

An Indo Russian strategic partnership for the 21st century

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THE 21ST CENTURY SCENARIO

In order to assess the course of the Indo-Russian strategic partnership in the 21st century, a brief survey of the overall international environment has been attempted below, as a purely binary framework would severely constrict useful analysis. Extrapolating linearly from the past would also be simplistic as both India and Russia have changed enormously from the days of the Indo-Soviet partnership, when the Soviet Union had stepped in to back India during the 1971 crisis in Bangladesh. And yet, while the bewildering pace of global transformation makes hazarding long-term projections a very risky enterprise - geography and balance of power plays continue as the few remaining constants in international relations. Their continued salience should therefore mitigate anxieties over hypothesizing about future scenarios in bilateral relations.

Russia's decline

The last decade of the 20th century had brought about an enormous change in Russia's position. With the collapse of the Soviet Union, Russia's transition from a centrally planned, heavy industry oriented economy to a market economy was accompanied by severe crises and falling GDP. The West, which had failed to appreciate the role that the yearning for freedom had played in the demise of the Soviet system, attributed it instead to the success of their "containment" policies. They thus persisted with these policies, while western advisors proffered grossly inadequate counsel on economic transition policy, which contributed to the Russian economy's collapse. From being a geopolitical pole, Russia was relegated to a midlevel power. The crises, hardships and foreign policy setbacks that Russia suffered, neutralised goodwill towards the West - which was now seen as a source of its problems.

A Russian-Chinese partnership?

It was no wonder that Russia turned increasingly towards China to record its opposition to unilateralism, NATO expansion, and the stationing of ballistic missile defenses on its doorstep. Russia massively increased exports of military equipment to China, supplying US\$22 billion worth of armaments to China between 2000-2010. China extended a US\$25 billion loan to build a spur from the EPSO II pipeline originally destined exclusively for the Pacific Coast - which would deliver 15 million tons of Siberian oil annually for 20 years to China. A friendly Russia was essential to China during the first decade of the new century as it extended control over Central Asian energy resources, transportation networks (including parts of Pakistan-occupied Kashmir), and pipelines, thus reducing its dependence on sea-

routed energy supplies and petro-dollars, part of its strategy to edge the dollar out as the dominant international reserve currency and establish its primacy in the Eastern hemisphere. A genuine Russia-Chinese partnership, belying years of mutual wariness, appeared to be in the making.

China and Halford Mackinder's Predictions

China aimed ultimately to be within striking distance of the Gulf through a combination of overland and maritime routes (from ports in Pakistan and Myanmar) – its insurance against “choke” points in the Malacca Straits and other sea passages. Halford Mackinder's theory of the Geographical Pivot of History and the Heartland, which suggested that those who controlled portions of Eurasia would end up controlling the world, and his hypothesis “...a great military power in possession of the heartland, and of Arabia could take easy possession of the crossways of the world at Suez” – seemed more applicable to China than to any other power, as China proceeded to connect Eurasia with high-speed rail networks, pipelines and roads.

But China's ambitions lay beyond Central Asia and Russia. China launched a quiet drive to leapfrog Russia into Europe, which weakened by the economic crisis, welcomed Chinese investment and acquisitions of infrastructure assets, technologies, sovereign debt, and a manufacturing presence in Europe. China launched a diplomatic offensive in late 2010 demanding greater market access, recognition of China as a market economy, lifting of the arms embargo against China and easing of restrictions on high-tech exports. To earn goodwill, China positioned itself as a significant saviour of the Euro with its commitments to buy additional sovereign Euro debt. China's ambitions therefore lay in expanding its influence and power into Europe, beyond even Russia.

The US-Russia Reset and Modernisation Partnerships

The massive accretion of Chinese comprehensive national power in a short interregnum - enjoined on countries like the United States, Russia and India to pay greater attention to their own security and foreign policy strategies. In 2008, President Obama, surveying the economic devastation wrought by unregulated financial excess, as well as the foreign policy disarray bequeathed by the single minded focus on the Global War on Terror – probably arrived at the following conclusion: a Sino-Russian alliance and a united Eurasian Heartland would immeasurably boost China, while a democratic and friendly Russia would be an asset to the US. The “Resets” were thus undertaken to improve ties with and support democratisation in Russia – to bind it closer to the West.

One of the first measures President Obama took was to postpone plans to deploy ballistic missile defenses - which Russia perceived as a threat to its strategic deterrent - in Poland and the Czech Republic. He also suspended the process of NATO expansion, a move which had the quiet support of major Western powers like Germany. President Obama fast-

tracked the new START Treaty which reduced deployed strategic warheads by 1/3 to 1550 on each side. Even in Congress with its sizeable Republican presence, the new START passed by a 76 - 21 vote in the Senate because of unstated assumptions regarding China. At the NATO-Russia Council in November 2010 the two sides declared that they no longer constituted a threat to each other and that their security was intertwined.

But by far the most game-changing development lay in their agreement to consider the prospect of joint missile defenses. While wrangling on this issue continued on both sides, further progress would have meant that the era of enmity and stand-off was really over and that Russia and NATO *faced other, presumably common threats*. Meanwhile the American National Military Strategy of 2011 referred to Russia in terms of partnership in maintaining security in Asia while expressing oblique concerns regarding China.

Russian considerations

Russia in its turn could not but be concerned at the enormous increase in Chinese influence and power, which undermined Russia's traditional domination of Eurasia. Russia also realised that because of economic decline (Russia's GDP fell by 7.9% in 2009) it had entered into an unequal partnership with China. Russia's exports to China showed a heavy preponderance towards raw materials and energy supplies while China was exporting high technology equipment and machinery to Russia in a major reversal of roles from Soviet times and even from the 1990s, when Russia was supplying military equipment to China.

The demographic depletion in the Russian Far East would also impair its ability to withstand an increase in the Chinese presence in this region. Hence Russia's military doctrine clearly mentioned its threshold for use of nuclear weapons even as it refused to enter into the next round of arms reduction talks with the United States, as these would inevitably focus on tactical nuclear weapons (in which Russia enjoyed massive numerical superiority) and lead to Russia ceding strategic advantage in its eastern regions without gaining commensurate security in a joint missile defence system with the West.

In addition, while China and Russia touted their strategic partnership, they had avoided foreclosing other options, particularly in the energy sphere. China tied up alternative supplies from Kazakhstan and Turkmenistan, while Russia built only a spur to China from the main pipeline running to the Pacific Coast, and not a wholly dedicated branch. In addition, Russia's military relationship with China ran into several speed bumps. Russian military exports to China had been falling at a rapid rate, declining from a peak of US\$ 3.2 billion in 2005 to US\$410 million only in 2010 (with no new contracts reportedly having been discussed recently). The primary reason was that China had reverse engineered many weapons systems and therefore reduced its imports from Russia. Realising that its share of the Chinese and Indian markets was declining, Russia tried to diversify its arms exports but found that China, having successfully copied Russian weapons and technologies, was competing with Russia in new markets. Reports of dissatisfaction with this situation were

expressed at the highest levels of the Russian weapons industry. Mikhail Pogosyan, CEO of Sukhoi/Mig Corporations, opposed a major new contract for the supply of Russian RD-93 jet engines for the Sino-Pakistani plane FC-1 / JF-17, amid allegations that China had cloned the SU 27SK, among other items. He was quoted as having said that the FC-1 was a direct competitor of the Russian MIG-29. It should be recalled that Russia had earlier permitted China to re-export Russian RD-93 fighter jet engines as part of the FC-1 planes. Russia was reportedly examining ways to address the issue of IPR theft with China to enable a resumption of military exports and has just amended the law on “Military Technical Cooperation with Foreign States” to better protect Russian IPRs on April 7, 2011.

The imbalance in the relationship with China was thus symptomatic of Russia’s weakening economic and technological base. President Medvedev therefore called repeatedly for technological rejuvenation and emphasised high-tech cooperation with other, primarily western countries. At the July 2010 summit with President Obama, Medvedev emphasised technological cooperation, and visited Silicon Valley to drum up business support for his new technology city - Skolkovo. Internally, Russia embarked on a modernization and renewal programme to set the Russian economy on a fast growth track and eliminate corruption. President Medvedev’s landmark decision in early April 2011 to oust powerful figures from the board of directors of major state-owned companies was a step in this direction.

In foreign policy, apart from the rapprochement with the West, Russia intensified relations with major Asian partners including through the quadrilateral framework involving Afghanistan, Tajikistan, and Pakistan. The only point of conflict was with Japan with which it had a historical dispute over the Kuril Islands.

INDIA’S STAKE IN A CONTINUED STRATEGIC PARTNERSHIP WITH RUSSIA IN EURASIA

China’s increasing sway over Eurasia bore implications not only for the geo-political balance, but also for India’s Eurasian options in case of an uncooperative or even hostile China. Though India and Russia are physically remote from each other - India and Russia enjoyed a genuinely close and strategic partnership which extended to the defence, civil nuclear energy and space cooperation spheres.

In terms of the future, there is mutuality of geopolitical interests in Eurasia: Russia and India can help maintain peace and stability in Central Asia, the Pak-Af region, and Iran and draw China into cooperative frameworks to generate new catalysts for growth. Russia has supported India’s involvement in the Shanghai Cooperation Organization and in a Russia-India-China (RIC) trilateral framework. India should thus seek further synergies and areas of strategic convergence with Russia in Eurasia, where India’s presence is limited, and beyond, which could include the following areas:

1. As Russia is seeking an active role in the Pacific Rim – India should explore how it can strengthen cooperation and connectivity with Russia’s Far East and with the littoral States along the Asian maritime highways. A Russian-Japanese-India trilateral framework should be considered in this regard.
2. Following Russia’s increasing involvement in Afghanistan, India and Russia can collaborate in Afghanistan, Central Asia, Iran and even Pakistan to forge energy, industrial, commercial, cultural and overland transportation linkages in the region all the way to Russia.
3. India can explore revival of the North-South transport corridor.
4. Russia has reportedly sought a role in the TAPI project. This should be welcomed.
5. India, Russia and the United States/ Europe should explore possibilities of cooperation in Central Asia. The rapprochement on security issues following the NATO-Russia Council meeting on November 20, 2010, should be a subject for exploration of synergies.
6. If China wishes to genuinely cooperate, then fruitful initiatives can be pursued within the RIC framework.

BILATERAL RELATIONS

The valuable strategic cooperation with Russia which has contributed to strengthening India’s key capabilities in the defence, nuclear energy and space sectors, should continue to be given priority in India’s national strategy. Russia has an advanced, internationally competitive nuclear industry and has helped in the development of the civilian nuclear industry in India. It announced its decision to supply the Kudankulam nuclear reactors in 1998 despite the chorus of international disapproval against India’s nuclear tests. In 1998, it also signed a ten-year agreement on military and technological cooperation. Russia has supplied nuclear fuel to India and agreed to lease a nuclear submarine to India. Major advances were made during PM’s visit to Russia in December 2009 and Prime Minister Putin’s visit in March 2010, during which an Agreement on the peaceful uses of atomic energy was signed and a Road Map on cooperation agreed to.

Similarly, in defence, Indo-Russian cooperation today encompasses co-production, joint development and scientific research [Brahmos missiles, nuclear submarines, and co-development of Fifth Generation Fighter Aircraft (FGFA), Multi-Role Transport Aircraft (MTA) and T-90 battle tanks]. The term of the Indo-Russian Inter Governmental Commission for Military Technical Cooperation has been extended to 2020.

The Soviet Union also helped build India’s space capabilities. At present India is partnering Russia on Chandrayaan-2, Glonass under which India gets access to its military capabilities, and a host of other space projects including Yuthsat and a manned space flight programme. Russia’s proven lead in space technology has made it a valuable and trusted partner.

In fact, the range and depth of Indo-Russian cooperation in several key programs pertaining to the defence (Arihant, Brahmos, FGFA, T-90 tanks), civil nuclear energy (Kudankulam), and space (GLONASS, Chandrayaan-2) sectors exceeds in dimension and impact any other bilateral programme India has with other countries. The two sides are in consultation to add new high-tech sectors to the portfolio on bilateral cooperation.

NEW DIRECTIONS

India and Russia however need to pay attention to certain deficits in their relationship given a very challenging international environment. Bilateral trade was only around US\$ 7.46 billion in 2009 and two-way investments were also meager. India has started to prioritise development of indigenous defence production capabilities in order to reduce its excessive dependence on imports and has also been diversifying its defence purchases. The two countries therefore have to seek additional areas for close strategic cooperation. **The two sides would therefore do well to explore new paradigms and paths for future cooperation.**

High-tech Partnership through CMI

The two countries should look at **a high-tech partnership for the 21st century** in new, civilian areas. Both India and Russia are faced with the issue of upgrading their economies and making them internationally competitive. Russia has formidable science assets even today, and is very advanced in the nuclear energy, nanotechnology, space and defence sectors. American Vice President Biden pointed out during his recent visit to Russia in March 2011 that Boeing was in Russia because Russia had the “best engineers in the world”. The US is seeking an intellectual partnership with Russia to rejuvenate its own scientific base and India shouldn't be far behind. Indian software firms in Silicon Valley are known to employ Russian scientists in order to come up with out of the box solutions. Moreover, Russia is the only country which has transferred key strategic technologies to India.

The *new* high-tech partnership with Russia should target achieving high growth and mutually beneficial linkages in and between their respective civilian-military sectors, as earlier cooperation has remained isolated in sectoral silos and has not contributed to overall economic growth.

The US, Japanese and Chinese models of civil military integration have been responsible for enormous economic dynamism by melting barriers to technology diffusion between the defence and civilian sectors and ensuring economies of scale. For example, China's civilian sector sprinted ahead of its defence production sector, and then imported and copied cutting-edge technologies, many of which were later used by its military sector.

These have lessons for India and Russia, which should:

1. Adopt the civil military integration paradigm not only domestically, but also in their bilateral economic interaction, by expanding their cooperation to civilian high-tech manufacturing and diffusing breakthroughs made in their nuclear, space, defence and other sectoral silos to the more dynamic civilian sectors.
2. Establish joint ventures marrying Russian R & D with Indian industrial enterprises.
3. Restructure, commercialise and sell the end products of bilateral cooperation in the military technology sector. This may compensate a Russia, already suffering from diminishing exports to the Chinese market, for its decreasing share of the Indian market.
4. Invest in the new technology hub Skolkovo launched by President Medvedev.

Needless, to say, all this will require strong direction at official levels. One possibility of funding such initiatives is through reforms in the Indian defence offsets regime aimed at spurring a manufacturing revolution. The percentage of offsets should be increased to 100 or even 200% and FDI limits should be increased so that foreign companies can bring proprietary technologies to India and set up manufacturing clusters in high-tech sectors. Some of the ventures thus funded could seed Indo-Russian technology start-ups and R & D enterprises.

This will have a virtuous effect on the Indian economy, which is far too dependent on imports of high-tech equipment in practically every sector, be it telecommunications, aircraft, or defence equipment. This is the right time for India to enter into an overall technological partnership with Russia which goes beyond the defence sector to include the civilian sector. A U.S.-Russia-India partnership in the context of Russia's modernization programmes as well as an India-Russia-EU partnership should also be explored. New and imaginative approaches such as public-private partnerships are urgently required.

Education Partnership

An education partnership should be forged between the two countries. The absence of stakeholders at civil society/entrepreneurial levels has failed to impart a more broad-based character to the partnership, despite the existence of mutual goodwill. India needs to take proactive measures to strengthen and catalyse people to people's contacts, through encouraging Russian language studies in India and English language studies in Russia, and by offering MBA scholarships to hundreds of young Russian students to study in India in return for training Indian science graduates in Russia's excellent science institutes, *and* guaranteeing that meritorious returning students will get employment.

India could also consider setting up an Indian business school in Russia. This would garner enormous goodwill and forge contacts with a new generation of talented young Russians.

Institutional Cooperation

India can impart institutional advice, in setting up sound banking and other institutional structures in Russia which can help in the consolidation of a market economy there. The Indian and Russian election commissions have signed an agreement during President Medvedev's visit. This cooperation can be extended to other political and economic institutions. Additional dimensions can always be identified given the priorities of both countries to develop their social sectors, catalyse greater economic growth and induct high technology.

Conclusion

Despite the changed international context, a strong, democratic, modernizing and friendly Russia continues to be in India's interest, particularly given the taught relationship with China, but also independent of it. Russia has proven to be of great help in times of crisis for India and a reliable partner overall. This is a valuable relationship which has served India over the years and is likely to remain so given the factors analysed above. However, India needs to make an extra effort to maintain it at the earlier high levels by exploring new dimensions of friendship which can be highly beneficial to both countries and to the cause of peace in the world. The Indio-Russian strategic partnership and joint efforts for peace can help to leaven the Asian security environment and contribute to lasting amity and economic growth.

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Views are personal.