



Centre for Air Power Studies (CAPS)

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The 15th Indo-Russia Annual Summit: Uninfluenced by Nay-Sayers

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The denouement of the 15th annual summit between India and Russia once again reflected the credence and synergy between the two time-tested strategic partners. The conclave laid out the signing of nearly twenty agreements within 24 hrs between the two countries covering various sectors such as defence, nuclear cooperation, energy, trade and industry, infrastructure and R&D amounting to a whopping \$100 billion. The summit can be termed as the first institutional bilateral interaction between both Prime Minister Modi and President Putin although the two leaders have met earlier at international gatherings. Moreover, the apprehension of many political pundits on the significance of the strategic partnership between the two countries was belied as this summit set the stage for continuation of long-term vision of key strategic and all-weather partnership.

The nuclear energy sector is an important plank in Indo-Russia relations which is further enhanced with Russia agreeing to build 12 new nuclear plants in India at a cost of \$3 billion apiece. However, unlike the previous nuclear units which costed India nearly \$1 billion, the new set of 12 units will cost triple the amount in view of India's new stringent nuclear liability laws. Despite the nuclear liability laws, Russia's step to invest in India's nuclear energy sector has given them the monopoly to India's nuclear market by default.¹

Defence cooperation continues to be of paramount importance for both the countries. According to the latest agreement, as part of the joint-ventures, Russia will extend its technology and equipment to manufacture in India 400 Kamov 226T light utility

helicopters with Indian partners including Hindustan Aeronautics Ltd. It is one of the most advanced technology helicopters that will benefit Indian defence and civilian needs.² This project worth of \$3 billion helicopter deal has further bolstered PM Modi's vision of 'Make-in-India' project as the partnership will move beyond buyer-seller relations and further strengthen the joint-production and joint research in defence sector.

India and Russia have also agreed in principle to a long-term crude oil exports from Russia to India. It was a booster dose for Russia by signing a raft of pacts worth \$ 10 billion (Rs 60,000 crores) that would allow India's Essar group to import one million tonnes of crude oil and petroleum products from Russia's major oil giant Rosneft for over a decade. Apart from that, an agreement has been signed between Tata Power and Russia's Direct Investment Fund for exploring investment opportunities in Russia's energy sector.³ Adding to this development is the \$2 billion potash mining project which would help Russia to increase the total production of potash to meet both domestic consumption and export demands including that of India. In addition, another deal worth \$2.1 billion was signed in which nearly 12 Indian diamond companies can import diamonds directly from the Russian diamond mining giant, Alrosa, which controls about 27 per cent of the global diamond trade.

What is noteworthy is that for the first time more agreements have been signed to boost cooperation between the private sectors or between state-run companies and private players.⁴ However, bilateral trade between the two countries continues to be weak but in order to boost the flagging trade and economic relations, agreements have been reached for the supply of rough diamonds in the next three years by Russia to India; fertiliser, pharmaceuticals have been identified as promising areas for increased cooperation. Both sides have set a target of \$ 30 billion worth trade turnover and \$30 billion investment in each other's country by the year 2025. It has been decided to accelerate the functioning of the North-South International Transport Corridor and sign a Free Trade Area and Comprehensive Economic Cooperation agreement with the Eurasian Economic Union for strengthening trade and economic cooperation. In addition, FICCI and its counterpart, Delovoi Russia, have signed a deal for providing impetus to the sagging bilateral trade and economic relations.⁵

In addition, Sergey Aksyonov, the Head of the Republic of Crimea, and Gul Kripalani, the Chairman of the Indian-Crimean Partnership, also signed a Memorandum of Understanding (MoU) and had reached an agreement to jointly build a pharmaceutical plant in Crimea during a recent visit of Crimean delegation visit to India.⁶ The presence of Crimean leader Sergey Aksyonov in Delhi and his interactions with Indian businessmen are viewed by some as yet another display of India's solidarity with Russia that had steadfastly stood by New Delhi during the Bangladesh liberation war in 1971.⁷ One should also bear in mind that India had extended its virtual support to Russia's accession of Crimea.

However, before the summit could begin, the international community- especially US and Ukraine- displayed its aversion over India intending to continue normal relations with Russia despite the irrational international isolation of Russia by the global community. US Deputy Secretary of State Marie Harf, in her briefing on the eve of President Putin's visit to India, had issued the warning that "this is not the time to do business as usual with Russia, and we have conveyed this to our partners across the world."⁸ But what one fails to understand is that despite a new government in power in Delhi and increasing pressure on Russia through international sanctions, the unprecedented success of the annual meeting between India and Russia has reflected that India will not succumb to any international pressures and pursue an autonomous foreign policy that benefits the core national interest of India.

The strategic partnership between India and Russia has stood the test of times. The agreements worth \$100 billion signed between the two countries will reinforce Russia's falling value of ruble- that has declined by about 40 per cent since the international sanctions- and also bankroll the defence industrial complex of Russia. There are many areas of converging interests that will further act as determinants for bolstering the relations between the two nations. Russia has strongly endorsed India's permanent membership in the UN Security Council and also in SCO. Both countries, along with other BRICS nations, have also strongly committed for the establishment of multilateralism in global affairs. In view of growing Islamist fundamentalism, Russia and India have conducted joint-exercises as part of INDRA program to combat terrorism. India, on the other hand, has stood virtually by Russia's side since the Ukraine crisis. Moreover, with a little over a fortnight left for Obama's trip to India this month, the message has been crystal clear to Obama administration that the strategic and privileged partnership- despite few

irritants such as the slow progress in the Fifth-Generation Fighter Aircraft (FGFA) project and jacking up of costs of INS Vikramaditya on final delivery will continue to make bilateral institutional dialogue architecture more result-oriented and forward-looking.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

End Notes

¹ Rajeev Sharma, "\$100 Bn in just 24 hours: Putin's India visit exerts immense pressure on Obama", 12 December 2014 <http://www.firstpost.com/world/100-bn-in-just-24-hours-putins-india-visit-exerts-immense-pressure-on-obama-1845487.html>

² R.G. Gidadhubli, "Fifteenth India-Russia Economic Summit: Advantage Russia", Mainstream Weekly, vol 53, no 1, 27 December 2014 <http://www.mainstreamweekly.net/article5411.html>

³ Ibid.

⁴ Arun Kumar Mohanty, "Putin's Visit and India- Russia Summit", Mainstream Weekly, vol 52, no.1, 13 December 2014 <http://www.mainstreamweekly.net/article5397.html>

⁵ Ibid.

⁶ "India plans to construct a pharmaceutical plant in Crimea", 24 December 2014. <http://in.rbth.com/economics/2014/12/24/india-to-construct-a-pharmaceutical-plant-in-crimea-40531.html>

⁷ Mohanty, "Putin's Visit and India- Russia Summit", 13 December 2014 <http://www.mainstreamweekly.net/article5397.html>

⁸ Ibid
