Afghanistan. *United States Institute of Peace*. URL: https://www.usip.org/sites/default/files/2020-01/sr_462-the_india_pakistan_rivalry_in_afghanistan.pdf. (accessed 28.12.2022).

²⁰ Price G. 2013. India's Policy towards Afghanistan. *Chatham House*. URL: https://www.chathamhouse.org/sites/default/files/public/Research/Asia/0813pp_indiaafghanistan.pdf. (accessed 28.12.2022).

²¹ Ramachandran S. 2010. India air base grounded in Tajikistan. *Asia Times*. URL http://web.archive.org/web/20130212100151/http://www.atimes.com/atimes/South_Asia/LL01Df02.html (accessed 28.12.2022).

From the Russian perspective, India had the potential to play a constructive role in the stabilization of Afghanistan. Moreover, at the official level Russia did not oppose India's penetration into Central Asia, although its military aspects clearly ran counter to Russia's general policy of opposing any foreign military presence in the post-Soviet space. However, at a non-official level, India sensed some opposition. In reality, India did not receive a green light to proceed with its projects. Initially, Moscow appeared to be more open to an Indian military presence in the region than to a Western one. In 2005, Russian Defense Minister Sergey Ivanov raised the possibility of Russia and India jointly operating the Ayni base²³ implying that Moscow believed it would be able to control a limited Indian military presence. In subsequent years, however, Moscow made it impossible for India to establish a military presence in Tajikistan²⁴. Additionally, India failed to obtain full membership status at the SCO as quickly as it anticipated. India may have believed that the close relations between Russia and China worked against its interests, which was not entirely unfounded. In fact, Moscow also worried that the active Indian penetration into Central Asia could bring the India-Pakistan rivalry to the region, thereby complicating the regional security and political landscape for both Russia and China. Ultimately, India's full alignment with the Western geoeconomic vision for Central Asia and Afghanistan, which aimed to redirect Central Asia from Russia to the south, was probably the most fundamental issue. India was willing to actively participate in this broad geoeconomic agenda, even if it was at the expense of Russian interests.

Conclusion

On the conceptual level, Russia is known as a champion of multipolarity in the world affairs, opposing the post-Cold War unipolar moment, the American Exceptionalism and hegemony. In many ways, Russia has been consistent in translating these holistic ideas into practice. An example of this is Russia's traditional appreciation of India as a global power whose voice on core issues of world affairs should be amplified. However, regional grievances can sometimes divert attention and resources that could otherwise be directed toward more global issues. From a Russian perspective, India's ongoing tensions with China and Pakistan are hindering its ascent as a global power. Therefore, Russia has always been interested in easing regional problems that impede countries like India from realizing their full potential in world politics.

²³ Aviabaza Ajni (Gissar) [Ayni airbase (Gissar)]. 2011. *Kommersant*. URL: <http://www.kommersant.ru/doc/1765768>. (accessed 02.12.2022).

²⁴ In 2008 Russian signed a package of agreements on military cooperation with Tajikistan, which provided for Russia's return to the Ayni base without the Indians, although the Russian deployment never occurred as the two sides could not agree on the rent price.

In short, Russia recognized the importance of India as a key player in a multipolar world, but in regional Eurasian affairs, India participated in geoeconomic projects that were perceived by Russia as intended to undermine Russian interests. This complexity was evident in the issue of SCO enlargement. Arguably, Russia promoted the enlargement of the SCO and welcomed India's accession because it aimed to increase the SCO's role in global politics. Since the late 2000s, Russian officials have consistently defined the SCO as a pillar of a new international architecture, and Russian experts have noted that the SCO is one of the rapidly emerging centers of a multipolar world²⁵. In turn, India sought to join the SCO as a regional organization that was believed to represent a Russia-China pact, which aimed to act as a gatekeeper to the great powers' participation in Central Asian affairs. India anticipated that SCO membership would facilitate its own penetration into Central Asia. However, China, which also viewed the SCO as a regional organization and aimed to keep it that way, opposed India's membership request (Denisov, Safranchuk 2019).

The mismatch between global and regional dynamics, where Russia and India aligned on global issues but de-facto diverged on the Eurasian regional agenda, persisted throughout the 2000s and 2010s. However, this divergence is not inevitable. As this article's previous sections suggest, it was largely a result of the disproportionately high role that the US played in Eurasian affairs over the last two decades, through its military intervention in Afghanistan and related efforts to promote American geopolitical and geoeconomic projects for Afghanistan, Central, and South Asia. Russia and India had dissimilar attitudes towards the US's geoeconomic endeavors, and this gap expanded over time as Russia and India developed different trajectories in their bilateral relationship with the US. Thus, to some extent, the US factor had an impact on Russia-India relations in Eurasia, albeit indirectly as described. In fact, this was an impact neither Russia or India welcomed. With the US's withdrawal from Afghanistan, this factor has been eliminated, or at the very least, its importance has diminished greatly.

In the fall of 2021, a prevailing view emerged that international pressure should be exerted on the Taliban authorities in Afghanistan so that they accept certain restrictions on their rule, supposedly, in exchange for recognition of the Taliban government. The Taliban has established a political order in Afghanistan that essentially resembles their first rule from 1996 to 2001, albeit without the overt brutality that previously caused international outcry. The movement claims this is to accommodate concerns of the international community. Moreover, the Taliban views their accession to power as the liberation of Afghanistan from foreign occupation and alien customs imposed

²⁵ Luzianin S.G. 2015. *Shankhaikaia organizatsiia sotrudnichestva: model' 2014–2015* [Shanghai Cooperation Organization: model 2014–2015]. *Russian International Affairs Council*. URL: <https://russiancouncil.ru/common/upload/RIAC-WP-SCO.pdf>. (accessed 28.12.2022).

from outside. Profoundly convinced of their political and ideological righteousness, the Taliban authorities were not ready to give in to outside pressure or even recognize its legitimacy. When pressure failed to yield results, the international community effectively divided into those who wished for the Taliban to fail and those who hoped for their success in governing the country. In this division, Russia and India are likely to be on the same side, along with most other regional actors in the area.

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Российско-индийское региональное сотрудничество по вопросам пост-американского Афганистана

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Россия всегда выступала за многополярную структуру международных отношений, выдвигая концепцию многополярности в качестве одной из основ своей внешней политики. По мере ухудшения отношений с Западом Россия предприняла несколько попыток создания евразийского проекта, в том числе, привлекая к нему незападных партнёров.

Индию Россия видела как один из центральных элементов стратегического перераспределения сил в мировой политике. Однако росту Индии как глобальной державы мешали её вовлечённость в региональные споры и нестабильные отношения с некоторыми соседями. Между Россией и Индией также существовали региональные разногласия по евразийским вопросам. Одним из расхождений был вопрос о роли ШОС: Россия с определенного момента рассматривала эту организацию в контексте всей мировой политики, а Индия в основном считала её региональным механизмом для обеспечения своих интересов в Центральной Азии. Значительную негативную роль в российско-индийских отношениях играл и американский фактор: стремление США к геэкономическому и геополитическому влиянию в Евразии за счет военного присутствия в Афганистане. Уход США из Афганистана может способствовать сближению позиций России и Индии по региональным вопросам, а именно, в Центральной Азии и в Афганистане. Обе страны заинтересованы в стабильном и безопасном Афганистане, который не представляет угрозы своим соседям. Россия и Индия могут принять правление Талибана, хоть и с определенными условиями, если оно поможет стабилизации обстановки в Афганистане. Авторы приходят к заключению, что, на фоне снижения значимости внешнего – американского – фактора в связи с уходом США из Афганистана, Россия и Индия смогут согласовать свои интересы в Центральной Азии и в Афганистане.

Ключевые слова: Россия, Индия, российско-индийские отношения, Евразия, Афганистан

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India and Russia in Central Asia: Growing Convergence of Interests?

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Abstract: Over the decades, the partnership between India and Russia has grown stronger, enabling them to undertake combined efforts for development and engagement in neighbouring regions and beyond. Central Asia, which is a common neighbourhood of both India and Russia, has historically and culturally had close relations with the two countries. Given India's status as a major rising economy and Russia's powerful presence with deep ties to the region, the two countries can work together to deepen engagement with Central Asia. The region has high economic, political, connectivity and cultural potential, and its significance has increased amidst the current international political and economic turmoil. This paper aims to identify the areas of convergence between India and Russia for practical cooperation both at the bilateral and regional levels to further strengthen their ties and contribute to the development of their common neighbourhood. Bilateral cooperation between India and Russia in Central Asia has great potential and is of significant interest. Trilateral cooperation of India and Russia with Central Asian republics has not been extensively researched and could emerge as a new area of interest. The paper explores this phenomenon in the context of economic and educational cooperation among the three sides, which can provide another anchor for regional stability, not only in Central Asia but also in the wider region.

Keywords: India-Russia relations, Central Asia, inter-regional cooperation, development.

For centuries, Central Asia has served as a common geographical region between the Indian subcontinent and the Russian landmass, facilitating the bi-directional transfer of ideas, knowledge, beliefs, goods, and people (Singh 2006). During the 19th century, India under British colonial rule and Tsarist Russia, as the two expanding empires, implemented policies aimed at monitoring and countering each other in the frontier regions of Afghanistan and Central Asia (Cooley 2012). The direct land

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linkages between South Asia and Central Asia were subsequently disrupted due to the partition of the subcontinent in the mid-20th century and the impact of Cold War politics on South Asia and Eurasia. However, India maintained its interactions with the Central Asian people through Moscow. As a significant privilege granted by the USSR to India, in the 1980s it established a consulate in Tashkent, which likely played a crucial role in developing India's relations with the five independent countries that constitute modern-day Central Asia: Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. India was one of the first countries to establish diplomatic relations with all Central Asian countries soon after their independence (Dash 2012).

The independence of the five Central Asian states in the early 1990s allowed the region to reclaim its destiny and place it in the hands of its people. After a period of initial difficulties and consolidation, these republics stabilized themselves. In pursuit of economic development and international relations, they have adopted a multi-vector foreign policy approach, providing a flexible framework to establish beneficial relationships with international organizations, countries in Eurasia, South Asia, and other parts of the world (Patnaik, Tulsiram 2012).

For instance, Turkmenistan adopted a policy of "permanent neutrality" in its approach to international engagement. Unlike its Central Asian neighbors, the country initially did not join any regional political or military blocs, instead enhancing its economic interactions with regional and international actors (Hiro 2009: 210-215). However, following the elections in March 2022, the newly-elected President of Turkmenistan, Serdar Berdimuhamedov, elevated the country's strategic partnership with China to a "comprehensive strategic partnership" during his visit to Beijing in January 2023¹. Additionally, Ashgabat has reportedly expressed its commitment to upgrading its association with the Organization of Turkic States². It appears that Turkmenistan, within the framework of its policy of "permanent neutrality", is expanding its international engagements.

Central Asia is a vast area with a relatively small population. Despite the persistent security challenge from the situation in Afghanistan, which shares borders with three Central Asian countries, the region has largely remained stable over the past three decades. Russia maintains significant influence in Central Asia through various means and is considered an important actor in providing security in the region (Deshpande 2015). With its strong military presence in Central Asia through bilateral agreements, including its forces in Kyrgyzstan and Tajikistan, Russia provides the necessary stability not only in Central Asia but also in the wider Eurasia.

¹ Chinese, Turkmen presidents hold talks, elevating ties to comprehensive strategic partnership. 2023. *Xinhua*. 6 January. Available at: https://english.www.gov.cn/news/topnews/202301/06/content_WS63b7e8bbc6d0a757729e52fc.html (accessed 20.04.2023).

² Khatamzadeh K. 2023. Turkmenistan expresses its commitment to becoming full member of Organization of Turkic States. *Trend news agency*. 17 March. Available at: <https://en.trend.az/casia/turkmenistan/3724692.html> (accessed 20.04.2023)

Russia's position as a large economy in the region makes it an attractive destination for millions of economic migrants from Central Asia, who seek employment opportunities. Additionally, a significant number of people from the region pursue higher education and professional training in various Russian cities. For these reasons, proficiency in the Russian language is a major advantage for Central Asian individuals. The high level of trust between Russia and the Central Asian states is considered to be the mainstay of Russia's influence in the region.

However, the recent actions taken by Russia in regards to Crimea and its initiation of a "special military operation" in Ukraine in February 2022 have caused concern in some parts of Central Asia. The conflict has been generally viewed negatively by the people of the region³. At a time when regional economies are attempting to recover from the impacts of the COVID-19 pandemic, the conflict has also affected the income of migrants from the region who work in Russia and send remittances back home. Furthermore, the sanctions imposed by Western nations on Russia have caused disruptions in the export of natural resources, including hydrocarbons, to global markets. In this context, Russia may want to re-examine its strategy in Central Asia and find a dependable partner with a positive reputation among the common people in the region.

An inter-regional partnership among India, Russia, and Central Asian countries has the potential to bring about beneficial outcomes for all stakeholders (Joy 2007). The historical understanding between India and Russia, their shared perspective on international and regional developments, cultural affinity, and strong goodwill among their people provide a robust foundation upon which to build a wider inter-regional cooperation (Warikoo 2018).

India-Russia relations

India-Russia "special and privileged strategic partnership" is characterized by common understanding and convergence of views on issues of mutual importance, boosting cooperation in various areas ranging from defence, security and economy to science and culture. Although the relationship has experienced some ups and downs over time, it has always bounced back with greater vigour and energy to chart a new course. The India-Russia relationship has been institutionalised at the highest political level through the leaders' summit, which has been ongoing for about two decades without major interruptions. In addition, there are various other mechanisms at the political and official level to constantly engage with each other.

³ Sharifli Y., Kao Ch.-L., Derbishova B. Russia's War in Ukraine and Its Impact on Central Asia. *The Diplomat*. 24 October 2022. Available at: <https://thediplomat.com/2022/10/russias-war-in-ukraine-and-its-impact-on-central-asia/> (accessed 20.04.2023).

Recently, there has been an upward trajectory in Russian-Indian economic ties, especially after the start of the conflict in Ukraine. In 2022, the bilateral trade surpassed US\$27 billion, with Russia emerging as India's fifth largest trading partner due to India's increased purchase of Russian crude oil and fertilizers⁴. However, the trade balance remains heavily tilted in favor of Russia. It has been reported that both India and Russia have decided to conduct mutual trade in national currencies rather than in dollars and euros⁵. The two countries have already established a mechanism for mutual settlements in rubles and rupees, which is anticipated to help in reducing India's trade deficit with Russia. India has also engaged in talks with the Eurasian Economic Union (EAEU), comprising Russia, Kazakhstan, Kyrgyzstan, Armenia and Belarus, to conclude a preferential trade agreement with the bloc.

India and Russia also share common views on critical security issues in the region, particularly terrorism and extremism. The cooperation between India and Russia on Afghanistan has largely been productive, with both countries participating in various initiatives to provide security and economic stability in Afghanistan. As the largest South Asian economy, India has invested approximately US\$ 3 billion in Afghanistan over the last two decades, making it one of the largest regional aid partners for the Afghan people. India's involvement is considered essential to resolve the situation and establish long-term stability in Afghanistan, which is economically integrated with both South Asian and Central Asian economies. India has participated in various initiatives for peace and security in Afghanistan, as well as infrastructure development and capacity building programs (Joshi 2011). Meanwhile, Russia has not only participated in ongoing initiatives and programs to bring stability to Afghanistan, but has also developed the Moscow format framework to bring major stakeholders in Afghanistan together to work towards a peaceful settlement.

The shared perspectives on various regional and global matters and the enduring partnership based on cordiality between the two nations' citizens establish the basis to further expand the relationship into previously uncharted areas at the bilateral, regional, and international levels. This is also imperative due to the evolving regional situation.

The changing regional and global dynamics of the 21st century have provided Russia and India with new opportunities to explore mutual and reciprocal engagements. The world is pivoting towards the East and there is an anticipated resurgence of Eurasia. The COVID-19 pandemic has highlighted the vulnerability of health infrastructure worldwide and emphasized the need for a people-centric approach, particu-

⁴ India seeks 'more balanced' trade with Russia: Ambassador. 2022. *Times of India*. 23 December. Available at: http://timesofindia.indiatimes.com/articleshow/96462014.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst (accessed 20.04.2023).

⁵ Russia and India will ditch dollar and euro in trade – Russian Foreign Ministry. 2022. *RT*. 22 December. Available at: <https://www.rt.com/business/568652-russia-india-ditch-dollar-euro/> (accessed 20.04.2023).

larly in public healthcare. The ongoing conflict in Ukraine has had significant regional and global implications. As a result of these changes and disruptions, there is a growing emphasis on resilient connectivity, food and energy security, and public health.

Cooperation among India, Russia and Central Asian countries

To strengthen their role in the international arena, it is crucial for India, Russia, and Central Asian partners to come together and focus on practical cooperation and results-oriented agendas. India has become the fifth-largest economy in the world, while Russia is experiencing a resurgence in political and military influence, and the Central Asian countries are eager to pursue development. Therefore, it is essential to reinvigorate a common understanding and policy synergy among the three parties through enhanced political, economic, cultural, and people-to-people interactions. Initially, important areas of cooperation could include connectivity, public health, economic cooperation, and education, laying a solid foundation for future spillover into other areas.

Cooperation between India and Russia in Central Asia is a topic that requires further examination. Central Asia has the potential to become an area of strong partnership, and both countries appear to be willing to expand their cooperation in the region. Potential areas of collaboration that could yield tangible benefits in the near future include joint infrastructure projects, the exploration of hydrocarbons and natural resources, and joint research in the fields of agriculture and the environment. Russia has significant influence in the region, including close political and security relations with the governments in the region and deep linguistic ties. Russian investment in the region amounts to approximately US\$ 20 billion, and more than 7,500 Russian businesses and joint ventures operate in Central Asia⁶.

After the start of Russia's military operation in Ukraine and the imposition of sanctions by Western countries, thousands of young Russians have migrated to Central Asian countries to avoid military service and to overcome the impact of these sanctions. This trend has been particularly pronounced since Moscow's announcement of partial mobilization in September 2022⁷. The migrants have also brought with them capital, businesses, and expertise, which many experts in Central Asian countries believe can contribute to the region's economic and social development⁸. This migration is expected to further enhance economic relations between Russia and Central Asian countries.

⁶ Lavrov S. 2017. Russia-Central Asia: A Time-Tested Partnership. *Rossiyskaya Gazeta*. October 4. Available at: http://www.mid.ru/en/foreign_policy/news/-/asset_publisher/ckNonkJE02Bw/content/id/2884944 (accessed 20.04.2023).

⁷ Oladipo D. 2022. Factbox: Where have Russians been fleeing to since mobilisation began? *Reuters*. 5 October. Available at: <https://www.reuters.com/world/europe/where-have-russians-been-fleeing-since-mobilisation-began-2022-10-06/> (accessed 20.04.2023).

⁸ Russians Flock to Central Asia. 2022. Institute for War & Peace Reporting. *IWPR Central Asia*. 15 October. Available at: <https://iwpr.net/global-voices/russians-flock-central-asia> (accessed 20.04.2023).

Meanwhile, India is rapidly expanding and diversifying its market, seeking to connect with the global and regional economic systems. India's goodwill in the region, lack of historical legacy, and perception as a partner by Central Asian people make it a desirable collaborator (Warikoo 2016). As a major emerging economy, India has the potential to invest in the region. Nonetheless, businesses from India have been hindered from realizing their potential and establishing a significant presence in Central Asia due to the lack of direct surface connectivity and a relatively small size of the regional market (Khan 2020).

Improving financial connectivity between India and Central Asian countries is also imperative. Indian banks have limited presence in the region, which impedes investments and financial transactions with regional businesses. There is potential for them to expand their operations in the region and play a greater role in promoting trade and investment between the two sides. Collaboration with Russia could be significant for all concerned countries in these areas. In fact, there are no major divergences or differences between India and Russia towards Central Asia. They share a common objective of achieving peace, stability, and economic development in the region.

Connectivity initiatives

In the context of cooperation between India, Russia, and Central Asian countries, connectivity stands out as a key area for collaboration. In the early 2000s, several initiatives were launched by regional countries in Eurasia aimed at enhancing inter-regional connectivity in all aspects. These regional initiatives, which involve Central Asian countries, India, and Russia, prioritize economic and political cooperation, as well as improving transport connectivity.

The Conference on Interaction and Confidence-Building Measures in Asia (CICA) held its inaugural summit in June 2002, with the goal of promoting peace, security, and stability in Asia through enhanced cooperation. CICA is currently undergoing a transformation into an international organization. The Shanghai Cooperation Organization (SCO), which India became an observer of in 2005 before becoming a member in 2017, was established in June 2001. The organization focuses on combating terrorism, extremism, and separatism, but is increasingly working towards greater cooperation in economic and connectivity fields. The International North-South Transport Corridor (INSTC) was also conceptualized around the same time, with the aim of improving physical connectivity.

The INSTC was launched in September 2000 in St. Petersburg, being one of the earliest multilateral connectivity initiatives of the 21st century. India, Russia, and Iran were the main initiators of this corridor, which was later joined by other members, including Kazakhstan, Kyrgyzstan, and Tajikistan from Central Asia. Other Central Asian countries are expected to join the INSTC in the coming years. The INSTC, which spans more than 7,000 kilometers and comprises a multi-modal network of ship, rail, and road links, has been promoted as a secure, short, and viable route to connect the

Arctic region with the Indian Ocean through the Eurasian land and waters. This route also links India to Afghanistan and Central Asia, thus addressing the issue of lack of direct land transport linkages that have hindered India's trade with these regions.

The INSTC route faced challenges in gaining traction among the business community, traders, and freight forwarders due to various reasons. These included the absence of a small rail section on its rail link, limited awareness among leading business agencies, irregular shipping services between India and Iran, lack of insurance coverage for the Bill of Lading⁹, comparatively longer container return time, and insufficient incentives to start and support the movement of goods on this route. However, the situation has since changed, and the INSTC link has become functional.

In recent years, there has been a renewed emphasis on the INSTC among regional countries, and the project has gained momentum. The tariffs for cargo transportation between India and Russia through the India-Iran-Azerbaijan-Russia line of the INSTC network were finalized by Russian and Azerbaijani railways¹⁰. The blockage of the Suez Canal in 2021 further highlighted the significance of an alternative route in the form of the INSTC for international trade. In June 2022, the INSTC began its operation with the first shipment from Russia to India¹¹. Utilizing the multimodal transport corridor, containers from St. Petersburg reached Mumbai in July 2022. The cargo travelled by rail from St. Petersburg to the Russian seaport of Astrakhan on the Caspian Sea, then by ship to the Iranian Caspian Sea port of Anzali, and from there by rail to the Bandar Abbas port in Iran, and finally by ship to Mumbai¹².

In terms of inter-regional connectivity, the Chabahar port in Iran is emerging as another crucial link. India has made investments in the development of the port, which is situated outside the congested Strait of Hormuz and the Persian Gulf. India is seeking to integrate the Chabahar port with the INSTC initiative. The Port has rapidly gained attention from international shippers since its inception. The operations of the Chabahar Port were taken over by the India Ports Global Limited (IPGL) in December 2018. By December 2021, it had handled 160 vessels, 14,420 TEUs (Twenty-foot Equivalent Units), and 3.2 million tonnes of bulk and general cargo¹³. The Shaheed

⁹ Dry Run Study of INSTC Trade Route. 2015. *Press Information Bureau, Government of India*. 20 March. Available at: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=117455> (accessed 20.04.2023).

¹⁰ First train from India to Russia via Azerbaijan to be Sent until End of March. 2016. *News.az*. 16 February. Available at: <http://news.az/articles/economy/105179> (accessed 20.04.2023).

¹¹ INSTC Begins Operations. 2022. *Maritime Gateway*. 13 June. Available at: <https://www.maritimegateway.com/instc-begins-operations/#:~:text=June%2013%2C%202022%201%3A21%20am%20The%20International%20North-South,Iranian-Russian%20port%20Solyanka%20in%20the%20Astrakhan%20region%20said> (accessed 20.04.2023).

¹² First Russia rail shipment to India reaches Mumbai with more to come. 2022. *RailFreight.com*. 18 July. Available at: <https://www.railfreight.com/corridors/2022/07/18/first-russia-rail-shipment-to-india-reaches-mumbai-with-more-to-come/?gdpr=accept> (accessed 20.04.2023).

¹³ Zafar A. 2022. Growing Significance of Iran's Chabahar Port for Landlocked SCO Nations. *Indian Council of World Affairs*. 12 August. Available at: https://icwa.in/show_content.php?lang=1&level=3&ls_id=7753&lid=5162 (accessed 20.04.2023).

Beheshti terminal at the Chabahar Port handles shipments and trans-shipments from countries such as Russia, Brazil, Thailand, Germany, Ukraine, Oman, Romania, Bangladesh, Australia, Kuwait, Uzbekistan, and the UAE¹⁴.

To enhance the efficiency of the INSTC and promote trade along this route, India and Russia can consider establishing a dedicated agency in consultation with other INSTC partner countries, particularly the landlocked Central Asian states. This agency could comprise existing INSTC members, private enterprises, freight forwarders, and transporters. The establishment of such an agency could help improve connectivity and streamline the movement of goods across regions connected by the INSTC.

India–Russia–Central Asia cooperation in education and medicine

In order to further improve ties and promote collaboration, a potential area of focus could be in the field of education, particularly in medical education. All three sides could explore partnership opportunities in this area. India is currently facing a shortage of trained doctors, with a doctor-to-population ratio of approximately 0.7 per 1,000 persons, which falls below the ideal ratio recommended by the WHO of 1:1,000. This shortage is expected to widen in the coming years, with an estimated need for three million doctors in the next two decades. Meeting this demand would require significant investments, estimated at up to US \$245 billion, to bring India's healthcare system up to the desired level¹⁵.

At the same time, the economic growth in India has triggered the expansion of the middle class, leading to an increasing desire among young people to pursue higher education. The medical and engineering fields are highly regarded professions in Indian society, and most Indian students aspire to study in these fields. However, due to limited availability of seats in educational institutions in the country, particularly for medical courses, many students are unable to pursue their desired careers. Consequently, some students enroll in institutions abroad, including those in Russia and Central Asian countries, to pursue their studies there.

India and Russia have the potential to collaborate effectively with partner countries in Central Asia in this field. A feasible approach would be to establish a mechanism that would enable Indian educational institutions to leverage the infrastructure of Russian and Central Asian educational institutions to provide medical and other courses to Indian students. This mechanism could be standardized and expanded by ensuring mutual recognition of degrees among participating countries. Such an ar-

¹⁴ Question No. 189 Status of Chabahar Project. 2021. *Ministry of External Affairs, Government of India*. 10 December. Available at: <https://mea.gov.in/lok-sabha.htm?dtl/34624/QUESTION+NO+189+STATUS+OF+CHABAHAR+PROJECT> (accessed 20.04.2023).

¹⁵ India needs 3.5 million hospital beds, 3 million doctors by 2034: report. 2016. *Deccan Chronicle*. 10 January. Available at: <http://www.deccanchronicle.com/150127/nation-current-affairs/article/india-needs-35-million-hospital-beds-3-million-doctors-2034> (accessed 20.04.2023).

rangement would benefit Indian students significantly and generate revenue for participating institutions. It would also bring substantial revenue to the host country and foster people-to-people contacts. Alternatively, Russia and other nations could invest in India's healthcare system. Given India's need for massive investment in healthcare, including the requirement for 3.5 million beds by 2034¹⁶, this investment would be highly beneficial.

India-Russia cooperation in energy in Central Asia

Russia and several Central Asian countries have a surplus of energy, whereas India relies on substantial imports to meet its energy demands. As India's economy continues to grow, it requires an affordable and uninterrupted energy supply, which the Eurasian region can provide and sustain in the long term. Such cooperation can establish long-term energy security for buyers and ensure financial stability for sellers, facilitating better future planning for both parties. Additionally, Central Asia, particularly Kazakhstan, is a significant global source of uranium. In 2019, Kazakhstan produced approximately 43% of the world's uranium¹⁷. India has a substantial purchase agreement with Kazakhstan for uranium, while Russia is an important partner in the development of nuclear power plants in India.

Civil nuclear energy development cooperation represents a promising area of trilateral collaboration among India, Russia, and Central Asian partners. India and Russia have already established a framework for such cooperation with a third country. The Rooppur project in Bangladesh is the first undertaking of an Indo-Russian agreement to develop atomic energy projects in third countries¹⁸. The availability of resources in Central Asian countries, together with Indian investment and energy demand, and Russian technology, provides a significant scope for cooperation in the nuclear energy field. This offers the three parties an opportunity to play an influential role in the international nuclear energy and technology sector.

The potential for hydropower resources in Central Asian countries, particularly in Tajikistan and Kyrgyzstan, presents a substantial opportunity as well. Kyrgyzstan alone is estimated to have a hydropower potential of 140-170 TWh, of which reportedly only 10% has been exploited¹⁹. Similarly, Tajikistan's hydropower resources are estimated to

¹⁶ Ibid.

¹⁷ Uranium and Nuclear Power in Kazakhstan. *World Nuclear Association*. Available at: <https://www.world-nuclear.org/information-library/country-profiles/countries-g-n/kazakhstan.aspx> (accessed 20.04.2023).

¹⁸ India, Russia, Bangladesh sign pact for Rooppur atomic plant. 2018. *Mint*. 1 March. Available at: <https://www.livemint.com/Industry/QD5ex7YkwRkooAmYgWPVHK/India-Russia-Bangladesh-sign-pact-for-Rooppur-atomic-plant.html> (accessed 20.04.2023).

¹⁹ Kyrgyzstan. *International Hydropower Association*. March 2020. Available at: <https://www.hydropower.org/country-profiles/kyrgyzstan> (accessed 20.04.2023).

be 317 billion kWh per year, of which only 4-5% has been utilized²⁰. Both India and Russia possess expertise in hydropower generation, and their collaboration in Central Asia could help in not only harnessing the natural resources of the region but also meeting the electricity demand in South Asia.

India has demonstrated its capability in developing low-cost, high-quality technology across various sectors such as ICT, pharmaceuticals, agriculture, automobiles, and space. Central Asian countries could benefit from India's expertise, particularly in small and medium enterprises, chemicals, agriculture, dairy, and food processing sectors. Russia, meanwhile, could be a valuable partner in this regard for both India and Central Asia.

Conclusion

The bilateral ties between India and Russia have withstood the test of time and continue to grow stronger. The partnership is now entering the next phase of growth with the involvement of like-minded countries in different regions. In the coming years, India-Russia collaboration in the Eurasian region is expected to play a pivotal role and provide new impetus to regional connectivity initiatives. Their coordinated approach in devising the future political, economic, and security agenda of the region will be crucial. Central Asia presents a significant opportunity for India and Russia to expand their energy, security, and transportation linkages. Indian financial institutions should also explore potential collaboration opportunities with Russia's presence in the financial sector in the region.

Regional organizations should increase their engagement and synergize their efforts for better results. The viability of the EAEU and the INSTC would be enhanced if they complement each other. Central Asian countries aim to have seamless access to international transportation and shipping networks. Without efficient transportation, economic activities cannot develop at a rapid pace, and without economic engagement, transport will become unsustainable. India's current Chairmanship of the Shanghai Cooperation Organization (SCO) (2022-23) is likely to bring a greater focus on connectivity and smooth transit among member countries of the organization, including Russia.

To further explore the potential for trilateral cooperation among India, Russia, and Central Asian countries, a number of sector-specific studies could be undertaken to assess prospect and challenges in areas such as inter-regional connectivity, food security, energy, and the economy.

²⁰ The energy sector of the Republic of Tajikistan. *Ministry of foreign affairs of the Republic of Tajikistan*. 6 July 2019. Available at: <https://mfa.tj/en/main/view/185/the-energy-sector-of-the-republic-of-tajikistan> (accessed 20.04.2023).

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Индия и Россия в Центральной Азии: сближение позиций?

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Индийский совет по международным делам, Индия

Партнёрство между Индией и Россией укреплялось на протяжении десятилетий, что, в частности, позволило двум странам совместно содействовать развитию соседних регионов. Центральная Азия, будучи пространством общего соседства Индии и России, исторически и культурно близка к ним обоим. Индийский экономический потенциал и российское влияние, основывающееся на глубоких связях с регионом, могут быть объединены в целях развития взаимодействия со странами Центральной Азии. Они обладают высоким экономическим, политическим, транзитным и культурным потенциалом, значение которого только возросло на фоне текущей глобальной политической и экономической нестабильности. В статье предпринимается попытка определить сферы сближения интересов Индии и России, в которых на практике было бы возможно сотрудничество на региональном уровне, содействующее как укреплению двусторонних связей, так и развитию центральноазиатского региона. В качестве таких сфер выделяются транзитные и логистические проекты, образовательное сотрудничество, а также атомная и гидроэнергетика. Продуктивное трёхстороннее взаимодействие Индии, России и стран Центральной Азии может внести существенный вклад в укреплении стабильности на всем евразийском пространстве.

Ключевые слова: индийско-российские отношения, Центральная Азия, региональное сотрудничество, развитие.

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