

Commentary

Prime Minister's Moscow Visit

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Prime Minister Manmohan Singh's visit to Moscow from December 4-6, 2005 highlights the continued importance of Indo-Russian cooperation in a changing geopolitical scenario. Beginning with President Vladimir Putin's first visit to India in October 2000, bilateral summits between the Indian Prime Minister and the Russian President, alternatively in each other's capital, have become an annual feature. In contrast, President Putin's predecessor, President Boris Yeltsin visited India only once, in January 1993. Undoubtedly, the coming to power of President Putin has reinvigorated India-Russia ties. Given the current geostrategic imperatives, Russia needs to actively involve India in Eurasia as much as India needs to ensure that the Eurasian political space is filled up by friendly powers. At the same time, both India and Russia realise the importance of extensively engaging all other major and regional players.

In a changing world kaleidoscope, the geopolitical interests of India and Russia tend to converge rather than clash with each other. In a statement to the press at the conclusion of his visit, Dr Manmohan Singh spoke of the need "to anticipate what measures we need to take to meet new and emerging opportunities for further strengthening of our strategic partnership, in meeting our respective national priorities as well as in pooling our efforts in sharing global responsibilities".

Dr Manmohan Singh gave the assurance of India's support for Russia's accession to WTO (World Trade Organisation) and emphasised that the bilateral Accession Agreement shall be concluded at the earliest. President Putin responded by stating that "Russia welcomes the fact that India has the status of observer in the Shanghai Cooperation Organisation. We intend to work closely with our Indian partners in the multilateral organizations in the Asia-Pacific region." Russia has also been persistently pushing tripartite interaction among the three largest states of the continent: Russia,

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India and China. Consequently, a mechanism of regular interaction among the foreign ministers of the three countries during the UN General Assembly sessions in September of each year has been established. The three foreign ministers additionally met at Vladivostok in June 2005 and are slated to meet in New Delhi in 2006. On the issues of combating international terrorism, religious extremism and drugs and arms trafficking, India and Russia have similar interests and have been cooperating with each other. The two leaders also discussed the Iranian nuclear programme currently and expressed the hope that the issue would be resolved at the level of IAEA.

Bilateral Indo-Russian cooperation has traditionally covered a wide spectrum of areas. Summit meetings provide new impulse and momentum to the existing ties as well as an opportunity to revisit and rediscover the potential for furthering mutually beneficial cooperation. In preparation for the Prime Minister's visit, discussions on the India-Russia Joint Commission on Trade and Economic Cooperation and the Joint commission on Military Technical cooperation had already taken place.

Military-Technical Cooperation: Collaboration in Design, Development and Production of Next Generation Weapons

The two countries are signatories to the long-term military and technical cooperation agreement up to 2010. India is a major buyer of Russian military equipment. According to the Russian paper *Kommersant*, India accounts for some 40 per cent of Russian arms exports and the total value of military contracts with Russia under the present military-technical cooperation agreement is nearly \$ 10 billion.¹ During his visit to Moscow in mid-November, 2005, Defence Minister Pranab Mukherjee indicated the possibility of further renewal of the long-term military-technical programme with Russia after the expiry of the current 10-year programme in 2010.² In recent years India-Russia military-technical cooperation is changing from the earlier buyer-seller relationship to joint research and development of high-tech weapons. Joint development of Brahmos anti-ship cruise missile is an example of jointly developed technologies. Prime Minister Manmohan Singh said that during the visit a "comprehensive review" was undertaken of the long-standing India-Russia military technical cooperation and reiterated, "Our perspective, however, is to move towards collaborative projects involving design, development and production of

the next generation military products". During the Prime Minister's visit, it was announced that India and Russia will collaborate in the development and production of the fifth generation fighter aircraft as well as multi-role transport aircraft. The signing of the IPR (Intellectual Property Right) agreement appears to have finally cleared the stage for the launching of the projects now.

For the past couple of years, Russia had been insisting on the signing of IPR agreement before further cooperation involving technologies. The agreement on mutual protection of intellectual property rights in bilateral military-technical cooperation was eventually signed during this visit. By signing the accord, India has calmed Russian apprehensions regarding their technology falling in the hands of third parties. This comes at a time when India is actively seeking to diversify and broaden its defence supplies as well as Russian fears of the technology being duplicated in the local markets. In keeping with the Indian position, the accord will apply only to new deals and will not have any retrospective effect.³

Among the planned acquisitions, two are important—the purchase of an aircraft carrier and the lease of two nuclear powered submarines. On January 20, 2004 after years of negotiations and hard bargaining it was finally announced that India would purchase the retrofitted Russian aircraft carrier *Admiral Gorshkov*. The Indian media subsequently published the story that the "bonus" offered with the *Gorshkov* deal was one of long lease of two nuclear-powered project 971 Shchuka-B class nuclear submarines to Indian Navy, from which Russia subsequently backed out so as not to displease the US.⁴ Although the officials of the two countries are naturally silent on the issue, commenting on the Prime Minister's visit, Vladimir Radyuhin wrote in *The Hindu* (December 7, 2005) that the Russian sources have indicated the lease of nuclear-propelled submarines to India is also in the pipeline. Under a \$ 1.8 billion contract for a ten year lease, the Russian side has resumed the construction of the subs, which was frozen in the 1990s. In October this year 200 Indian naval officers have started training at a submarine training centre at Sosnovij Bor near St Petersburg.

Vladimir Radyuhin also reported that India-Russia defence cooperation would acquire a new dimension with the joint use of the Aini air base north of capital Dushanbe in Tajikistan. The Aini base was repaired and modernized by India during the Afghan civil war between the Taliban forces and the Northern Alliance. It has been reported that Russian combat

aircraft and helicopters shall be stationed at the Aini air base. It is not yet clear whether Indian Air Force too will have a presence.

Nuclear Energy Issue: Russia Maintains Ranks with the Nuclear Suppliers Group (NSG)

In keeping with the Soviet-era agreement, Russia is building two 1000 MW reactors at Kudankulam nuclear power plant in Tamil Nadu. The Kudankulam power station will be commissioned in 2007-08. There have been reports of the likelihood of Russia building more reactors for Kudankulam as well as other projects. However, in view of restrictions imposed by the Nuclear Suppliers Group (NSG) guidelines, there has been little progress in this field. It is hoped that the July 18, 2005 Indo-US nuclear agreement, when implemented, will remove restrictions on India's wider cooperation with other countries. The Indo-Russia cooperation on peaceful use of nuclear energy will get a boost. In fact, India has been urging Russia to take the initiative in persuading the NSG to remove the restrictions. Russia, having acknowledged the July 18 Indo-US agreement on civilian nuclear energy,⁵ has in turn told India to take up the matter with the US first.⁶

In 2001, Russia had supplied 50 tonnes of low-enriched uranium for the Tarapur nuclear power plant. On the eve of his departure for Moscow, Dr Manmohan Singh, in keeping with the spirit of the Indo-US July 18 agreement, had sought to de-link the issue of the supply of low-enriched uranium for Tarapur power plant from the larger issue of NSG removing restrictions. However, Moscow has refused to supply more uranium for Tarapur plant citing NSG rules. Russia appears to be unwilling to break ranks with other members of the NSG on the nuclear issue this time. Speaking to the press on December 6, 2005, President Putin made it clear that further cooperation between India and Russia depended on the former's agreement with the NSG and the separation of its military and civilian nuclear programmes as stipulated in the July 18 India-US declaration.

Cooperation in Hydrocarbon Energy Sector

India's quest for energy security has provided an added impetus to its ties with Russia – the world's second largest producer and exporter of hydrocarbons. It seems Russia, on its part, would like to invite several

countries—including Japan, India, China and South Korea—to develop its vast oil and gas reserves in Siberia and the Far East that require billions of dollars of investments and new technologies. Russia would like to maintain a geo-political balance while inviting prospective partners for the development of hydrocarbon resources rather than depend on any single partner, particularly from its immediate neighbourhood. As regards Indian energy interests in Russia, one of India's largest overseas investments is a 20 per cent share in Sakhalin-I oil project, which has already come on stream. There are reports of likely Indian investment in Sakhalin-III project as well as other East Siberian oil and gas projects. ONGC and its subsidiary Oil Videsh Ltd (OVL) have ties with major Russian oil and gas companies like Rosneft, Gazprom and LUKoil. On its part, Gazprom has a contract for developing gas-bearing offshore block in the Bay of Bengal on a production sharing basis. Indian and Russian research institutions are also cooperating in the study of gas hydrates and other technology related issues in the energy sector.

Cooperation in Space

During the visit an Agreement was signed between the Russian Federal Space Agency (Roskosmos) and the Indian Space Research Organisation (ISRO) on cooperation on the Coronas-Photon project in the area of solar physics and solar-terrestrial relations. This, to recall, was a Soviet-era project, which had been frozen owing to the lack of funds on the Russian side. Apparently, the two countries have decided to resume the joint research.⁷

Another Agreement signed between the Russian Federation and India was on measures to protect technology during long-term cooperation in joint development, operation and use of the GLONASS global navigation system for peaceful purposes.⁸ During President Putin's visit to India in December 2004, an agreement was signed between Roskosmos and ISRO on the joint use of Soviet-era Global Navigational Satellite System (GLONASS) by making it fully functional by joint efforts, including the launching of new Russian satellites from Indian launch pads with the help of Indian vehicles. In February 2005, the Indian Cabinet Committee on Political Affairs ratified GLONASS. The deal entailed India to reduce its dependence on the US GPS (Global Positioning System).⁹ In his commentary on the agreements signed during Prime Minister's December visit, Vladimir Radyuhin has remarked that Russia's GLONASS system shall be used by both the countries for civil and military purposes.¹⁰

Lagging Trade and Economic Ties

India-Russia trade and economic ties are the weakest link in otherwise strong relations. Their bilateral trade of just \$1.9 billion does not correspond to the size of the economies of the two countries. Not surprisingly, considerable importance was given to reinvigorating economic ties. A 15-member business delegation led by CII (Confederation of Indian Industries) and FICCI (Federation of Indian Chambers of Commerce and Industry) accompanied the Prime Minister and Dr Manmohan Singh addressed an Indo-Russian business meet on December 5. Following the Soviet disintegration, systemic upheaval and economic dislocation in Russia resulted in the disruption of established patterns of economic relations. During this period, India was also preoccupied with its economic reforms. Consequently, the trade between the two sharply declined. However, the economies of the two countries are now registering on an average 7 per cent GDP growth annually. The earlier rupee-rouble trade arrangement is now being replaced by market mechanisms. Indian export basket comprising traditional items can be diversified and expanded to reflect the new strengths of Indian economy. With the rise in oil prices, Russia currently is flush with petro-dollars that may be invested in productive sectors. The two sides are also in the process of finalising an agreement whereby the remaining rupee debt funds may be turned into Russian investment in India. It is hoped that the growth in the two economies would provide a stimulus to the expansion of business ties. As the Prime Minister said in the meeting with the press on December 6, the two sides have decided to set up a Joint Study Group to examine the feasibility of a Comprehensive Economic Cooperation Agreement between the two countries.

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