

**Prospects of Maritime Cooperation  
between India and Russia  
in Indian Ocean Region,  
Arctic and Russian Far East**

**Anurag Bisen**

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COOPERATION BETWEEN  
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OCEAN REGION, ARCTIC AND  
RUSSIAN FAR EAST

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MANOHAR PARRIKAR INSTITUTE FOR  
DEFENCE STUDIES AND ANALYSES

मनोहर पर्रिकर रक्षा अध्ययन एवं विश्लेषण संस्थान

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The submission of the Paper precedes the Russian Special Operation in Ukraine.

ISBN: 978-81-953957-5-0

First Published: August 2022

Price: Rs. 175/-

Published by: Manohar Parrikar Institute for Defence Studies and Analyses  
No.1, Development Enclave, Rao Tula Ram Marg,  
Delhi Cantt., New Delhi - 110 010  
Tel. (91-11) 2671-7983  
Fax.(91-11) 2615 4191  
Website: <http://www.idsa.in>

Cover &  
Layout by: Geeta Kumari

Printed at: Pentagon Press LLP  
206, Peacock Lane, Shahpur Jat  
New Delhi-110049  
Tel. (91-11) 26491568, 26490600  
Fax: (91-11) 26490600  
email: [rajan@pentagonpress.in](mailto:rajan@pentagonpress.in)  
website: <http://www.pentagonpress.in>

# PROSPECTS OF MARITIME COOPERATION BETWEEN INDIA AND RUSSIA IN INDIAN OCEAN REGION, ARCTIC AND RUSSIAN FAR EAST

## BACKDROP

India-Russia partnership is longstanding and time-tested<sup>1</sup>. Post- Second World War, the relations between the two countries have been among the steadiest of the major relationships in the world.<sup>2</sup> When India was faced with an adverse international environment, Russia has used the veto five times in the UNSC, in support of our position<sup>3</sup>, the only country to do so.

India's *Treaty of Peace, Friendship & Cooperation* with USSR (signed on 9 August 1971) was the first political treaty India had signed with another nation<sup>4</sup>. It was perhaps the most consequential international treaty entered into by India since Independence<sup>5</sup> and it had a profound effect on the politics and geography of South Asia.<sup>6</sup>

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<sup>1</sup> "Bilateral Relations: India-Russia Relations," at <https://indianembassy-moscow.gov.in/bilateral-relations-india-russia.php> (Accessed November 10, 2021)

<sup>2</sup> "External Affairs Minister's speech on "India-Russia ties in a changing world" at IMEMO, Moscow," at <https://www.mea.gov.in/Speeches-Statements.htm?dtl/33991> (Accessed November 10, 2021)

<sup>3</sup> "Security Council - Veto List- 1957, 1962, 1971," at <https://research.un.org/en/docs/sc/quick> (Accessed November 11, 2021)

<sup>4</sup> "India-Russia: 50 years of a landmark treaty," at <https://www.sundayguardianlive.com/news/india-russia-50-years-landmark-treaty> (Accessed November 15, 2021)

<sup>5</sup> "Indo-Soviet Treaty Of 1971-50th Anniversary Commemoration," at [https://indianembassy-moscow.gov.in/pdf/Indo%20Soviet%20Treaty\\_2021.pdf](https://indianembassy-moscow.gov.in/pdf/Indo%20Soviet%20Treaty_2021.pdf) (Accessed November 11, 2021)

<sup>6</sup> "1971: When Delhi and Moscow came together," at <https://www.orfonline.org/research/1971-when-delhi-and-moscow-came-together/> (Accessed November 12, 2021)

Russia is among the select few countries with which India has an Annual Summit meeting as the highest institutionalised dialogue mechanism, with 21 such meetings having taken place<sup>7</sup> alternatively in India and Russia.<sup>8</sup> Russia is among the four countries<sup>9</sup> with which India has a 2+2 dialogue mechanism. Prime Minister Modi and President Putin have met 20 times since 2014<sup>10</sup>; PM Modi having made five visits to Russia in this period.

The India-Russia Strategic Partnership was elevated to the level of a “*Special and Privileged Strategic Partnership*”<sup>11</sup> in 2010, the only country on which India bestows such a status. Defence, energy, nuclear, space and science and technology have constituted the drivers of India’s engagement with Russia.

In the words of External Affairs Minister (EAM) Dr S. Jaishankar, “...*the undeniable reality of the exceptional resilience of our ties is surely a phenomenon that is worth analysing. The paradox though is that precisely because it has held so steady, this relationship is sometimes taken for granted. The case for its constant nurturing is therefore as powerful, if not more, than with the more volatile ones*”<sup>12</sup>.

## **BILATERAL MECHANISMS**

Apart from the annual summits and the 2+2 mechanism, there exist two Inter- Governmental Commissions - one on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC), co-chaired by

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<sup>7</sup> “Focus on Afghanistan, terror in Russia summit; S-400 supplies to continue,” at <https://timesofindia.indiatimes.com/india/focus-on-afghanistan-terror-in-russia-summit-s-400-supplies-to-continue/articleshow/88131393.cms> (Accessed November 13, 2021)

<sup>8</sup> “Bilateral Relations: India-Russia Relations”, no. 1.

<sup>9</sup> US, Japan and Australia

<sup>10</sup> “External Affairs Minister’s speech on “India-Russia ties in a changing world” at IMEMO, Moscow”, no. 2.

<sup>11</sup> “Bilateral Relations: India-Russia Relations”, no. 1.

<sup>12</sup> “External Affairs Minister’s speech on “India-Russia ties in a changing world” at IMEMO, Moscow”, no. 2.

the EAM and the Russian Deputy Prime Minister (DPM), and another on Military Technical Cooperation (IRIGC- MTC) co-chaired by Russian and Indian Defence Ministers, who meet annually.<sup>15</sup> Foreign Office consultations also take place at the Foreign Secretaries' level. Let us examine some notable aspects of the relationship.

## Defence

India has longstanding and wide-ranging cooperation with Russia in the defence sector.<sup>14</sup> India-Russia military-technical cooperation has evolved from a buyer-seller framework to one involving joint research, development and production of advanced defence technologies and systems.<sup>15</sup> The BrahMos Missile System, licensed production of SU-30 aircraft and T-90 tanks in India, are examples of such cooperation<sup>16</sup>. During the 17<sup>th</sup> Annual Summit (2017), the two sides concluded agreements on the supply of S-400 air defence systems, construction of frigates under Project 1135.6 and a shareholders agreement on the formation of the joint venture to manufacture Ka-226T helicopters in India<sup>17</sup>. During the 21<sup>st</sup> summit (2021), the two countries signed an agreement on the Program of the Military-Technical Cooperation from 2021-2031 that outlines the ongoing defence cooperation and future cooperation between the two countries.<sup>18</sup>

As per the SIPRI database, since 2010, Russia has exported arms worth US \$ 70.44 billion. Among the countries that have been the recipients of Russian arms, India ranks first, having received US \$ 22.66 billion worth

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<sup>15</sup> "Bilateral Relations: India-Russia Relations", no. 1.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> "India- Russia Joint Statement following the visit of the President of the Russian Federation," at [https://www.mea.gov.in/bilateral-documents.htm?dtl/34606/India\\_Russia\\_Joint\\_Statement\\_following\\_the\\_visit\\_of\\_the\\_President\\_of\\_the\\_Russian\\_Federation](https://www.mea.gov.in/bilateral-documents.htm?dtl/34606/India_Russia_Joint_Statement_following_the_visit_of_the_President_of_the_Russian_Federation) (Accessed November 13, 2021)

of arsenal, amounting to 31.17 per cent of all Russian arms transfers during this period, and more than the next three recipients combined (China, Algeria, Vietnam)<sup>19</sup>. This amounted to 62.9 per cent of all Indian arms imports for the period and was 5.37 times the receipt from the next arms supplier country on the list, the US (US \$ 4.22 billion)<sup>20</sup>. If the data from 1965 is examined, the dependence becomes even starker. Of the total arms imports worth US \$ 118.4 billion by India between 1965-2020, imports from USSR/Russia amounted to US \$ 81.7 billion (69 per cent of total Indian imports).

It has been reported that 86 per cent of the equipment, weapons and platforms currently in military service in India are of Russian origin. This varies from 41 per cent for the navy, two-thirds for the IAF and is whopping 90 per cent for the Army.<sup>21</sup>

*Russia's Support for India's Nuclear Deterrent*: is unparalleled. A Paper by Samir Lalwani of Stimson Center and others, states that *while reports of Russian contributions to Indian submarine-launched, intermediate-range and intercontinental ballistic missile capabilities have been unconfirmed, there is a consensus that decades of Soviet and Russian support proved critical to the recent fielding of India's indigenous SSBN, the INS Aribant. Dozens of Russian engineers and advisors were dispatched to support India's Department of Atomic Energy and DRDO and assist with designs, precision equipment, and reactor miniaturization technology to fit it aboard a submarine.* It further quotes a former science and technology advisor to the Indian Prime Minister that the *Aribant* “*would have just been impossible to realise without the Soviet Union/Russia's massive all-round consultancy.*”<sup>22</sup>

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<sup>19</sup> Calculated from SIPRI Arms transfers database ; “SIPRI Arms Transfers Database,” at <http://armstrade.sipri.org/armstrade/page/values.php> (Accessed November 13, 2021)

<sup>20</sup> Ibid.

<sup>21</sup> “86 per cent of Indian military equipment of Russian origin: Stimson Center paper,” at <https://indianexpress.com/article/india/86-per-cent-of-indian-military-equipment-of-russian-origin-stimson-center-paper-6517136/> (Accessed November 22, 2021)

<sup>22</sup> “The Influence of Arms: Explaining the Durability of India–Russia Alignment,” at <https://www.airuniversity.af.edu/JIPA/Display/Article/2473328/the-influence-of-arms-explaining-the-durability-of-indiarussia-alignment/> (Accessed November 18, 2021)

## Trade

Trade remains the weak link between the two countries. Intensifying trade and economic relations have been identified as a priority area by the leaders on both sides. The targets of increasing bilateral investment and bilateral trade by 2025 have been revised to US \$ 50 billion and US \$ 30 billion, respectively<sup>23</sup>. In FY 2020-21, total bilateral trade between the two countries stood at US \$ 8.14 billion<sup>24</sup>.

In 2019, Russia's export of goods amounted to US \$ 419.8 billion, while imports were US \$ 254.6 billion. For the five-year period between 2015-2019, Russia's top five export designations were China (13.4 per cent), Netherlands (10.5 per cent), Germany (6.6 per cent), Belarus (5.1 per cent) and Turkey (5 per cent), amounting to 40.6 per cent of its total exports. India figured at 17<sup>th</sup> position with the export share of 1.71 per cent, in the same period<sup>25</sup>.

Russia's main suppliers were China (21.9 per cent), Germany (10.2 per cent), Belarus (5.5 per cent), the United States (5.4 per cent) and Italy (4.4 per cent) amounting to 47.4 per cent of its imports. India accounted for 1.32 per cent of Russia's imports, at 19<sup>th</sup> position<sup>26</sup>.

Between 2015 and 2019, India's export and import of goods amounted to US \$ 1.51 trillion and US \$ 2.23 trillion, respectively. During the same period, India's exports and imports from China were worth US \$ 78.09 billion and US \$ 338.37 billion. The corresponding figures for Russia were US \$ 2.13 billion and US \$ 2.55 billion, reflecting 0.8 per cent and 1.4 per cent of India's exports and imports, respectively during the five-year period<sup>27</sup>.

There is a need for heavy lifting from both sides to achieve the desired potential.

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<sup>23</sup> "Bilateral Relations: India-Russia Relations", no. 1.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> "Exim Analytics," at <http://www.eximanalytics.dgciskol.gov.in/dgcis/EXIM-Analytics#/dashboard/EXIM-Overview> (Accessed November 23, 2021)

There have been initiatives to boost bilateral trade. The Russian Ministry of Economic Development launched the ‘Single window Service’ in October 2018 to facilitate investment by Indian companies to help achieve mutual trade and investment targets. Some vital priority sectors identified for focused interaction include hydrocarbons, pharmaceuticals, mining, fertilizers, heavy engineering, gems and jewellery, chemicals, fertilizers & agriculture and the food processing industry<sup>28</sup>.

Some of the important steps/projects that could boost bilateral trade significant are: Operationalization of the ‘Green Corridor’ project; the International North-South Transport Corridor, and the signing of an FTA with the Eurasian Economic Union (EaEU)<sup>29</sup>.

### **Bilateral Investment**

As per the Indian embassy in Moscow, Russian investment in India (2017) was US \$ 18 billion, and India’s investment in Russia (2019) was US \$ 13 billion<sup>30</sup>. It also states that the overall investment target of US \$ 30 billion set for 2025 has been achieved<sup>31</sup>.

However, India’s Reserve Bank of India (RBI) figures tell a different story. Since FY 2016-17 (up to 27 May 2021), India received a total Foreign Direct Investment (FDI) of US \$ 207.6 billion. The RBI Annual Report lists the top seventeen countries. Russia does not figure in the list<sup>32</sup>.

Another Fact Sheet on FDI by the Government of India’s Department for Promotion of Industry and Internal Trade (DPIIT) reports that the total FDI in India from April 2000 to March 2021 amounted to US \$ 52.545 billion. In this list, Russia figures at 24<sup>th</sup> position with US \$ 1.26 billion of total investment, amounting to a mere 0.24 per cent of equity

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<sup>28</sup> “Fact Sheet Russia,” at <https://indianembassy-moscow.gov.in/images/pdf/russia-fact-sheet.pdf> (Accessed December 1, 2021)

<sup>29</sup> Ibid.

<sup>30</sup> “Bilateral Relations: India-Russia Relations”, no. 1.

<sup>31</sup> Ibid.

<sup>32</sup> “Foreign Direct Investment Flows to India: Country-wise and Industry-wise,” at <https://www.rbi.org.in/Scripts/AnnualReportPublications.aspx?Id=1336> (Accessed November 8, 2021)

FDI in India over the past twenty-one years<sup>33</sup>. Further, this amount is a mere 0.14 per cent of the total Russian FDI outflow of US \$ 892.87 billion during 2005-Q2 2021<sup>34</sup>.

Regarding overseas direct investments (ODI) from India are concerned, Russia ranks 9<sup>th</sup> with an ODI of US \$ 7.46 billion representing 3 per cent of India's ODI over 21 years (Apr 2000-Aug 2021). Singapore was the first destination for Indian ODI at US \$ 49.89 billion representing 20 per cent of US \$ 249.533 over the same period<sup>35</sup>.

*Unrealised Potential of Bilateral Relations:* Although the relations between the two countries have remained warm and cordial, their full potential has not been realised. This is despite the fact that India and Russia have convergence in their worldview. At the core of the relationship is the embrace of multi-polarity, both as a reality and as an aspiration<sup>36</sup>. Both emphasize independence in pursuit of foreign policy and eschew alliances<sup>37</sup>. In the last few decades, India and Russia may have pursued their national trajectories energetically. But at the same time, they have harmonised them well<sup>38</sup>. There is also a political will at the highest level, between Prime

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<sup>33</sup> "Fact Sheet On Foreign Direct Investment (FDI) From April, 2000 To March, 2021," at [https://dpiit.gov.in/sites/default/files/FDI\\_Factsheet\\_March%2C21.pdf](https://dpiit.gov.in/sites/default/files/FDI_Factsheet_March%2C21.pdf) (Accessed November 8, 2021)

<sup>34</sup> "Foreign direct investment, net inflows (BoP, current US\$) - Russian Federation," at <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=RU> (Accessed November 9, 2021)

<sup>35</sup> "Monthly Fact Sheet Overseas Direct Investment Data From April 2000 To August 2021," at <https://dea.gov.in/sites/default/files/ODI%20factsheet%20August%202021.pdf> (Accessed November 11, 2021)

<sup>36</sup> "External Affairs Minister's speech on "India-Russia ties in a changing world" at IMEMO, Moscow", no. 2.

<sup>37</sup> "India-Russia relations in a post-Covid world," at <https://www.orfonline.org/expert-speak/india-russia-relations-in-a-post-covid-world/> (Accessed November 12, 2021)

<sup>38</sup> "External Affairs Minister's speech on "India-Russia ties in a changing world" at IMEMO, Moscow", no. 2.

Minister Modi and President Putin, as reflected in their statements, to significantly enhance India-Russia relations.

*Indo-Pacific Divergence:* Lately, however, there seems to be a sense of disquiet. On the one hand is Russia's growing alignment with China, India's principal adversary, and on the other, India's seemingly deepening ties with the US. Russia's unease with India's Indo-Pacific overtures was evident in Russian Foreign Minister Sergey Lavrov's statement "*India being an object of the Western countries persistent, aggressive and devious policy*" to "*engage in anti-China games by promoting Indo-Pacific strategies*"<sup>39</sup>. This was after he had, during the Raisina Dialogue in 2020, expressed confidence in India "*being smart enough to understand*" the Western "*trap*" of the Indo-Pacific and "*not get into it*"<sup>40</sup>.

However, it is not the aim of the Paper to analyse India's ties with Russia as they exist at present. Building stronger ties require identifying areas of convergence and prioritising them over the divergences<sup>41</sup>.

As we have recently completed 75 years of diplomatic relations<sup>42</sup> between the two countries in 2022, this Paper intends to identify areas of cooperation between India and Russia that can propel the cooperation to a higher level.

Towards that, the Paper examines prospects of cooperation between India and Russia, primarily in the maritime domain, in the Indian Ocean Region (IOR) and the Arctic, including the RFE and the Northern Sea Route (NSR).

## **The Indian Ocean Region (IOR)**

India's central position in the northern IOR – being the biggest and the most populous nation in the region, having a stable democracy and a

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<sup>39</sup> "India, Russia and the Indo-Pacific: A Search for Congruence," at [https://idsa.in/idsacomments/india-russia-and-the-indo-pacific-rroy-030221#footnote1\\_j7afoll](https://idsa.in/idsacomments/india-russia-and-the-indo-pacific-rroy-030221#footnote1_j7afoll) (Accessed November 18, 2021)

<sup>40</sup> Ibid.

<sup>41</sup> "1971: When Delhi and Moscow came together", no. 6.

<sup>42</sup> 13 April 1947.

longstanding maritime tradition – bestows upon it a unique role. It is for this reason and more that many extra-regional nations look upon India as a first responder in a calamity, a net provider of security in the region, and seek collaborative partnerships with India in the maritime domain.

The geography of the Indian Ocean, its many choke points, oil production and transportation, and massive population centres make IOR a vital strategic region. With ninety per cent of the world's commerce being carried on at sea, the Indian Ocean is the conduit that links the production centres in the East to consuming populations in Asia and the West. Two-thirds of the world's oil, half of the world's container shipment and one-third of the world's bulk cargo passes through this region. Any disruption in oil supplies and the trade routes will have catastrophic effects on the energy security and supply chains worldwide.

*Extra-Regional Presence in IOR:* Consequently, to secure their interests, almost all the major powers, extra-regional to the IOR, have a permanent presence in the region. Over 120 warships of “extra-regional forces” are currently deployed in the Indian Ocean, and a “race” for strategic bases in the region is only going to gain momentum in times to come, given rising global interest in the area<sup>43</sup>.

In the region, Djibouti hosts the most extensive American permanent military base, Camp Lemonnier, home to the US Africa Command (AFRICOM)<sup>44</sup> and hosts around four thousand personnel<sup>45</sup>. Djibouti also hosts military facilities of several countries such as Japan, France, Germany,

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<sup>43</sup> “Race For Strategic Bases In Indian Ocean Region To Intensify: Gen Bipin Rawat,” at <https://www.outlookindia.com/website/story/india-news-race-for-strategic-bases-in-indian-ocean-region-to-intensify-gen-bipin-rawat/366940> (Accessed December 11, 2021)

<sup>44</sup> “Why are there so many military bases in Djibouti?,” at <https://medium.com/@LongTwentiethCentury/why-are-there-so-many-military-bases-in-djibouti-f8c579e961d5> (Accessed December 11, 2021)

<sup>45</sup> “United States Indian Ocean Region Security Vector,” at <https://www.futuredirections.org.au/publication/united-states-indian-ocean-region-security-vector/> (Accessed December 11, 2021)

Italy and Spain<sup>46</sup>. China is the latest arrival, which set up its base in 2017. The EU anti-piracy Operation *Atalanta* has been in place since 2008. Saudi Arabia, too has a presence<sup>47</sup>.

Apart from Djibouti, for long there has been discussion of a Chinese *string of pearls* in the Indian Ocean, mentioning Gwadar in Pakistan, Dares-Salaam, Seychelles, Kyaukphyu in Myanmar, Pekua/Chittagong in Bangladesh and Hambantota in Sri Lanka<sup>48</sup> to name a few<sup>49</sup>. The military base at Diego Garcia in the British Indian Ocean Territory, which forms part of the Chagos Archipelago, enables the US to keep a close watch on the major trade and energy SLOCs, and maritime traffic<sup>50</sup>. France also maintains permanent military forces in the French overseas territories in the Indian Ocean: at Port des Galets on Réunion and Dzaoudzi on Mayotte<sup>51</sup>. In 2018, the UK opened a permanent military base in Bahrain, where the US Navy's Fifth Fleet is also based<sup>52</sup>.

This leaves Russia as the only significant major power without a permanent presence in the IOR. Although few observers consider Russia an active player in the Indian Ocean, it has long sought to establish permanent bases in the region. Efforts began in the Soviet era with bases in the Horn of

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<sup>46</sup> SIPRI Background Paper, "The Foreign Military Presence in the Horn of Africa Region," April 2019 at <https://sipri.org/sites/default/files/2019-04/sipribp1904.pdf> (Accessed December 10, 2021)

<sup>47</sup> "Why do so many countries have military bases in Djibouti?," at <https://www.peoplesworld.org/article/why-do-so-many-countries-have-military-bases-in-djibouti/> (Accessed December 10, 2021)

<sup>48</sup> "A Future Chinese Indian Ocean Fleet?," at <https://warontherocks.com/2021/04/a-future-chinese-indian-ocean-fleet/> (Accessed December 8, 2021)

<sup>49</sup> Devin Thorne and Ben Spevack, *Harbored Ambitions: How China's Port Investments Are Strategically Reshaping the Indo-Pacific*, C4ADS, 2017, at <https://static1.squarespace.com/static/566ef8b4d8af107232d5358a/t/5ad5e20ef950b777a94b55c3/1523966489456/Harbored+Ambitions.pdf>

<sup>50</sup> "United States Indian Ocean Region Security Vector", no. 45.

<sup>51</sup> *Ibid.*

<sup>52</sup> "UK opens permanent military base in Bahrain," at <https://www.reuters.com/article/uk-uk-bahrain-idUKKCN1HC2NR> (Accessed November 20, 2021)

Africa and the Red Sea<sup>53</sup>. Last year, on November 17, 2021, Russia's inclusion as a dialogue partner of the Indian Ocean Rim Association (IORA) suggested the implicit acceptance of its essential role in the evolving geopolitics of the Indian Ocean<sup>54</sup>.

### **Russia's Indian Ocean Strategy**

Three documents published by Russia provide a perspective on Russia's maritime outlook. These are the *Maritime Doctrine of the Russian Federation* (2015), the *Fundamentals of the State Policy of the Russian Federation in the Field of Naval Operations to 2030* (2017), and the 2019 *Strategy for the Development of Russia's Maritime Activities to 2030*<sup>55</sup>.

Russia updated its National Security Strategy (NSS) on 2 July 2021, a key policy document in the security realm, which, according to the law, must be revised every six years<sup>56</sup>. Russia has designated its relations with India and China as one of its foreign policy priorities<sup>57</sup>. Another notable change in the NSS is that relations with India and China are combined in just one paragraph in the NSS of 2021, while in the 2009 and 2015 versions, they were treated separately, with China preceding India<sup>58</sup>. While in 2015, Russia assigned the 'privileged strategic partnership' with India an 'important role',

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<sup>53</sup> "Russia's Efforts to Play in the Indian Ocean Basin," at <https://newlinesinstitute.org/russia/russias-efforts-to-play-in-the-indian-ocean-basin/> (Accessed November 22, 2021)

<sup>54</sup> Sankalp Gurjar, "Russia's Indian Ocean pivot", *Deccan Herald*, 23 November 2021 at <https://www.deccanherald.com/opinion/russias-indian-ocean-pivot-1053726.html>

<sup>55</sup> Anna Davis and Ryan Vest, "Strategy for the Development of Maritime Activities of the Russian Federation until 2030," Russia Maritime Studies Institute, August 30 2019, at [https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=1005&context=rmsi\\_research](https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=1005&context=rmsi_research)

<sup>56</sup> "What Russia's National Security Strategy Has to Say About Asia," at <https://thediplomat.com/2021/07/what-russias-national-security-strategy-has-to-say-about-asia/> (Accessed December 4, 2021)

<sup>57</sup> Ibid.

<sup>58</sup> Ibid.

the 2021 iteration sees the relationship develop into a status of a ‘particularly’ privileged strategic partnership<sup>59</sup>.

Russia identifies the Atlantic, Arctic, Pacific, Caspian, Indian Ocean and Antarctic areas as the leading regional priority areas of the National Maritime Policy<sup>60</sup>. It lists *developing of friendly relations with India* as the most crucial goal of the National Maritime Policy in the IOR<sup>61</sup>. Russia’s long-term objectives in the IOR are listed as: a) expansion of Russian shipping, collaboration with other states in offshore hydrocarbon exploration, and construction of undersea pipelines; b) pursuing the transformation of the region into a zone of peace, stability and goodwill and towards this objective, maintaining, periodically or as necessary, the naval presence in the IOR; providing security for maritime activities, including combating piracy; and c) conducting marine scientific research in the region<sup>62</sup>.

Towards pursuance of its objectives in the IOR, Russia’s security presence in the Indian Ocean is expanding gradually, and it is an active player in the anti-piracy operations off the coast of Somalia<sup>63</sup>. Russia is taking purposeful, incremental steps to extend its presence in the Indian Ocean through building partnerships in sectors like defence, energy and technology<sup>64</sup>.

Russia has emerged as a significant partner for Mozambique and Madagascar. Reportedly, Russian mercenaries have been spotted in Mozambique to support the fight against the Islamist insurgency. In Madagascar, according to reports, Russian operatives helped the incumbent President influence the electoral process in 2018<sup>65</sup>.

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<sup>59</sup> “Russia’s 2021 National Security Strategy: Cool Change Forecasted for the Polar Regions,” at <https://rusi.org/explore-our-research/publications/commentary/russias-2021-national-security-strategy-cool-change-forecasted-polar-regions> (Accessed December 4, 2021)

<sup>60</sup> “The 2015 Maritime Doctrine of the Russian Federation,” at [https://digital-commons.usnwc.edu/rmsi\\_research/3/](https://digital-commons.usnwc.edu/rmsi_research/3/) (Accessed December 4, 2021)

<sup>61</sup> Ibid., Para 68.

<sup>62</sup> Ibid., Para 69.

<sup>63</sup> Sankalp Gurjar, no. 54.

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

On November 11, 2020, Russia announced the setting up of a naval facility in Sudan<sup>66</sup>. In late 2017, Moscow announced that it was seriously considering Sudan, and two years later, the two countries signed a special agreement allowing unique access rights to Russian warships calling on Sudanese ports<sup>67</sup>. Officially described as a material-technical support facility, it will be considerably smaller than the Russian forward naval base in Tartus, Syria, that can accommodate up to 11 warships and auxiliaries and is now equipped with sufficient storage facilities, a repair plant and upgraded mooring spaces<sup>68</sup>.

The Port Sudan facility is a logistics base that can accommodate up to four ships, including those with nuclear propulsion. While this new base ostensibly aims at “maintaining peace and stability in the region,” it would also be used to carry out repairs, replenish supplies, and serve as a resting place for Russian naval forces. The agreement, valid for 25 years, specifies Russia’s right to use Sudanese national airspace to support its activities<sup>69</sup>. Russia can station a contingent of 300 personnel (again, a smaller number compared to 1700 in Tartus). Russia would exercise national jurisdiction over the facility, and be responsible for its Area Air and Maritime Defence<sup>70</sup>. In return, Russia would be responsible for the modernising of the Sudanese military and partial defence of air and maritime approaches to Sudan<sup>71</sup>. The geographical centrality of Sudan vis-à-vis the Red Sea and adjacent areas gives Russia the capacity to control several choke points and focal areas: the Suez Canal (also from Tartus), the Red Sea itself, the Bab al-Mandab Strait, and the Gulf of Aden<sup>72</sup>.

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<sup>66</sup> “Russia’s red star in the Red Sea,” at <https://www.lowyinstitute.org/the-interpreter/russia-s-red-star-red-sea> Published 30 Nov 2020 (Accessed December 5, 2021)

<sup>67</sup> Ibid.

<sup>68</sup> Ibid.

<sup>69</sup> “Russia’s Efforts to Play in the Indian Ocean Basin”, no. 53.

<sup>70</sup> Ibid.

<sup>71</sup> Ibid.

<sup>72</sup> Ibid.

The setting up of a permanent overseas base can be an expensive proposition for any country and is fraught with political risks. Examples of the Cam Ranh Bay (Vietnam) and Subic Bay (Philippines) by the erstwhile Soviet Union and the US are illustrative. The basing requirement can be overcome through reciprocal logistics agreements with friendly nations in the region. These arrangements help to facilitate the replenishment of fuel, rations, spares (where required), berthing and maintenance for other nations' warships, military aircraft and troops during routine port calls, joint exercises and training carried out in each other's countries as well as during humanitarian assistance and these disaster relief (HADR)<sup>73</sup>. These agreements simplify the logistics of such events and ensure that the forces of the visiting countries are benefitted by using the host nation's existing supply network, which reduces overall costs and saves time<sup>74</sup>. This and other aspects of Russia's naval engagement with India are examined in the subsequent paragraphs.

### **India-Russia Naval Engagement**

*Reciprocal Military Logistic Agreement:* India has signed military logistics agreements with all Quad countries, as well as with France, Singapore, and South Korea. India is currently in the process of finalising such an agreement with the UK and in talks with other partners like Vietnam<sup>75</sup>.

The *Logistics Exchange Memorandum of Agreement (LEMOA)* was signed with the United States in August 2016. In March 2018, India signed the *Agreement for the Provision of Reciprocal Logistics Support between the Armed Forces (PRLSA)* with France, in June 2018, the *Implementing Arrangement Concerning Mutual Coordination, Logistics and Services Support* was signed with

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<sup>73</sup> "Military Logistics Agreements: Wind in the Sails for Indian Navy," at [https://idsa.in/idsacomments/military-logistics-agreements-rthomas-261119#footnote1\\_y9hnj9l](https://idsa.in/idsacomments/military-logistics-agreements-rthomas-261119#footnote1_y9hnj9l) (Accessed November 28, 2021)

<sup>74</sup> Ibid.

<sup>75</sup> "India's Military Outreach: Military Logistics Agreements," at <https://www.orfonline.org/research/indias-military-outreach-military-logistics-agreements/> (Accessed November 29, 2021)

Singapore, and in September 2019, India and the Republic of Korea (ROK) signed the *Agreement to Extend Logistical Support* to each other's navies<sup>76</sup>. In June 2020, India and Australia signed the *Mutual Logistics Support Agreement* (MLSA) and announced a joint declaration on a shared vision for maritime cooperation in the Indo-Pacific<sup>77</sup>. On September 10, 2020, India and Japan signed a logistics agreement on *Reciprocal Provision Supplies and Services* that will allow the Armed Forces of both sides to coordinate closely in services and supplies<sup>78</sup>.

With Russia, India is finalising a military logistics support agreement called the *Reciprocal Exchange of Logistics Agreement* (RELOS)<sup>79</sup>. The issue was discussed during the visit of India's Defence Minister to Russia from 05-07 November, 2019<sup>80</sup>. Initially expected to be signed during Prime Minister Modi's visit to Russia for the Eastern Economic Forum in Vladivostok in 2019, the bilateral logistics agreement has seen several delays<sup>81</sup>. The two countries will also likely sign an MoU for navy-to-navy cooperation<sup>82</sup>. According to media reports, the India-Russia RELOS will give India access to Russian military facilities in the Arctic region<sup>83</sup>.

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<sup>76</sup> "Military Logistics Agreements: Wind in the Sails for Indian Navy", no. 73.

<sup>77</sup> Dinakar Peri, "India in talks for logistics pacts with Russia, U.K. and Vietnam" The Hindu, New Delhi, September 12, 2020, at <https://www.thehindu.com/news/national/india-in-talks-for-logistics-pacts-with-russia-uk-and-vietnam/article32588282.ece>

<sup>78</sup> "PM Modi, Japan PM Shinzo Abe speak on phone after India and Japan sign logistics agreement" The Hindu, New Delhi, September 10, 2020, at <https://www.thehindu.com/news/national/modi-abe-speak-on-phone-after-india-and-japan-sign-logistics-agreement/article32575638.ece>

<sup>79</sup> "India's Military Outreach: Military Logistics Agreements", no. 75.

<sup>80</sup> "Raksha Mantri Shri Rajnath Singh co-chairs IRIGC-M&MTC meeting with his Russian counterpart General Sergei Shoigu," at <https://pib.gov.in/newsite/PrintRelease.aspx?relid=194299> (Accessed December 2, 2021)

<sup>81</sup> Ibid.

<sup>82</sup> "India's Military Outreach: Military Logistics Agreements", no. 75.

<sup>83</sup> Ibid.

*White Shipping<sup>84</sup> Information Sharing:* The Indian Navy is mandated to conclude white shipping information exchange agreements with 36 countries and three multi-national constructs<sup>85</sup>. Oman became the 22<sup>nd</sup> country to sign the Agreement with India on 27 September 2021<sup>86</sup>. Seventeen such agreements have been operationalised<sup>87</sup>.

The Indian Navy's Information Fusion Centre-Indian Ocean Region (IFC-IOR), located at Gurugram, was started in December 2018 to facilitate maritime information to the member countries<sup>88</sup>. To enable better interconnection, quicker analysis of information and provision of timely inputs, the IFC-IOR hosts International Liaison Officers (ILO) from partner countries<sup>89</sup>. Presently, it has eleven ILOs<sup>90</sup>, and some more are expected to join soon<sup>91</sup>.

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<sup>84</sup> The term essentially means white (unclassified) non-military shipping and relates to maritime/coastal security.

<sup>85</sup> Dinakar Peri, "India signs shipping information exchange pact" The Hindu, New Delhi, December 12, 2018, at <https://www.thehindu.com/news/national/india-signs-shipping-information-exchange-pact/article25721408.ece>

<sup>86</sup> Huma Siddiqui, "India and Oman ink White Shipping agreement; Will help in maritime security" Financial Express, New Delhi, September 27, 2021, at <https://www.financialexpress.com/defence/india-and-oman-ink-white-shipping-agreement-will-help-in-maritime-security/2339010/>

<sup>87</sup> Ibid.

<sup>88</sup> "Expanding outreach: Indian Navy ties up with 21 nations for maritime awareness," at <https://www.wionews.com/india-news/expanding-outreach-indian-navy-ties-up-with-21-nations-for-maritime-awareness-346490> (Accessed December 2, 2021)

<sup>89</sup> "Information Fusion Centre – Indian Ocean Region," at <https://www.indiannavy.nic.in/ifc-ior/about-us.html> (Accessed November 12, 2021)

<sup>90</sup> UK, the US, Australia, Japan, France, Myanmar, Maldives, Seychelles, Singapore, Mauritius, South Africa and Sri Lanka.

<sup>91</sup> "Indian Navy's Information Fusion Centre Gets Bigger With Induction Of Sri Lankan Naval Officer," at <https://ahmedabadmirror.com/indian-navys-information-fusion-centre-gets-bigger-with-induction-of-sri-lankan-naval-officer/81833584.html> (accessed June 27 2022)

India does not have a white shipping information sharing agreement with Russia, neither there are reports of a Russian Navy ILO being stationed at IFC-IOR.

### Bilateral Naval Exercises in the IOR

As part of its foreign cooperation initiatives, the Indian Navy (IN) presently carries out bilateral naval exercises with fourteen navies and coordinated patrols with four, most of which are in the Indo-Pacific<sup>92</sup>. Some of these are tabulated below.

Country	Name	Start	Iterations	Last Iteration	Remarks
USA	MALABAR	1992	25	12-15 October, 2021	Has now been expanded to include Japan and Australia. 25 <sup>th</sup> edition was conducted in two phases in 2021 <sup>93</sup>
Singapore	SIMBEX	1994	28	02-04 September, 2021 <sup>94</sup>	IN's longest uninterrupted bilateral maritime exercise with any foreign navy
France	VARUNA	2000	19	27 April, 2021 <sup>95</sup>	

<sup>92</sup> "Military Logistics Agreements: Wind in the Sails for Indian Navy", no. 73.

<sup>93</sup> "Multilateral Maritime Exercise Malabar 2021 – Phase Ii In Bay Of Bengal 12 – 15 Oct 21," at <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1762720> (Accessed November 17, 2021)

<sup>94</sup> "28th edition of Singapore-India Maritime Bilateral Exercise 'SIMBEX'," at <https://www.indiannavy.nic.in/content/28th-edition-singapore-india-maritime-bilateral-exercise-%E2%80%98simbex%E2%80%99> (Accessed November 17, 2021)

<sup>95</sup> "Exercise VARUNA – 2021," at <https://www.indiannavy.nic.in/content/exercise-varuna-%E2%80%93-2021> (Accessed November 17, 2021)

Country	Name	Start	Iterations	Last Iteration	Remarks
Russia	INDRA <sup>96</sup>	2003	12 <sup>97</sup>	30 July, 2021	The exercise has now expanded into a tri-services exercise since 2017 <sup>98</sup>
UK	KONKAN <sup>99</sup>	2004	14	16 August 2021 <sup>100</sup>	

Even though Russia remains India's primary partner in the naval acquisition domain, the operational interaction between the two navies is comparatively low. In all probability, the trend would be similar in the of engagement between the two armies and their air forces.

In comparison, China seems to have greater engagement with Russia in the military domain. The two countries held their first joint military exercise in 2003 and have conducted more than thirty since. During that time, the frequency, complexity, and geographic scope have steadily increased, reflecting the growth in the overall bilateral defence relationship<sup>101</sup>.

<sup>96</sup> "MoD Annual Report 2004," at <https://www.mod.gov.in/sites/default/files/MOD-English2004.pdf>

<sup>97</sup> <https://www.thehindu.com/news/national/india-russia-hold-mega-naval-war-game-in-baltic-sea/article35621690.ece> (Accessed November 19, 2021)

<sup>98</sup> Huma Siddiqui, "Ex INDRA: After navy, Indian Army contingent leaves for Moscow for counter terrorism exercise", Financial Express, New Delhi, July 30, 2021, at <https://www.financialexpress.com/defence/ex-indra-after-navy-indian-army-contingent-leaves-for-moscow-for-counter-terrorism-exercise/2301090/>

<sup>99</sup> "INS Trikand to Participate in Exercise 'KONKAN 2015'," at <https://www.indiannavy.nic.in/content/ins-trikand-participate-exercise-%E2%80%98konkan-2015%E2%80%99> (Accessed November 21, 2021)

<sup>100</sup> "Exercise Konkan 2021," at <https://www.indiannavy.nic.in/content/exercise-konkan-2021> (Accessed November 25, 2021)

<sup>101</sup> Alec Blivas, "Sino-Russian Military Exercises Signal a Growing Alliance", Proceedings, Vol. 147/6/1,420, June 2021, at <https://www.usni.org/magazines/proceedings/2021/june/sino-russian-military-exercises-signal-growing-alliance#:~:text=In%202019%2C%20China%20and%20Russia,%E2%80%9D%2C%20off%20South%20Africa's%20coast.>

Reduced Indian military engagement with Russia is not without its costs. It has probably led to Russia seeking partners elsewhere in the region.

### **Russia's Recent Engagements in Indian Ocean Region**

Russia and Sri Lanka have increased cooperation in defence and military spheres over the past few years<sup>102</sup>. A naval squadron of the Russian Pacific Fleet, comprising three ships, including two submarines, arrived for a port call in Colombo on October 20, 2021<sup>103</sup>. This was the third year in succession of Russian warships visiting Sri Lankan ports. In 2020, three Russian warships visited the Port of Trincomalee between November 30 and December 03, 2020<sup>104</sup> and in 2019, another Russian warship called at Colombo Port (April 3-6, 2019)<sup>105</sup>.

There are also reports that Russia aims to acquire a naval base in Myanmar and partake in the international competition in the region<sup>106</sup>.

In 2019, Russia and China conducted their first tri-lateral naval Exercises in the Indian Ocean with South Africa and Iran. The exercise, dubbed “*Mos*” was conducted from 24-30 November with South Africa, off its coast<sup>107</sup>. A Type 054A guided missile Frigate represented China. South

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<sup>102</sup> “Russia, Sri Lanka strengthen military relations with Sri Lankan general’s Moscow visit,” at <https://www.sify.com/news/russia-sri-lanka-strengthen-military-relations-with-sri-lankan-generals-moscow-visit-news-national-vk3ikwecjdcbb.html> (Accessed October 29, 2021)

<sup>103</sup> “Russia’s Pacific Fleet comes calling at Colombo Port as China influence wanes,” at <https://www.indianarrative.com/world-news/russia-s-pacific-fleet-comes-calling-at-colombo-port-as-china-influence-wanes-122463.html> (Accessed November 19, 2021)

<sup>104</sup> “Three Russian ships to leave Trincomalee today,” at [https://www.defence.lk/Article/view\\_article/2678](https://www.defence.lk/Article/view_article/2678) (Accessed November 17, 2021)

<sup>105</sup> “Russian ship arrives on goodwill visit,” at [https://www.defence.lk/Article/view\\_article/338](https://www.defence.lk/Article/view_article/338) (Accessed November 17, 2021)

<sup>106</sup> “Russia’s Efforts to Play in the Indian Ocean Basin”, no. 53.

<sup>107</sup> Alec Blivas, no. 101.

Africa fielded a Frigate and a survey and auxiliary vessel<sup>108</sup>. Russian participation was the largest, a Slava-class cruiser, accompanied by a seagoing tanker and a seagoing tug<sup>109</sup>.

The following month, from December 27-30, 2019, Russia held another joint naval Exercise dubbed “Maritime Security Belt” with Iran and China in the Gulf of Oman and the Indian Ocean.<sup>110</sup> The Exercise took place in the wake of heightened tensions between the United States and Iran. Reinforcing the Exercises’ signalling purpose, Iranian Second Rear Admiral Gholamreza Tahani said, “The joint drills also serve as a signal to the world that relations between Tehran, Moscow, and Beijing have reached a ‘meaningful’ level.”<sup>111</sup>

Similarly, the Russian Navy (RuN) has lately increased its engagement with the Pakistan Navy (PN). The PN has been hosting Multinational Naval Exercise AMAN biennially since March 2007<sup>112</sup>. Seven iterations of AMAN have been held, last conducted from February 11-16, 2021. The first RuN participation with a ship was in 2017, in the fifth AMAN. In 2019, the RuN participation with three ships was among the most prominent foreign participants, at par with Pakistan’s closest ally, China. In 2021, three ships of the RuN Black Sea Fleet (a Frigate, patrol ship and a rescue tug), a Marine Corps unit and a mine clearance unit participated.<sup>113</sup> The participation was, once again, among the largest in the Exercise. Three ships of the RuN Baltic Fleet also docked at the Karachi port on February 11, 2021,

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<sup>108</sup> Ibid.

<sup>109</sup> Ibid.

<sup>110</sup> Ibid.

<sup>111</sup> Ibid.

<sup>112</sup> “Together for Peace” AMAN-19 Multinational Naval Exercise & Pakistan – Turkey Defence Cooperation,” at <https://www.defenceturkey.com/en/content/together-for-peace-aman-19-multinational-naval-exercise-pakistan-turkey-defence-cooperation-3454> (Accessed November 11, 2021)

<sup>113</sup> “Multinational naval exercise ‘Aman-2021’ begins in Arabian Sea,” at <https://www.naval-technology.com/news/aman-2021-arabian-sea/> (Accessed November 21, 2021)

just on the eve of Exercise<sup>114</sup>. A Russian military delegation, led by a Rear Admiral, attended the opening ceremony<sup>115</sup>.

The RuN's participation in PN AMAN Exercises contrasts its participation in the Indian Navy's International Fleet Review 2016, where the RuN's participation was limited to just one rescue ship from its Black Sea Fleet<sup>116</sup>, the *Epron*<sup>117</sup>.

Russia also held its first-ever military Exercise with the ASEAN (Association of Southeast Asian Nations) in Indonesia's territorial waters of North Sumatra during December 1–3, 2021.<sup>118</sup>

These engagements reflect Russia's desire for greater engagement in the region.

## COOPERATION IN THE RUSSIAN ARCTIC AND FAR EAST REGIONS

This section examines the potential for cooperation between India and Russia in the Russian Arctic and the Far East.

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<sup>114</sup> Zaki Khalid, "Strategic Analysis of Pakistan Navy's Multilateral Exercise AMAN-2021", March 2021, at [https://www.researchgate.net/publication/350400842\\_Strategic\\_Analysis\\_of\\_Pakistan\\_Navy's\\_Multilateral\\_Exercise\\_AMAN-2021/link/605dc02ea6fdccbfea08d794/download](https://www.researchgate.net/publication/350400842_Strategic_Analysis_of_Pakistan_Navy's_Multilateral_Exercise_AMAN-2021/link/605dc02ea6fdccbfea08d794/download)

<sup>115</sup> "'Together for Peace" AMAN-19 Multinational Naval Exercise & Pakistan – Turkey Defence Cooperation", no. 112.

<sup>116</sup> "Rescue Ship EPRON Project 527 / Prut Class," at <https://www.kchf.ru/eng/ship/rescue/epron.htm> (Accessed November 27, 2021)

<sup>117</sup> "List of ships present at International Fleet Review 2016," at [https://en.wikipedia.org/wiki/List\\_of\\_ships\\_present\\_at\\_International\\_Fleet\\_Review\\_2016#cite\\_note-46](https://en.wikipedia.org/wiki/List_of_ships_present_at_International_Fleet_Review_2016#cite_note-46) (Accessed November 14, 2021)

<sup>118</sup> "First Russia-ASEAN Naval Exercise Begins in Indonesia," at <https://tass.com/defense/1368951%20TASS,%20MILITARY%20DRILLS%201%20DEC,%202021,%20First%20Russia-ASEAN%20naval%20exercise%20begins%20in%20Indonesia> (Accessed November 13, 2021)

## Arctic Zone of Russian Federation (AZRF)

In many ways, the Arctic is to Russia, what the Indian Ocean is to India. Russia has the most at stake in the Arctic, in absolute terms. Since Vladimir Putin first became President, the Arctic has become an increasingly important arena of Russian foreign, military, and economic policy. Approximately half (and more in some) of the Arctic in terms of its area, coastline, population, mineral wealth and hydrocarbons lies in Russia<sup>119</sup>.

Russia's Arctic territory stretches along 24,140 km accounting for 53 per cent of the Arctic Ocean's coastline and covers the Barents Sea, Kara Sea, Laptev Sea, East Siberian Sea and Chukchi Sea<sup>120</sup>. Approximately two and a half million of Russia's inhabitants live in Arctic territory, accounting for nearly half of the population living in the Arctic region<sup>121</sup>. The area of Russian Arctic (5.5 million sq. km) is almost twice the size of India's land area and constitutes almost a third of Russia's entire land area (17.1 million sq. km). Despite housing a mere 1.5 per cent of its population, the Arctic's contribution to Russia's GDP is pegged between 12 to 15 per cent and accounts for almost 20 per cent of the country's exports, including 80 per cent of Russian gas and 17 per cent of its oil<sup>122</sup>.

India has scientific, environmental, commercial, and strategic interests in the Arctic region<sup>123</sup>. The Russian Arctic can potentially address India's energy security needs.

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<sup>119</sup> Eugene Rumer, Richard Sokolsky, and Paul Stronski, "Russia in the Arctic— A Critical Examination," Carnegie Endowment for International Peace, March 2021, [https://carnegieendowment.org/files/Rumer\\_et\\_al\\_Russia\\_in\\_the\\_Arctic.pdf](https://carnegieendowment.org/files/Rumer_et_al_Russia_in_the_Arctic.pdf)

<sup>120</sup> "Russia," at <https://www.thearcticinstitute.org/countries/russia/> (Accessed November 15, 2021)

<sup>121</sup> "The Russian Federation," at <https://arctic-council.org/about/states/russian-federation/> (Accessed November 15, 2021)

<sup>122</sup> Nivedita Kapoor, "Russia and the Future of the Arctic", October 28, 2021 at [https://www.orfonline.org/research/russia-and-the-future-of-the-arctic/#\\_edn96](https://www.orfonline.org/research/russia-and-the-future-of-the-arctic/#_edn96)

<sup>123</sup> "India and the Arctic," at <https://mea.gov.in/in-focus-article.htm?21812/India+and+the+Arctic> (Accessed November 17, 2021)

## Hydrocarbons

Russia has the largest proven natural gas reserves in the world. As of 2020, it had 37.4 trillion cubic meters worth of fossil fuel, or about 19 per cent of the total global reserves<sup>124</sup>, enough to suffice for about 80 years at current production rates. Russia's proven oil reserves total about 107.2 billion barrels, which equates to nearly 6.2 per cent of the total global reserves<sup>125</sup>. Oil and gas make up almost 60 per cent of Russian exports generating about 36 per cent of Russia's federal budget revenues in 2016<sup>126</sup>. Russia is one of the top three oil-producing countries and, in 2020, it produced 13 per cent of the world's oil, next only to the United States (15 per cent)<sup>127</sup>. Russia is the world's leading gas exporter, exporting 197.2 billion cubic meters of pipeline gas in 2020 and 40.4 billion cubic meters of liquefied natural gas (LNG)<sup>128</sup>.

The Russian Arctic is the source for about 80 per cent of this oil and virtually all of the natural gas<sup>129</sup> with approximately 287 billion barrels of oil equivalent (BBOE) in conventional oil and gas<sup>130</sup>. By 2050, the deposits

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<sup>124</sup> "Leading countries by proved natural gas reserves worldwide in 2010 and 2020," at <https://www.statista.com/statistics/265329/countries-with-the-largest-natural-gas-reserves/> (Accessed November 22, 2021)

<sup>125</sup> "Oil and gas regulation in the Russian Federation: overview," at [https://uk.practicallaw.thomsonreuters.com/0-527-3028?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practicallaw.thomsonreuters.com/0-527-3028?transitionType=Default&contextData=(sc.Default)&firstPage=true) (Accessed November 22, 2021)

<sup>126</sup> "Russia," at <https://www.eia.gov/international/analysis/country/RUS> (Accessed November 12, 2021)

<sup>127</sup> "Oil and petroleum products explained," at <https://www.eia.gov/energyexplained/oil-and-petroleum-products/where-our-oil-comes-from.php> (Accessed November 13, 2021)

<sup>128</sup> "Leading gas exporting countries in 2020, by export type," at <https://www.statista.com/statistics/217856/leading-gas-exporters-worldwide/> (Accessed November 14, 2021)

<sup>129</sup> "Oil & Gas," at <https://arctic.ru/resources/> (Accessed November 15, 2021)

<sup>130</sup> "Keys To Understanding Russia's Arctic Policy," at <https://natoassociation.ca/keys-to-understanding-russias-arctic-policy/> (Accessed November 15, 2021)

in the Arctic shelf are expected to provide between 20 per cent and 30 per cent of Russia's total oil production, thus becoming the country's most important source for hydrocarbons<sup>131</sup>. Russia accounted for 40 per cent of European gas consumption in 2018. About 65 per cent of its gas exports generally go to Europe, 28 per cent to the states of the former Soviet Union and 7 per cent to Asia<sup>132</sup>. Russia seeks to expand gas exports in European and Asian markets via pipelines and LNG tankers.

### **Need for Alternative to China**

The fall in oil prices since 2014, and events in Crimea, leading to US-led Western sanctions, put pressure on the Russian economy, making it difficult for Moscow to finance new energy and infrastructure projects in the Arctic where exploration needs long-term and substantial investments. These sanctions significantly restricted Russia's ability to access the capital and technology necessary to develop its far northern territories<sup>133</sup>. China, being the most significant energy importer, has stepped in and, this has resulted in an energy-based strategic interdependence between the two countries. China has become Russia's primary alternative to trade and cooperation, despite their past adversarial relationship and residual mistrust<sup>134</sup>. It is in India's long-term strategic interest to wean Russia away from its Chinese embrace by providing suitable alternatives in terms of markets, finance, access, workforce and, where possible, technology.

### **Strategic Minerals**

The Russian Arctic also has vast deposits of cobalt, copper, diamonds, gold, iron, nickel, platinum, high-value rare earth elements, titanium,

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<sup>131</sup> Ibid.

<sup>132</sup> Nemanja Popovic, "The Energy Relationship Between Russia and the European Union", February 24, 2020, at <https://www.e-ir.info/2020/02/24/the-energy-relationship-between-russia-and-the-european-union/>

<sup>133</sup> "The impact of Western sanctions on Russia and how they can be made even more effective," at <https://www.atlanticcouncil.org/in-depth-research-reports/report/the-impact-of-western-sanctions-on-russia/> (Accessed November 19, 2021)

<sup>134</sup> Ibid.

vanadium and zirconium<sup>135</sup>. The Arctic zone accounts for 90 per cent of Russia's nickel and cobalt production, 60 per cent of copper, and over 96 per cent of platinum metals<sup>136</sup>. Indian rare earth reserves are richer in lighter fractions and are deficient in heavier ones<sup>137</sup>. Most rare earth products are related to strategic areas viz., Defence, fibre optic communications, space, nuclear energy, etc<sup>138</sup>. The Russian Arctic can potentially mitigate India's critical deficiencies in rare earth and strategic minerals.

### Russia's Arctic Policy

President Vladimir Putin signed the decree of Russia's Arctic Policy up to 2035 on March 6, 2020, establishing the goals, central areas, tasks and mechanisms of implementing Russia's state policy in the Arctic<sup>139</sup>. Russia's main national interests in the Arctic, *inter alia* have been defined as: to ensure Russia's sovereignty and territorial integrity; develop the Russian Arctic as a strategic resource base and use it rationally to speed up national economic growth; develop the Northern Sea Route as a globally competitive national transport corridor<sup>140</sup>.

In order to implement this Policy, Russia intends to: a) create the regulatory, legal and organisational framework to protect its national interests in the

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<sup>135</sup> "Rare Earths Statistics and Information," at <https://www.usgs.gov/centers/nmic/rare-earths-statistics-and-information> (Accessed November 19, 2021)

<sup>136</sup> Semyon Gendler and Elizaveta Prokhorova, "Risk-Based Methodology for Determining Priority Directions for Improving Occupational Safety in the Mining Industry of the Arctic Zone", *Resources* 2021, 10(3), 20, March 2021, at <https://www.mdpi.com/2079-9276/10/3/20/htm>

<sup>137</sup> "Latest Scenario in Rare Earth and Atomic Minerals in India," at [https://mines.gov.in/writereaddata/UploadFile/IREL\\_PDAC\\_2014.pdf](https://mines.gov.in/writereaddata/UploadFile/IREL_PDAC_2014.pdf) (Accessed November 20, 2021)

<sup>138</sup> *Ibid.*

<sup>139</sup> "Basic Principles of Russian Federation State Policy in the Arctic to 2035," at <http://kremlin.ru/acts/news/62947> (Accessed November 20, 2021)

<sup>140</sup> *Ibid.*

Arctic; b) create conditions for the implementation of large economic projects in the Russian Arctic; and c) commence the creation of an integrated infrastructure of the Northern Sea Route, a system of hydro-meteorological, hydrographic and navigational support of navigation in its water area and modernisation of the icebreaker fleet.<sup>141</sup>

In its Arctic region, Russia is seeking investments and partnerships in the development of navigation safety, infrastructure, ports, railways, hydrocarbon and mineral exploration and production, digitization in connectivity, research, education and trained workforce, environmental protection and bioresources harvesting.

### **Russia's Arctic Governance**

On January 18, 2019, the jurisdiction of the Ministry for the Development of the Far East was enlarged to include the Arctic. The new Ministry of the Russian Federation for the Development of the Far East and the Arctic<sup>142</sup> is responsible for the policies, development, coordination and regulation of activities in the Russian Arctic under a minister, Alexei Chekunkov<sup>143</sup>. Yury Trutnev, Deputy Prime Minister and Presidential Plenipotentiary in the Far East, was appointed in May 2018 as the highest-ranking official in charge of the Russian Arctic<sup>144</sup>.

As a part of the international cooperation of its Arctic strategy, Russia seeks active involvement of the Arctic and non-regional states in mutually beneficial economic cooperation<sup>145</sup>. President Putin has sought India's interest in collaboration in the Arctic, stating, "We welcome interest from

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<sup>141</sup> Ibid.

<sup>142</sup> "Ministry for the Development of the Russian Far East and Arctic," at <https://minvr.gov.ru/about/polnomochiya-i-funktsii/> (Accessed November 23, 2021)

<sup>143</sup> "Alexei Chekunkov," at <http://government.ru/en/gov/persons/681/events/> (Accessed November 23, 2021)

<sup>144</sup> "Yury Trutnev," at <http://government.ru/en/gov/persons/21/events/> (Accessed November 23, 2021)

<sup>145</sup> Ibid., Para 16 (f).

India, China, and other Asian and European countries in this cooperation”<sup>146</sup>.

### **India and the Russian Arctic**

India-Russia joint statements have repeatedly alluded to cooperation in the Arctic. During President Putin’s visit to India in 2016, the joint statement read:

Recognizing the importance of the Arctic and given that Russia is a member of the Arctic Council and India has been an observer since May 2013, the sides agreed to facilitate scientific cooperation to study the challenges (like melting ice, climate change, marine life and biodiversity), facing the rapidly changing Arctic region<sup>147</sup>

During Prime Minister Modi’s visit to St Petersburg (June 1, 2017), the joint statement read:

We are interested in launching joint projects on exploration and exploitation of hydrocarbons in the Arctic shelf of the Russian Federation<sup>148</sup>.

Similarly, the joint statement during Prime Minister Modi’s visit to Vladivostok in 2019 read: India looks forward to cooperating with Russia in the Arctic<sup>149</sup>. EAM Dr. S. Jaishankar, while speaking on “India-

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<sup>146</sup> “Putin speech at Eastern Economic Forum”, 2021 at <http://en.kremlin.ru/events/president/news/66586> (Accessed November 25, 2021)

<sup>147</sup> “Putin visit to India”, at <https://www.mea.gov.in/bilateral-documents.htm?dtl/27482/indiarussia+joint+statement+during+the+visit+of+president+of+the+russia+to+india+partnership+for+global+peace+and+stability> (Accessed November 26, 2021)

<sup>148</sup> “Saint Petersburg Declaration by the Russian Federation and the Republic of India: A vision for the 21st century,” at <https://www.mea.gov.in/bilateral-documents.htm?dtl/28507/saint+petersburg+declaration+by+the+russian+federation+and+the+republic+of+india+a+vision+for+the+21st+century> (Accessed November 30, 2021)

<sup>149</sup> “India-Russia Joint Statement during visit of Prime Minister to Vladivostok,” at <https://www.mea.gov.in/bilateral-documents.htm?dtl/31795/india+russia+joint+statement+during+visit+of+prime+minister+to+vladivostok> (Accessed November 30, 2021)

Russia ties in a changing world” at IMEMO, Moscow, on July 8, 2021, stated:

“As an Observer State, India is also interested in deepening its engagement with Russia, the Chair of the Arctic Council, on Arctic issues. Energy holds enormous promise as the two nations engage in long-term planning and cooperation”<sup>150</sup>.

The joint statement during the 2021 Annual Summit read:

*The Indian side congratulated the Russian side for its ongoing successful chairmanship of the Arctic Council from 2021-23 and expressed its readiness to play an active role as an Observer in the Arctic Council. Both sides recalled the bilateral consultations on the Arctic held last year. The Indian side also expressed its interest in collaborating with Russia on the Northern Sea Route.*<sup>151</sup>

The fact that India sent its Minister for Petroleum and Natural Gas (MoPnG) to Russia before the Eurasian Economic Forum in 2019 and 2021 shows that India is serious regarding its hydrocarbon engagement with Russia. The two countries are working towards the realisation of an ‘Energy Bridge’ between the two countries, which is based on robust civil nuclear cooperation, LNG sourcing, partnership in the oil and gas sector, and engagement in renewable energy sources<sup>152</sup>.

Indian companies have acquired equity in “Tass-Yuryakh Neftegazodobycha” and “Vankorneft”, making it the largest equity oil acquisition hitherto by India. With the aim of further strengthening oil and gas cooperation, Russia has expressed interest in attracting Indian oil companies to participate in joint projects in the offshore-Arctic fields of the Russian Federation<sup>153</sup>. In March 2017, OVL signed an MoU with

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<sup>150</sup> “External Affairs Minister’s speech on “India-Russia ties in a changing world” at IMEMO, Moscow”, no. 2.

<sup>151</sup> “India- Russia Joint Statement following the visit of the President of the Russian Federation”, no. 18.

<sup>152</sup> “Bilateral Relations: India-Russia Relations”, no. 1.

<sup>153</sup> “Putin visit to India”, no. 147.

Gazpromneft on the possibility of the joint implementation of offshore hydrocarbon projects in Russia and elsewhere in the world<sup>154</sup>. Indian workers are participating in major gas projects in the Amur region, from Yamal to Vladivostok and onward to Chennai<sup>155</sup>.

The Russians have reciprocated India's outreach. From 2017 to 2019, Russian investment in the Indian market has grown significantly. Rosneft, as part of a consortium, has invested and owns refining capacities of 20 million tons of oil per year in India. The partners of this consortium are planning to increase processing further<sup>156</sup>. India's Minister (MoPnG) stated:

“We really want to increase oil consumption from Russia, our largest companies are negotiating this with colleagues from Rosneft. Now Indian companies buy Russian oil mainly at spot prices, but we intend to diversify purchases, companies are exploring the possibility of importing Russian oil under long-term contracts. In the future, we would like to increase the supply of crude oil from Russia, provided that we receive supplies at a competitive price”<sup>157</sup>.

He further stated that GAIL is negotiating with Novatek and is looking at the opportunity to join the Arctic LNG-2 project:

“So in Russia we are trying to act in accordance with our strategy regarding LNG projects. We have five major projects in Russia. Russia is one of our oldest partners in the field of energy and is one

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<sup>154</sup> “Gazprom Neft, ONGC Videsh sign joint offshore exploration deal,” at <https://www.gazprom-neft.com/press-center/news/gazprom-neft-signs-memorandum-of-understanding-with-india-s-ongc-videsh-ltd-on-possibility-of-joint-/> (Accessed November 29, 2021)

<sup>155</sup> “Prime Minister's Virtual-Address at Eastern Economic Forum 2021,” <https://mea.gov.in/Speeches-Statements.htm?dt1/34216/prime+ministers+virtualaddress+at+eastern+economic+forum+2021> (Accessed November 27, 2021)

<sup>156</sup> “Interview of M/o Petroleum & Natural Gas to *Vedomosti*,” at <https://indianembassy-moscow.gov.in/press-releases-04-09-19.php> (Accessed November 27, 2021)

<sup>157</sup> Ibid.

of the most important foreign destinations for investment. We invested \$ 15 billion in oil and gas projects in Russia. We started importing liquefied natural gas (LNG) from Russia, we purchase it from Gazprom, we also intend to purchase small quantities of coking coal from Russian companies”<sup>158</sup>.

The 6 per cent share of natural gas in India’s current energy mix is among the lowest in the world<sup>159</sup>. *“The world average is 24 %. We are working to increase this figure from 6 % to 15% by 2030<sup>160</sup>. To do this, we are investing in expanding the natural gas infrastructure, including pipelines, LNG import terminals and urban gas distribution networks”<sup>161</sup>.*

Although India’s ONGC Videsh Limited (OVL) has been in discussions with Novatek for participation in the Yamal LNG project since 2013<sup>162</sup>, the deal has not materialised. The Yamal stakeholders are Novatek (50 per cent), French Total (20 per cent), the Chinese CNPC (20 per cent) and Silk Road Fund (9.9 per cent)<sup>163</sup>. It would be worthwhile exploring how the French and the Chinese overcame the sanctions to become part of the profitable venture.

If reports are to be believed, India’s energy companies, Petronet LNG Ltd. and OVL, are having discussions about acquiring a joint 9.9 per cent stake in Russia’s planned liquefied-gas project Arctic LNG 2 from

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<sup>158</sup> Ibid.

<sup>159</sup> “India Energy Outlook 2021,” at <https://www.iea.org/reports/india-energy-outlook-2021> (Accessed November 27, 2021)

<sup>160</sup> “Interview of M/o Petroleum & Natural Gas to *Vedomost’*”, no. 156.

<sup>161</sup> Ibid.

<sup>162</sup> “OVL looks at Russia again, revives Yamal LNG plans,” at [https://www.business-standard.com/article/companies/ovl-looks-at-russia-again-revives-yamal-lng-plans-112071900060\\_1.html](https://www.business-standard.com/article/companies/ovl-looks-at-russia-again-revives-yamal-lng-plans-112071900060_1.html) (Accessed November 23, 2021)

<sup>163</sup> “Projects & Achievements,” at <https://totalenergies.com/energy-expertise/projects/oil-gas/lng/yamal-lng-cold-environment-gas> (Accessed November 23, 2021)

Novatek<sup>164</sup>. Presently, Novatek has a 60 per cent stake, with the remaining shareholders comprising France's Total (10 per cent), China's CNPC (10 per cent), China's CNOOC (10 per cent) and a consortium of Japan's Mitsui and Jorgmec — called Japan Arctic LNG — with the final 10 per cent stake<sup>165</sup>.

*Cost Competitiveness of Russian LNG:* It could be argued that supply of LNG from Russia is likely to be more expensive because of higher transportation costs as compared to alternate supplies available from Qatar, Australia and Mozambique.

The competitiveness of an LNG project is defined by the capital costs of the liquefaction plant, upstream gas supply and LNG shipping costs<sup>166</sup>. For Russia, the upstream costs are meagre, below \$1/mmBtu including, taxes<sup>167</sup>. Then there are government tax concessions. In 2013, Russia introduced a 0 per cent tax rate for LNG exports<sup>168</sup>. Reportedly, Yamal LNG has secured significant tax concessions from the Russian government: exemption from export tax, mineral extraction tax (MET), property tax exemption for 12 years, and a 13.5 per cent profit tax reduction. In addition, the government is financing infrastructure construction: airport, seaport, icebreaking and cargo fleet. Novatek has claimed that the Arctic LNG 2 project is expected to receive the same tax breaks as Yamal LNG<sup>169</sup>.

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<sup>164</sup> "India Energy Firms Are Said to Discuss Buying Arctic LNG 2 Stake," at <https://www.bloomberg.com/news/articles/2021-09-06/india-energy-firms-are-said-to-discuss-buying-arctic-lng-2-stake> (Accessed November 25, 2021)

<sup>165</sup> Stuart Elliott, "Arctic LNG 2 partners conclude 20-year LNG purchase deals: Novatek", April 2021, at <https://www.spglobal.com/platts/en/market-insights/latest-news/shipping/042821-arctic-lng-2-partners-conclude-20-year-lng-purchase-deals-novatek>

<sup>166</sup> "Outlook for competitive LNG supply," at <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2019/08/Outlook-for-Competitive-LNG-supply.pdf> (Accessed November 12, 2021)

<sup>167</sup> Ibid.

<sup>168</sup> Ibid.

<sup>169</sup> Ibid.

For Russia/Arctic, the indicative cost of liquefaction has been estimated to be \$4.52 mmBtu<sup>170</sup>. Combined with the estimates of shipping costs, it has been assessed that Sakhalin LNG can competitively supply markets in India, Pakistan and Bangladesh at competitive prices. If India leverages its vast consumption and promise of an assured, long-term purchase, there is undoubtedly a case for long-term LNG supplies from Russia.

*Northern Sea Route:* Presently, a majority of the maritime commerce in the world is conducted through the primary shipping route connecting Asia to Europe through the Malacca Strait, Gulf of Aden and Suez Canal and the Panama Canal joining, the Atlantic Ocean to the Pacific Ocean. As a result of the Global Warming-induced ice melt in the Arctic Region, the Northern Sea Route (NSR) is emerging as a potential route for trade between Europe and Asia. Considering that it offers considerable savings, the NSR has the potential to transform the way maritime trade is conducted.

The passage of a cargo ship from Shanghai to Rotterdam along the NSR is about 4000 km shorter than through the Suez Canal and Malacca Strait, resulting in savings between 21 to 25 per cent in terms of distance, time and fuel consumption; this amounts to \$ 250,000 to \$ 1 million per voyage depending on the ports of origin, the destination and the size of the vessel<sup>171</sup>. The savings increase for ports north of Shanghai and reduce for ports to its south. For Indian ports, the NSR does not offer any benefits

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<sup>170</sup> Ibid.

<sup>171</sup> The Chinese company involved in Arctic shipping operations, COSCO Shipping Specialized Carriers Company (COSCOL), which operates under the umbrella of the China Ocean Shipping Company (COSCO), launched its first voyage through the Northern Sea Route in the summer of 2013 deploying Yongsheng, an ice-class cargo ship owned by COSCOL. According to official estimates, since the first voyage, COSCOL has had ten vessels completing fourteen trips through the Arctic. The savings appear significant: the fourteen trips in total saved a travel distance of 67,390 nautical miles, cutting travel time by 220 days, fuel by 6,948 tons and cost by US \$ 9.36 million. To validate the consistent viability of the Northern Sea Route, COSCOL vessels have been sailing through the passage every year since 2015. The company estimates that more than ten ships will continue the mission in 2018.

and is in fact, longer than the current route for Rotterdam. Apart from the benefits in distance and time, there are also environmental benefits because of reduced carbon emissions.

However, there are several challenges that need to be overcome before NSR becomes a viable reality. The most significant constraint lies in the inability to leverage economies of scale in container shipping<sup>172</sup>. Other challenges include harsh climatic conditions and unpredictable ice flows that hamper strict shipping and the transshipment-scheduling requirement of container shipping. Lack of adequate search and rescue cover, navigational aids, communication facilities, icebreakers, and infrastructure, all conservatively estimated for the NSR, cost about \$ 200 billion.

*Russia's NSR Plans:* A Decree (No. 204) of the President of Russia dated May 7, 2018 “On national goals and strategic objectives of the development of the Russian Federation for the period up to 2024”<sup>173</sup> directs, *inter-alia*, to develop East-West and North-South transport corridors for carrying goods, and developing the NSR and increasing its cargo traffic up to 80 million tonnes; The plan for the development of the infrastructure of the NSR until 2035 was approved on 30 December 2019<sup>174</sup>.

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<sup>172</sup> The draught restriction (13 m) at Kara Strait and Laptev/Sannikov Strait limit the maximum containers that can be carried to 4500 and 2500 respectively, compared to more than five times that can be carried through the main East-West sea routes through the Malacca Straits and Suez Canal, thereby limiting the economic potential of the NSR. Due to unpredictable ice that flows into potential sea lanes and whose flow patterns are very difficult to forecast. Container shipping is unlikely to become a norm for the NSR due to its requirement for strict shipping and transshipment scheduling.

<sup>173</sup> “The President signed Executive Order On National Goals and Strategic Objectives of the Russian Federation through to 2024,” at <http://en.kremlin.ru/events/president/news/57425> (Accessed November 11, 2021)

<sup>174</sup> “The plan for the development of the infrastructure of the Northern Sea Route until 2035 was approved,” at <http://government.ru/docs/38714/#> (Accessed November 11, 2021)

In its plans for the development of infrastructure in its Arctic areas, Russia has announced its intention *inter alia*, to ensure year-round, safe, uninterrupted and cost-effective navigation in the waters of the NSR.<sup>175</sup> It has also announced the construction and modernization of seaports in the waters of the NSR, construction of railway lines providing for the export of products from the regions of the European and Asian parts of the country along the NSR, improvement of the information and communication infrastructure— including the laying of underwater fibre-optic communication lines along the NSR.<sup>176</sup>

The Minister of the Far East and the Arctic said in an interview that the Russian government plans to subsidize container shipping, cover the losses of shipping companies and launch regular container services from the Far East to Murmansk or St. Petersburg<sup>177</sup>. According to the Minister, the NSR must become a global transport corridor and, for that, it should not be more expensive than by railway or through the Suez Canal<sup>178</sup>. This can happen only through subsidies in the initial phase since the traditional shipping companies still have lack of confidence in the new route<sup>179</sup>. It was reported on September 8, 2021, that Dubai's global port operator DP World and Russian logistics company FESCO planned to build a container terminal in Vladivostok to service the growing Arctic route between Europe and the Pacific<sup>180</sup>. At the other end of the route,

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<sup>175</sup> <http://static.government.ru/media/files/itR86nOgy9xFEvUVAgmZ3XoeruY8Bf9u.pdf> (Accessed November 21, 2021)

<sup>176</sup> Ibid.

<sup>177</sup> “Moscow mulls subsidies for shippers sailing Northern Sea Route,” at <https://thebarentsobserver.com/en/arctic/2021/09/moscow-mulls-subsidies-shippers-sailing-northern-sea-route> (Accessed November 22, 2021)

<sup>178</sup> Ibid.

<sup>179</sup> Ibid.

<sup>180</sup> David Rogers, “DP World begins study into Vladivostok container terminal”, September 2021, at <https://www.globalconstructionreview.com/dp-world-begins-study-into-vladivostok-container-terminal/>

Murmansk would become a second transshipment hub for ports in north Western Europe, with DP World serving both Vladivostok and Murmansk<sup>181</sup>. DP World handles 10 per cent of the global container traffic; FESCO is Russia's largest intermodal transport operator<sup>182</sup>.

For countries that contest Russia's control of the NSR, it was only opened for non-Russian vessels in 1991, wherein it was restricted to either origin or destination shipping and was not for transit shipping until 2009. Transit shipping was undertaken for the first time by two German-flagged vessels, *Beluga Fraternity* and *Beluga Foresight*, in 2009<sup>183</sup>.

Since the ratification of the United Nations Convention on the Law of the Sea (UNCLOS) in 1997, Russia has maintained that its administration of the NSR is in line with UNCLOS Article 234, which provides the coastal state with extended rights to enforce regulations in ice-covered areas. In addition, Russia maintains rights derived from developing the route: "Navigation in the area of the NSR, a historically developed national transport communication of the Russian Federation, is carried out according to generally recognized principles and norms of international law, international treaties of the Russian Federation, ...". Russia's interpretation of these rights is disputed by some states, but is generally accepted by the international shipping industry<sup>184</sup>.

US officials dispute Russia's claim to the NSR and have threatened to send US naval vessels in a Freedom of Navigation Operation (FONOP)<sup>185</sup>. In

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<sup>181</sup> Ibid.

<sup>182</sup> Ibid.

<sup>183</sup> "German ships successfully make 'Arctic Passage'," at <https://www.reuters.com/article/us-climate-shipping-arctic-idUSTRE58B01K20090912> (Accessed December 3, 2021)

<sup>184</sup> Björn Gunnarsson, Arild Moe, "Ten Years of International Shipping on the Northern Sea Route: Trends and Challenges", *Arctic Review on Law and Politics*, February 2021 at <https://arcticreview.no/index.php/arctic/article/view/2614/5116>

<sup>185</sup> David Auerswald, "Now is Not the Time for a FONOP in the Arctic", 11 October 2019, at <https://warontherocks.com/2019/10/now-is-not-the-time-for-a-phonop-in-the-arctic/>

2019, US Secretary of the Navy Richard Spencer spoke of “having some ships make the transit in the Arctic<sup>186</sup>. Freedom of navigation should be applied up there.” In May 2019, Secretary of State Mike Pompeo warned, “We’re concerned about Russia’s claim over the international waters of the NSR.”<sup>187</sup> The US Department of Defense’s June 2019 Arctic Strategy states that US interests in the Arctic included “ensuring freedom of navigation and overflight” and called out Russia as a threat in the Arctic<sup>188</sup>.

President Putin has denied such motives ascribed to Russia and has confirmed that it wants to conform to the international law of the sea – the 1982 Convention and intends to do so in the future. He also points out that the most economically beneficial and safe NSR passage is through Russian territorial waters and internal seas and Russia welcomes other countries to use this passage<sup>189</sup>.

Prime Minister Modi has indicated India’s willingness to partner with Russia, stating that India and Russia will also be a partner in the opening the NSR for international trade and Commerce<sup>190</sup>. In return, President Putin has stated that Russia welcomes India’s interests in the NSR even though it follows the developments in certain countries concerned about Russia actively developing the NSR, assuming that they are planning to restrict passage through the NSR for certain countries<sup>191</sup>.

## **THE RUSSIAN FAR EAST**

The Far East is the eastern-most part of Russia. The region borders the Pacific and the Arctic Oceans spread over four time zones and covers 6.95 million sq. km, which is about 41 per cent of the area of the entire

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<sup>186</sup> Ibid.

<sup>187</sup> Ibid.

<sup>188</sup> Ibid.

<sup>189</sup> “Putin speech at Eastern Economic Forum”, no. 146.

<sup>190</sup> “Prime Minister’s Virtual-Address at Eastern Economic Forum 2021”, no. 155.

<sup>191</sup> “Putin speech at Eastern Economic Forum”, no. 146.

country<sup>192</sup>. The population of the RFE is 8.1 million, comprising over 5 per cent of the Russian population<sup>193</sup>. The RFE is rich in natural resources, producing 98 per cent of Russian diamonds, 90 per cent of borax materials, 50 per cent of gold, 14 per cent of tungsten, and 40 per cent of fish and seafood. About one-third of all coal reserves and hydro-engineering resources of the country are found here. Forests of the region comprise about 30 per cent of the total forest area of Russia<sup>194</sup>.

Russia is also paying particular attention to the development of its Far Eastern region, with President Putin personally monitoring it. He has committed that by 2024, the living standards in each region of the RFE will not be below the national average<sup>195</sup>. He also plans to make the Far Eastern Federal University one of the world's leading universities within the next decade, meeting the highest international standards in terms of its facilities, research base, level of teaching and career prospects. The Minister for Arctic and RFE has stated that Vladivostok should become the third most attractive city in Russia in all respects after Moscow and St. Petersburg<sup>196</sup>. There are also plans to attract up to 2 million people to the region in the next fifteen years, for which it will be necessary to build more than 60 million square metres of residential property and create a new living environment<sup>197</sup>.

Since 2015, the volume of accumulated foreign direct investment (FDI) in the RFE has almost doubled, reaching US \$ 80 billion. Industrial growth

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<sup>192</sup> “About The Far East,” at <https://forumvostok.ru/en/about/> (Accessed December 5, 2021)

<sup>193</sup> Ibid.

<sup>194</sup> Ibid.

<sup>195</sup> “Putin speech at Eastern Economic Forum”, 03 September 2021, no. 192.

<sup>196</sup> “The Head of the Ministry for the Development of the Russian Far East Alexei Chekunkov gave an interview to RBC,” at <https://minvr.gov.ru/press-center/news/32385/> (Accessed December 1, 2021)

<sup>197</sup> Ibid.

in the region has exceeded the national average, and during the same period, industrial production in the region has shown a growth rate of around 20 per cent, which is twice the national rate. Global projects in aviation, shipbuilding, chemical industry, gas processing and logistics have been launched in the Far Eastern regions such as the Amur Region, the Khabarovsk and the Primorye Territories<sup>198</sup>.

Russia is also creating a free customs zone on the entire territory of the Kuril Islands in the RFE. Additionally, it is providing a tax holiday in respect of profit, property, and land and transport taxes for ten years to the investors. These concessions are available to foreign investors as well<sup>199</sup>. However, they are not available to intermediaries for the production of excisable goods, the extraction and processing of hydrocarbons or harvesting precious water bio-resources and are meant for companies operating on the islands that create infrastructure and employment and not for those that are just registered there<sup>200</sup>.

*India in the RFE:* The cooperation in the RFE has been endorsed at the highest levels by the leaders of India and Russia. President Putin has quoted Prime Minister Modi, welcoming India's participation in the RFE, stating that,

“Our task is to pool efforts and achieve better results in the development of our own countries by working with partners and using the rule the Indian Prime Minister mentioned: Sangam, pooling efforts”<sup>201</sup>.

Prime Minister Modi has reciprocated in equal measure, announcing India's Act Far East Policy, stating it to be an “important part of our special and privileged strategic partnership with Russia”<sup>202</sup>. Earlier, in 2017, the joint

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<sup>198</sup> Ibid.

<sup>199</sup> Ibid.

<sup>200</sup> Ibid.

<sup>201</sup> “Putin speech at Eastern Economic Forum”, no. 146.

<sup>202</sup> “Prime Minister's Virtual-Address at Eastern Economic Forum 2021”, no. 155.

declaration by India and Russia had stated, “We intend to enhance and actively promote greater cooperation between our regions and states, with a particular emphasis on the Far East region of Russia”<sup>203</sup>.

India has announced a \$ 1 billion Line of Credit (LOC) to further contribute to the development of the RFE. While announcing the LOC, Prime Minister Modi stated,

“This is the first time that we are giving a line of credit to a particular region of a country. My Government’s Act East Policy has actively engaged with the East Asia. Today’s announcement will prove to be the take-off point of the Act Far East policy and it is my firm belief that this step adds a new dimension to our economic diplomacy. We will be active participants in the development of the regions of our friendly countries according to their priorities”<sup>204</sup>.

An MoU has also been signed between India’s most extensive ship yard, the Mazagon Docks Limited and the Russian ‘Zvezda’ Shipyard in Vladivostok for the construction of some of the most essential commercial ships in the world<sup>205</sup>. Then there is also the Chennai-Vladivostok Maritime Corridor, which is making good headway. This connectivity project and the International North-South Corridor, will bring India and Russia closer to each other<sup>206</sup>.

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<sup>203</sup> “Saint Petersburg Declaration by the Russian Federation and the Republic of India: A vision for the 21st century”, no. 148.

<sup>204</sup> “Translation of Prime Minister’s speech in Plenary Session of 5th Eastern Economic Forum,” at <https://www.mea.gov.in/Speeches-Statements.htm?dtl/31798/translation+of+prime+ministers+speech+in+plenary+session+of+5th+eastern+economic+forum+september+05+2019> (Accessed December 5, 2021)

<sup>205</sup> Ibid.

<sup>206</sup> Ibid.

## POLICY RECOMMENDATIONS

### Arctic, NSR and RFE

Given the imperatives, Russia is unlikely to concede its dominance in the Arctic. India should support Russia in the Arctic, on the NSR and seek greater engagement in hydrocarbon exploration and extraction in the region.

Speaking at the Eastern Economic Forum in 2021, Prime Minister Modi stressed the importance of greater economic and commercial engagement between the two countries in line with the ‘Special and Privileged Strategic Partnership’, referring to other potential areas of economic cooperation, including diamond, coking coal, steel, timber, etc.<sup>207</sup>

*Separate JWG for Arctic and RFE:* There is a need to transform into action the intent at the highest levels in the two countries to collaborate in the Arctic and RFE. India and Russia could set up a special Joint Working Group (JWG), specifically for cooperation in the Arctic and the RFE. This could be set up as a separate sub-group under the IRIGC-TEC.

*Hydrocarbons:* The engagement with Russia for hydrocarbon exploration in its Arctic regions to identify cooperative joint ventures needs to be enhanced. An action plan with a roadmap and timelines, with clear commitments and responsibilities from both sides, needs to be prepared.

The five-year roadmap for cooperation in the hydrocarbon sector and in the search for Hydro-Carbon and LNG in the Far East and the Arctic between Russia and India, agreed in 2019, needs to be reviewed and, if possible, prepared for a longer time frame.

*Polar Research Vessel:* India’s CCEA, chaired by Prime Minister Modi, approved (on 29 October 2014) the acquisition of the Polar Research

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<sup>207</sup> “Prime Minister’s Virtual-Address at 6th Eastern Economic Forum 2021 in Vladivostok,” at <https://mea.gov.in/press-releases.htm?dtl/34217/prime+ministers+virtualaddress+at+6th+eastern+economic+forum+2021+in+vladivostok> (Accessed December 7, 2021)

Vessel (icebreaker, Research-cum-Supply Vessel) at a total cost of Rs. 1051.13 crores within 34 months<sup>208</sup>. The Vessel, which was to be commissioned by 2016<sup>209</sup>, is yet to see the light of day. Russia has some fifty icebreakers, more than the entire world's icebreaker fleet put together<sup>210</sup>, the most recent of which is the world's largest and most powerful, and more are on the way<sup>211</sup>. The condition of Atmanirbhar (self-reliance), which may necessitate building in an Indian yard, could have been the cause of the delay. Since it would be a one-off acquisition and not a serialised production, a collaboration with Russia for accelerated acquisition of the PRV is recommended.

*MoU between NCPOR, India and AARI, Russia on Scientific Cooperation:* Russia ought to be the first priority country among the members of the Arctic Council for India's bilateral engagement in the Arctic affairs. This is because of India's extensive ongoing bilateral cooperation with Russia and no points of divergence on Arctic between the two countries. India's lone polar research station is at Ny Alesund, Spitsbergen, established in 2008. India's Arctic research includes atmospheric, biological, marine and earth sciences and glaciological studies<sup>212</sup>. Despite the Russian Arctic comprising more than half of the Arctic region, the website of the Ministry of Earth Sciences – nodal ministry for all scientific activities in the Arctic – does not list any

<sup>208</sup> “Cabinet Decisions-Chronological since 27.05.2014,” at <https://pib.gov.in/newsite/PrintRelease.aspx?relid=156034> (Accessed December 8, 2021)

<sup>209</sup> “PACER,” at [https://moes.gov.in/schemes/polar-science-cryosphere?language\\_content\\_entity=en#tabCOPR](https://moes.gov.in/schemes/polar-science-cryosphere?language_content_entity=en#tabCOPR) (Accessed December 9, 2021)

<sup>210</sup> “Major Icebreakers Of The World,” at <https://www.dco.uscg.mil/Portals/9/DCO%20Documents/Office%20of%20Waterways%20and%20Ocean%20Policy/20170501%20major%20icebreaker%20chart.pdf?ver=2017-06-08-091723-907> (Accessed December 9, 2021)

<sup>211</sup> Christopher Woody, “As US Tries To Close ‘Icebreaker Gap’ With Russia, Its Only Working Icebreaker Is Making A Rare Trip North”, November 10, 2020, at <https://www.businessinsider.in/international/news/as-us-tries-to-close-icebreaker-gap-with-russia-its-only-working-icebreaker-is-making-a-rare-trip-north/articleshow/79140114.cms>

<sup>212</sup> “PACER”, no. 209.

detail of scientific cooperation with Russia in the Arctic. The website does provide details of international collaboration with the US, UAE, UK, Mauritius, Norway, Germany, Jamaica, Japan, Sweden and Thailand, among others<sup>213</sup>. An MoU for scientific cooperation between Russia's Arctic and Antarctic Research Institute (AARI) and India's National Centre for Polar and Ocean Research is recommended to be signed to initiate scientific collaboration between the two countries.

*Legal Status of NSR:* India could consider support for Russia on the NSR. UNCLOS, under Articles 21 and 234, provides states with the ability to regulate their territorial waters and adjacent ice-covered waters (to protect the environment), respectively. Even the Russian President and the Russian Foreign Minister<sup>214</sup> have promised full compliance with UNCLOS.

*Trade:* Talks on the launch of the 'Green Corridor' for customs facilitation towards better connectivity and trade facilitation, between the two countries, have gone on since 2016<sup>215</sup>. They have also found mention in several joint statements after bilateral summits.<sup>216</sup> This and other measures need to be fast-tracked as an impetus to enhance bilateral trade between the two countries. Some specific commodities that can be sourced by India from the Russian Arctic and the RFE, apart from hydrocarbons, are discussed below.

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<sup>213</sup> "About the Ministry," at <https://moes.gov.in/> (Accessed December 2, 2021)

<sup>214</sup> Sergei Lavrov has stated, "We will do everything to ensure that the movement of foreign ships is in full compliance with the 1982 Convention on the Law of the Sea, that it is carried out in full compliance with all international legal norms, and that it is absolutely safe."

<sup>215</sup> "India-Russia Intergovernmental Commission Meeting in New Delhi (September 13, 2016)," at <https://www.mea.gov.in/press-releases.htm?dtl/27387/indiarussia+intergovernmental+commission+meeting+in+new+delhi+september+13+2016> (Accessed December 1, 2021)

<sup>216</sup> "India - Russia Joint Statement during visit of Prime Minister to Vladivostok," at [https://www.mea.gov.in/bilateral-documents.htm?dtl/31795/India\\_\\_Russia\\_Joint\\_Statement\\_during\\_visit\\_of\\_Prime\\_Minister\\_to\\_Vladivostok](https://www.mea.gov.in/bilateral-documents.htm?dtl/31795/India__Russia_Joint_Statement_during_visit_of_Prime_Minister_to_Vladivostok) (Accessed December 5, 2021)

*Timber:* India is one of the world's largest importers of timber.<sup>217</sup> India has reached consumption levels of 2.5 million cubic metres of tropical plywood over recent years as a significant end user of timber products<sup>218</sup>. The bulk of the imports have traditionally come from Malaysia, Myanmar, Indonesia, China, Ghana, Ecuador, Costa Rica, Côte d'Ivoire, the Solomon Islands and Papua New Guinea<sup>219</sup>. In the last five years, from FY 2015-16, India imported timber (HS Code 44) worth US \$ 5.425 billion. Russia was not among the top ten source countries<sup>220</sup>.

Russia enjoys an abundance of timber resources. Russian forests constitute over 20 per cent of the total global forest area. The increasing demand for timber in India, along with the Russian government's programmes to prioritize the industry's development, makes timber the ideal resource to build this bridge between India and the RFE<sup>221</sup>.

*Metallurgical Coal:* According to reports, India can fulfil half its requirement of coking coal with imports from Russia<sup>222</sup>. Presently, around 85 per cent of India's coking coal demand is met through imports. Since June 2016, India has imported Coking Coal (HS Code 27011910) worth US \$ 40.43 billion. Australia was the top supplier at US \$ 30.17 billion, and Russia ranked seventh during this period, with imports worth US \$ 408.54 million<sup>223</sup>.

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<sup>217</sup> "Using Timber to Bridge India and the Russian Far East," at <https://www.investindia.gov.in/team-india-blogs/using-timber-bridge-india-and-russian-far-east> (Accessed December 5, 2021)

<sup>218</sup> Ibid.

<sup>219</sup> Ibid.

<sup>220</sup> "Import Analysis," at <http://www.eximanalytics.dgciskol.gov.in/dgcis/EXIM-Analytics#/dashboard/Import-Analysis> (Accessed December 2, 2021)

<sup>221</sup> "Using Timber to Bridge India and the Russian Far East", no. 217.

<sup>222</sup> "India can fulfil 50% coking coal requirement from Russia: JSPL MD," at [https://www.business-standard.com/article/markets/india-can-fulfil-50-coking-coal-requirement-from-russia-jspl-md-121071800158\\_1.html](https://www.business-standard.com/article/markets/india-can-fulfil-50-coking-coal-requirement-from-russia-jspl-md-121071800158_1.html) (Accessed December 2, 2021)

<sup>223</sup> "Import Analysis", no. 220.

On 4 July 2021, India's Union Cabinet approved the MoU between the Indian Ministry of Steel and the Russian Ministry of Energy on cooperation regarding coking coal, which is used for making steel<sup>224</sup>.

Cooperation with Russia will help India reduce its dependence on far-located countries like Australia, South Africa, Canada and the US for sourcing coking coal, which will benefit the entire steel sector by reducing their input costs. This may lead to reduction in cost of steel in the country and promote equity and inclusiveness<sup>225</sup>.

*Diamonds:* India is the world's top importer and exporter of diamonds. In 2019, India's diamond imports were worth US \$ 21.4 billion and exports amounted to US \$ 22.5 billion, accounting for 20.7 per cent and 21.7 per cent of the world's imports, and exports, respectively<sup>226</sup>. In five years from April 2016, India's diamond imports (HS 7102) amounted to US \$ 112.76 billion, the UAE, Belgium and the US being the top three sources of import, cumulatively accounting for US \$ 63.34 billion and 56 per cent of India's total imports. In the same period, India exported diamonds (HS 7102) worth US \$ 111.56 billion. The top destinations were Hong Kong (\$40.96 billion), the US (\$36.34 billion), and Belgium (\$10.44 billion). Russia does not figure in the top twenty export destinations for India<sup>227</sup>.

Russia is home to arguably the richest and largest diamond resources in the world, with more than twelve open-pit mines<sup>228</sup>. Russia tops the world's

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<sup>224</sup> "Cabinet approves Memorandum of Understanding (MoU) between India and Russian Federation on cooperation regarding coking Coal, which is used for Steel making," at <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1735377> (Accessed December 7, 2021)

<sup>225</sup> Ibid.

<sup>226</sup> "Diamonds," at <https://oec.world/en/profile/hs92/diamonds> (Accessed December 1, 2021)

<sup>227</sup> "Import Analysis", no. 220.

<sup>228</sup> "Top five diamond mining countries in the world," at <https://www.nsenergybusiness.com/news/top-diamond-mining-countries-world/> (Accessed November 29, 2021)

diamond production hierarchy with 30 per cent of global production<sup>229</sup> and is the world's largest exporter of rough diamonds by volume<sup>230</sup>. Russia's Alrosa accounts for 93 per cent of the total diamond production in the country, and is the leader of the global diamond mining industry<sup>231</sup>, producing 28 per cent of the world's diamonds compared to 20 per cent by De Beers<sup>232</sup>. However, Russia was India's sixth-largest source, exporting US \$ 7.48 billion of diamonds to India in this period<sup>233</sup>. Russia's leading export destinations are the UAE and Belgium, among India's leading import sources. While it may be argued that Antwerp is the world's leading diamond trading hub, clearly there is a case for direct trade in diamonds between India and Russia – the world's largest producer and importer, respectively.

### **The Indian Ocean Region (IOR)**

Russian opposition to the Indo-Pacific and the Quad as a containment strategy needs to be dispelled through more significant interaction and explanation of India's Security and Growth for All in the Region (SAGAR) and inclusive Indo-Pacific strategy.

Russia's Greater Eurasian Partnership (GEP) and India's Indo-Pacific policy converge in the IOR and could provide an alternative to China's BRI.

India should facilitate Russia's access to the IOR. Indian ports should be the preferred ports of call for Russian warships during transit through the IOR.

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<sup>229</sup> "Which Countries Export The Most Diamonds?," at <https://www.diamond-heaven.co.uk/dh/blog/article/which-countries-export-the-most-diamonds/225> (Accessed November 29, 2021)

<sup>230</sup> Ibid.

<sup>231</sup> "World diamond market," at <http://eng.alrosa.ru/diamonds-explained/the-world-diamond-market/> (Accessed November 30, 2021)

<sup>232</sup> Ibid.

<sup>233</sup> "Import Analysis", no. 220.

Russia is seeking greater Indian involvement in the RFE, ostensibly to balance the growing Chinese influence. This needs to be reciprocated by seeking greater Russian involvement in the IOR. Alienating/discouraging Russia in the IOR would be detrimental and may result in a deeper Chinese embrace.

*Increased Interaction between the Indian and Russian Navies:* Both Navies could consider an institutionalised interaction between the Indian Navy's Eastern Command/Fleet at Visakhapatnam and RuN's Pacific Fleet at Vladivostok. There are reports of an Indian Officer posted at the US Navy component (NAVCENT) of the US Central Command in Bahrain and similar plans to post Indian officers at the US Central Command and Africa Command<sup>234</sup>. India and Russia may consider reciprocal deployment of liaison officers between India's Eastern Naval Command at Visakhapatnam and Russia's Pacific Fleet headquarters at Vladivostok.

The two countries should sign an MoU on Navy-to-Navy cooperation soon.

The RELOS Agreement between the two navies should be signed and operationalised at the earliest.

*Trilateral Maritime Security Exercises:* To strengthen cooperation and enhance regional security and security of their shipping/interests, India and Russia should consider holding the following trilateral maritime security exercises, involving biennially:-

- Iran in the Persian Gulf/North Arabian Sea
  - France in South West IOR
  - Vietnam in South China Sea
  - Japan in East China Sea
- } Also for SLOC protection  
} Chennai-Vladivostok Corridor

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<sup>234</sup> Elizabeth Roche, "Defence links have come far and will continue to grow", *Mint*, November 4, 2020, at <https://www.livemint.com/news/india/defence-links-have-come-far-and-will-continue-to-grow-11604506499788.html>

## Connectivity

*Chennai-Vladivostok Maritime Corridor:* India and Russia should fast-track the operationalisation of the corridor. Even though the Prime Minister and the External Affairs Minister have endorsed,<sup>235</sup> it needs to be monitored regularly with time-bound implementation.

*International North-South Transport Corridor (INSTC):* The India-Russia joint statement during the 19<sup>th</sup> Summit at Vladivostok stated that the sides attach great importance to the development of the INSTC. The major thrust of the INSTC is to secure freight volumes, upgrade and improve the transport and logistics services provided, simplify document workflow and switch to electronic document workflow, and introduce digital technologies and satellite navigation into the transportation process<sup>236</sup>.

Both Prime Minister Modi and President Putin mentioned the INSTC on several occasions<sup>237</sup>. India has proposed the inclusion of the Chabahar Port within the INSTC and is seeking to expand the membership of this project<sup>238</sup>. President Putin has also endorsed the INSTC on several occasions. During his talk at the Valdai Club in 2019, he stated that Russia “is open to such joint work and is already implementing several joint projects here. One of them, the north-south trade route, will pass through

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<sup>235</sup> “Statement by Minister of External Affairs at the Joint Press conference with the Minister of Foreign Affairs of the Russian Federation,” at <https://mea.gov.in/Speeches-Statements.htm?dtl/33997/statement+by+minister+of+external+affairs+at+the+joint+press+conference+with+the+minister+of+foreign+affairs+of+the+russian+federation> (Accessed November 30, 2021)

<sup>236</sup> “India-Russia Joint Statement during visit of Prime Minister to Vladivostok”, no. 149.

<sup>237</sup> “Saint Petersburg Declaration by the Russian Federation and the Republic of India: A vision for the 21st century”, no. 148.

<sup>238</sup> “Hopeful membership of INSTC project will be expanded: Jaishankar”, *The Economic Times*, March 4, 2021 at <https://economictimes.indiatimes.com/news/politics-and-nation/hopeful-membership-of-instc-project-will-be-expanded-jaishankar/articleshow/81329027.cms?from=mdr>

our territory from European countries through the Caspian region to the Central Asian states, Iran and India”<sup>239</sup>.

A Federation of Freight Forwarders Association in India (FFFAI) Study estimates that INSTC is 30 per cent cheaper and 40 per cent shorter than the current traditional route<sup>240</sup> and has the potential to move 30 to 50 million tons of goods per year.

The Unified Deep-water System (UDWS) is a 6500 km long inland waterways system in Russia that links the White, Baltic, Caspian, Azov, Black Seas and the Volga. It carries 75 per cent of all the inland waterway traffic in Russia and the targeted depth throughout is 4.5 metres, although the guaranteed depth is 3.6 metres for vessels of up to 5000 tons carrying capacity<sup>241</sup>. The cargo turnover in river ports amounts to over 200 million tons per year<sup>242</sup>.

The extension of the INSTC to the Arctic is a logical continuation of the idea that will unlock a trade potential worth more than US \$ 250 billion and bring much-needed progress, prosperity, stability and peace in the areas of the region traverses.

The two countries could examine the feasibility of merging existing / ongoing initiatives such as the INSTC and Russia’s UDWS to provide a multi-modal transport corridor.

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<sup>239</sup> “Putin Talk at Valdai Club”, at <http://www.kremlin.ru/events/president/news/61719> (Accessed December 8, 2021)

<sup>240</sup> “FFFAI to organise INSTC Conference in December with Ministry of Commerce & Industry,” at <https://www.itln.in/fffaialongwithministryofcommerceindustrytoorganiseinstcconferenceindecember> (Accessed December 6, 2021)

<sup>241</sup> “European Conference Of Ministers Of Transport,” at <http://www.internationaltransportforum.org/pub/pdf/06WatPaneurop.pdf> (Accessed December 3, 2021)

<sup>242</sup> Ibid.

An overseeing mechanism comprising representatives from the Ministries of Ports, Shipping and Waterways, Commerce and Industry, and other appropriate departments could be set up expressly for operationalisation and monitoring of both connectivity projects.

There is also a need to emphasise the importance of ‘North-South’ connectivity for the development of the Arctic and promote the view that the Arctic should be seen as a ‘destination’ rather than a mere ‘transit’. This is important since the Chinese East-West connectivity (Polar Silk Road) may be exploitative and not benefit the indigenous people.

It is a given that North-South connectivity will result in lowering shipping costs and overall development the hinterland and of indigenous communities as compared to East-West connectivity.

### **Skilled Manpower**

More than 54 per cent of India’s total population is below 25 years of age<sup>243</sup>. India’s National Skill Development and Entrepreneurship Policy 2015 seeks to create an ecosystem of empowerment by Skilling on a large Scale<sup>244</sup>. The ageing developed world is likely to face a vast skill shortage, while India has the potential to reap the benefits of its demographic advantage and export skilled labour to the world. The Indian National Skill Development policy booklet cites US Census Bureau’s estimate that by 2022, countries like the US, the UK and China will fall short of skilled labour by 17 million, 2 million and 10 million respectively, while India will have a surplus of almost 47 million in the age group of 19-59 years. This strength can be leveraged by destination countries to meet their labour and skill shortages. Labour mobility is the only long-term solution for sustaining global growth rates<sup>245</sup>.

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<sup>243</sup> Ministry of Skill Development and Entrepreneurship, “National Policy for Skill Development and Entrepreneurship 2015”, at <https://msde.gov.in/sites/default/files/2019-09/National%20Policy%20on%20Skill%20Development%20and%20Entrepreneurship%20Final.pdf>

<sup>244</sup> Ibid.

<sup>245</sup> Ibid.

Prime Minister Modi, while speaking on World Youth Skills Day on 15 July 2021, remarked,

*“India providing smart and skilled man-power solutions to the world should be at the core of our strategy of skilling our youth”<sup>246</sup>.*

As per a statement by India’s Minister of State for External Affairs, India will be the global source of skilled manpower by 2022<sup>247</sup>. India plans to export skilled professionals, including health workers, to twelve friendly countries mainly, in Europe and Asia, along the lines of a manpower-supply pact with Japan<sup>248</sup>. Over 12.5 million youth have been trained under the flagship Pradhan Mantri Kaushal Vikas Yojna<sup>249</sup>.

The RFE is one of the most sparsely populated areas in the world. The Russian government continues discussing a wide range of re-population programmes, hoping to attract Russians there, even with incentives such as double income, a mortgage system, early retirement and free plots of land, but little has been achieved<sup>250</sup>. The region is facing a severe shortage of highly skilled workers<sup>251</sup>. Russia plans to attract five lakh people to the

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<sup>246</sup> “Mission of skilling, re-skilling and up-skilling the youth should go on relentlessly: PM Modi,” at <https://www.narendramodi.in/text-of-prime-minister-narendra-modi-s-address-on-world-youth-skills-day-556167> (Accessed December 4, 2021)

<sup>247</sup> “India to be global source of skilled manpower by 2022, says MoS MEA,” at <https://www.businesstoday.in/latest/economy-politics/story/india-going-to-be-global-source-of-skilled-manpower-by-2022-says-mos-mea-283953-2021-01-09> (Accessed December 4, 2021)

<sup>248</sup> “PM Modi says exporting skilled manpower should be India’s key strategy,” at <https://www.livemint.com/news/india/pm-modi-says-exporting-skilled-manpower-should-be-india-s-key-strategy-11626340658278.html> (Accessed December 4, 2021)

<sup>249</sup> Ibid.

<sup>250</sup> “Russia’s Far East: Transforming the Space into Modern Habitable Region,” at <https://moderndiplomacy.eu/2021/09/09/russias-far-east-transforming-the-space-into-modern-habitable-region/> (Accessed December 9, 2021)

<sup>251</sup> Ibid.

RFE in four years and up to two million people to the RFE region in the next fifteen years<sup>252</sup>. The general demand is for workers and specialists of the broadest range of professions<sup>253</sup>

India and Russia could consider signing a workforce pact to supply skilled workers to the Arctic and the RFE.

## INDIAN SEAFARERS

India is recognized globally as a reliable and essential source of marine workforce. India now provides 9.35 per cent of the global seafarers and ranks third among the large seafarers-supplying nations to the world maritime industry<sup>254</sup>. With the opening of the NSR and the projected increase in shipping, there would be a requirement for sufficiently trained seafarers in polar and ice navigation. India and Russia could collaborate to set up training of seafarers for polar voyages and supply of Indian seafarers for Arctic shipping.

## CONCLUSION

The India-Russia relationship is mature and has stood the test of time. There is also a strong political will in both countries to take the India-Russia “Special and Privileged Strategic Partnership” to higher levels.

India-Russia cooperation, primarily in the maritime domain, in the IOR and the Arctic, including RFE and NSR, could give a solid thrust to their deepening engagement. There is also immense potential for enhancing connectivity and trade and augmenting capacity- building and much-needed investments between the two countries. However, there is a need also for heavy lifting from both sides to achieve the desired potential.

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<sup>252</sup> “The Head of the Ministry for the Development of the Russian Far East Alexei Chekunkov gave an interview to RBC”, no. 196.

<sup>253</sup> Ibid.

<sup>254</sup> “Our Strength,” at <https://www.dgshipping.gov.in/Content/OurStrength.aspx> (Accessed December 9, 2021)

**T**he India-Russia partnership is longstanding and time-tested, one of the steadiest of the major relationships in the world. Although the relations between the two countries have remained exceptionally warm and cordial, their full potential has not been realised. This is despite the fact that India and Russia have a convergence in their worldview, and there is also a political will at the highest level, between Prime Minister Modi and President Putin.

But of late, there seems to be a sense of disquiet on account of Russia's growing alignment with China, India's principal adversary, and on India's seemingly deepening ties with the US. Russia's unease with India's Indo-Pacific overtures has also been articulated more than once.

Building stronger ties requires identifying areas of convergence and prioritising them over the divergences. As we have recently completed 75 years of diplomatic relations between the two countries in 2022, there is a need to identify areas of cooperation between India and Russia that can propel the cooperation to another level.

Indian Ocean and the Arctic and Russian Far East (RFE) hold special significance for India and Russia respectively, where neither poses a strategic threat to the other and yet they provide strategic alternatives to each other. If both countries facilitate greater reciprocal access in their respective areas, not only will there be strong potential for a win-win cooperation between the two nations, the benefits will bring stability and prosperity to a wider region.

The Occasional Paper identifies potential areas of cooperation between India and Russia in the Indian Ocean Region and the Arctic including the Russian Far East and the Northern Sea Route.



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