

Marcin Kaczmarek, *Senior Research Fellow*

RUSSIA-INDIA RELATIONS

LONG-TERM OBSTACLES REMAIN DESPITE SECTORAL ACHIEVEMENTS

Despite concrete achievements in energy and military-technical cooperation, long-term trends, such as Russia's growing dependence on China, India's tilt towards the US, and tense Sino-Indian relations are not conducive to closer strategic cooperation between Moscow and New Delhi.

India has occupied a relevant place in Russia's foreign policy since the mid-1990s. Moscow regarded cooperation with New Delhi as a way to hedge against China and to prop up its vision of a multipolar world. For the last decade, however, Russia's growing ties with China have overshadowed cooperation with India. The October visit by President Vladimir Putin was supposed to reinvigorate cooperation between the two states. The visit showed that while Russia and India have been maintaining close political ties and expanding economic cooperation, long-term prospects for the relationship are not bright.

In two spheres – military-technical and energy trade – Russia's cooperation with India has made tangible progress during the last

couple of years. Arms trade and military-technical cooperation stands out as the most prominent sector of Russian-Indian cooperation.

During Putin's visit, both sides signed the US\$ 5.4 billion contract for the delivery of five S-400 missile system units. The deal had additional political value for Moscow, as India decided to sign the contract despite US warnings of possible sanctions (several weeks earlier, the US had sanctioned the Chinese military for the purchase of S-400 from Russia's Rosoboronexport). The contract reaffirmed the inability of the US to isolate Russia and attested to the durability of Russian-Indian ties.

Both states jointly produce the anti-ship BrahMos cruise

missile and are working on the fifth-generation stealth fighter jet, although the future of the latter project remains highly uncertain. Other potential items include helicopters and warships. Talks on the purchase of light Ka-226 helicopters are well advanced. India plans to import 60 helicopters from Russia, the subsequent 40 would be assembled in India and the remaining 100 built in India, including a technology transfer. Prior to Putin's visit, the Indian government issued a Request for Procurement, which paves the way for negotiating the details of the contract. Other items on the sale list include four Project 11356 frigates and 48 Mi-17 helicopters, but the signing of these contracts was postponed.

In the energy sector, Russia and India have achieved what still eludes Moscow and Beijing – significant mutual investments in upstream (oil exploration) and downstream (oil refining and sales to end users). In 2016, the Indian state-owned ONGC Videsh purchased 49.9% shares in the Vankorneft oil field, the largest in Russia, and 29.9% in the TAAS field for US\$ 5 billion. In 2017, the Russian state-owned oil company Rosneft acquired 49% of the shares in the Essar Oil refinery, together with Russian UCP holding and Swiss commodity trader Trafigura (49%), for the sum of US\$ 13 billion.

Cooperation in the gas sector has progressed at a slower pace. In June 2018, India received its first import of LNG under the 20-year contract signed with Gazprom as early as 2012. In the nuclear energy sector, Russia's Rosatom has built and operates the nuclear power plant in Kudankulam, India. Two blocks are already online, with another two under construction. Two blocks are still in the planning phase but their future remains uncertain. During Putin's visit, both sides signed a memorandum of understanding on the construction of a new power plant, composed of six blocks at a new site. At this stage, however, it is impossible

to determine whether this agreement will translate into a contract and be implemented.

Yet the long-term prospects are not conducive to closer Russia-India cooperation. The economic foundation remains weak, with trade, excluding arms exports, still below the level of US\$ 10 billion. Furthermore, major strategic obstacles are emerging: Russia's growing dependence on China, the strengthening of Russia-Pakistan relations, tense Sino-Indian relations and India's tilt towards the US in the Asia-Pacific region.

The role of India as a possible counterweight vis-à-vis China has been diminishing along with closer cooperation between Moscow and Beijing. Both the sale of S-400 missile system units to China prior to their sale to India and the invitation of Chinese troops to the Russian Vostok-2018 military exercises underline the decreasing threat perception of China in the Kremlin. Russia should not be expected to support India in its tense relations with China. Moscow managed to convince China to enlarge the Shanghai Cooperation Organization by inviting India and Pakistan. This has not, however, mitigated the ongoing rivalry between India and China, with both states competing for influence in South Asia

and the Indian Ocean and quarrelling over their borders. Moreover, some observers see Beijing as fostering closer Russian cooperation with Pakistan, which cannot be welcomed by India.

Growing strategic ties between India and the US present another challenge to Russian-Indian cooperation. India's anxiety about China's rise is the primary driver of this cooperation and the main reason for India's support for the US idea of the Quad – cooperation between Japan, Australia, the US and India. In the long-term perspective, it will be increasingly difficult for Russia and India to foster collaboration, given the former's growing reliance on China and the latter's reliance on the US.