

# The Key Features of Relations between Russia and India in the Context of a Shifting Balance of Power in Asia

Kirill Likhachev

*St. Petersburg State University*

This paper intends to answer the question of how Sino–Indian controversies, specifically relations between India and the US, and Sino–Russian cooperation influence the ties between Russia and India. The paper offers an analysis of the key fields of cooperation between Russia and India, which are mainly defined by a strong interdependence in a number of areas, such as military and technical cooperation and nuclear energy. Through the lens of the neorealist paradigm, the current relations between Russia and India are studied in the context of each country’s relations with the US and the PRC. The balance of power in Asia is shifting towards China due to its dynamic foreign policy and economic expansion during the past decade. As a result, China’s increasing activities in Asia reduce India’s potential for development, while a worsening confrontation between the US and Russia forces Moscow to drift towards Beijing. The paper concludes that the actual cooperation between Russia and India is mutually beneficial and to a large extent supports New Delhi’s ambitions to contain a shift in the balance of power in Asia. However, the escalating Sino–Indian controversies and a growing rapprochement between Russia and China could cause a deterioration in relations between Russia and India. This, in turn, could predetermine India’s choice in favour of a close rapport with the US in the longer term.

*Keywords:* Russia, India, US, China, structural realism, military-technical cooperation, nuclear energy cooperation, hydrocarbon cooperation.

## Through the Neorealist Lens

A revised version of political realism which has been developing in the US since the end of the 1970s nowadays appears to be one of the bedrock theories in the analysis of international relations,<sup>1</sup> although such scholars as Jack Donnelly describe it as ‘an exaggerated and dangerously one-sided set of insights rather than a successful general

---

**Kirill Likhachev** – Associate Professor, School of International Relations, St. Petersburg State University.

<sup>1</sup> B. Buzan, C. Jones, R. Little, *The Logic of Anarchy: Neorealism to Structural Realism*, New York: Columbia University Press, 1993; R. Spegele, *Political Realism in International Theory*, Cambridge: Cambridge University Press, 1996.

theory of international relations'.<sup>2</sup> Kenneth Waltz is considered to be the founder of neorealism. His book *Theory of International Politics*,<sup>3</sup> published in 1979, became a base for further development of this IR theory approach. The core thesis of the book is that the absence of a higher authority leaves no choice for states but to compete with each other for power and survival. It is important to have more power than your rivals if you have to depend on yourself in case of a coming threat. John Mearsheimer distinguishes three main assumptions of neorealism. The first assumption is that great powers are the main actors in world politics and that they operate in an anarchic system. As there is no ultimate arbiter that stands above states, hierarchy becomes the ordering principle of domestic politics. The second assumption is that all states possess some offensive military capability and therefore have the power to inflict some harm on their neighbours. The third assumption is that states can never be certain about the intention of other states to use force to alter the balance of power (revisionist states), or whether they are satisfied enough with it so that they have no interest in using force to change it (status quo states).<sup>4</sup>

Thus, neorealism is based on numerous postulates of classical realism and describes international relations as a structure defined by anarchy and rivalry, which causes independent states to get in conflict with each other. As exclusive players in the international system, states are driven by such goals as gaining and retaining power, which are at the core of their national interests. In order to pursue these objectives, states focus on their military power and political-military alliances.<sup>5</sup> This helps to avoid a situation in which one state becomes over-powered and strives for hegemony. Preserving the status quo in such a system, i.e. an approximately equal distribution of power between the key players, is referred to as the 'balance of power'. Alliances play a central role in most versions of balance of power theory.<sup>6</sup> Jack Levy considers that there is no single balance of power theory, but instead a variety of balance of power theories. However, the basic assumption of balance of power theory within the realist approach is that states act rationally to maximize their security or power in anarchic systems without a higher authority to regulate disputes.<sup>7</sup> Therefore, neorealists distinguish two major strategies that states can adopt. External balancing primarily focuses on the formation of alliances as blocking coalitions against a prospective aggressor. Internal balancing

---

<sup>2</sup> J. Donnelly, *Realism in International Relations*, Cambridge: Cambridge University Press, 2000, p. 2.

<sup>3</sup> K. Waltz, *Theory of International Politics*, Reading: Addison-Wesley, 1979.

<sup>4</sup> J. Mearsheimer, 'Structural Realism', in T. Dunne, M. Kurki, S. Smith (eds), *International Relations Theories: Discipline and Diversity*, Oxford: Oxford University Press, 2013, pp. 79, 82.

<sup>5</sup> J. Mearsheimer, *The Tragedy of Great Power Politics*, New York: Norton, 2001, p. 33; G. Snyder, *Alliance Politics*, Ithaca: Cornell University Press, 1997.

<sup>6</sup> S. Walt, 'Alliance Formation and the Balance of World Power', *International Security*, 1985, Vol. 9, No. 4, pp. 3–43.

<sup>7</sup> J. Levy, 'What Do Great Powers Balance Against and When?', in T.V. Paul, J. Wirtz, M. Fortmann (eds), *Balance of Power: Theory and Practice in the 21st Century*, Stanford: Stanford University Press, 2004, p. 34.

focuses on building military capability and the economic and industrial foundations of military strength.<sup>8</sup>

States tend to balance against threats and not necessarily against power. T. V. Paul points out that traditional conceptions of balance of power may not be able to capture fully the security behaviour of states. He distinguishes ‘hard balancing’, ‘soft balancing’ and ‘asymmetric balancing’. Hard balancing is a way of forming and maintaining open military alliances to balance a strong state or to forestall the rise of a power or a threatening state. Soft balancing leads to the creation of tacit non-offensive coalitions in order to neutralize a rising or potentially threatening power. Asymmetric balancing refers to interstate-level interactions and state versus non-state interactions to defend state security from weaker non-state actors such as terrorist groups that attempt to reduce the power of the hegemonic state through asymmetric means.<sup>9</sup> Such realists as Dale Copeland suppose that the focus should be on the dynamics of the balance of power, especially on significant changes that take place in the distribution of power.<sup>10</sup>

Unlike classical realism, neorealism focuses on digging into the structure of relations between the elements (states), rather than on the elements *per se*. That is why neorealism is also known as structural realism. Neorealists see the structure as a set of principles that define positions of states in the system, which, in turn, determines the distribution of their capabilities.<sup>11</sup> The essence of these principles describes an anarchic order within the system of international relations, where independent states strive to improve their positions within the structure. The possibility of such positional placement depends on a state’s national strength, defined by its resources, such as area, population, military strength, level of economic development, political stability etc.<sup>12</sup> Moreover, states often have to choose between balancing and bandwagoning. The latter implies that states can seek to join forces with a rising state that is gaining power. However, according to Waltz, ‘balancing’ is proper behaviour which is induced by the international system, while ‘bandwagoning’ determines vulnerability to a powerful partner.<sup>13</sup>

According to structuralism, the best positional placement can be achieved through the two ways studied within the theoretic frameworks of ‘offensive realism’ and

---

<sup>8</sup> K. Waltz, *Theory of International Politics*, op. cit., p. 168; J. Levy, op. cit., p. 35.

<sup>9</sup> T.V. Paul, ‘Introduction: The Enduring Axioms of Balance of Power Theory and Their Contemporary Relevance’, in T.V. Paul, J. Wirtz, M. Fortmann (eds), *Balance of Power: Theory and Practice in the 21st Century*, Stanford: Stanford University Press, 2004, pp. 14–16.

<sup>10</sup> D. Copeland, *The Origins of Major War*, Ithaca, NY: Cornell University Press, 2000, pp. 13–14.

<sup>11</sup> K. Waltz, ‘The Anarchic Structure of World Politics’, in R. Art, R. Jervis (eds), *International Politics. Enduring Concepts and Contemporary Issues*, New York: Pearson Longman, 2006, pp. 29–34; S. Walt, ‘International Relations: One World, Many Theories’, *Foreign Policy*, 1998, No. 110, pp. 29–46; J. Donnelly, op.cit., pp. 83–84.

<sup>12</sup> K. Waltz, ‘The Anarchic Structure of World Politics’, op.cit., p. 31; R. Harknett, H. Yalcin, ‘The Struggle for Autonomy: A Realist Structural Theory of International Relations’, *International Studies Review*, 2012, Vol. 14, No. 4, pp. 499–521.

<sup>13</sup> K. Waltz, *Theory of International Politics*, op.cit., p. 126; S. Walt, *The Origin of Alliances*, Ithaca, NY: Cornell University Press, 1987, pp. 28–32, 173–178.

‘defensive realism’. These approaches reveal a different interpretation of another key neorealist concept known as the ‘security dilemma’. The security dilemma is a situation ‘in which the means by which a state tries to increase its security decreases the security of others’.<sup>14</sup> Adherents of ‘offensive realism’ believe that states’ interests do in fact differ, which therefore may ignite a conflict at any moment, while a state’s prime goal is to gain access to various resources. To achieve this goal and to protect its interests, the state resorts to force for its own benefit. When a powerful state gains hegemony, it brings stability into international relations, since no other state would expressly confront a knowingly more powerful adversary.<sup>15</sup> The essence of ‘offensive realism’ lies in maximizing one’s power and ultimately establishing hegemony in the system of international relations.<sup>16</sup> The essence of ‘defensive realism’ is to maximize the country’s security and to strengthen its defence capacity. According to Stephen Walt’s ‘balance of threat’ theory, states often form a coalition against a state that threatens them at a particular moment or in the nearest future, rather than against a powerful state that could pose a threat to their national interests in a more distant future.<sup>17</sup> Defensive realism recognizes that seeking extensive cooperation among states is conditional, but seeking extensive cooperation is a proper way for a defensive realist state to act only with a like-minded defensive realist state. Otherwise, it could become crucial for such a state.<sup>18</sup> Shipin Tang assumes that defensive realism is more sophisticated than offensive realism, because it considers far more factors when making strategies. For defensive realism, conflict and cooperation depend on far more variables than offensive realism conceives. A defensive realist state constantly updates its perceptions about others’ intentions and acts accordingly, so it is less likely to make mistakes about the intentions of another state. Offensive realism is essentially a theory of preparing and winning war. In contrast, defensive realism rejects the notion that states are inherently aggressive. While admitting that peace among states tends to be fragile, defensive realism believes that peace has its own dynamics and that robust peace between two defensive realist states can be built upon extensive cooperation.<sup>19</sup>

Structural realists offer a typology of the international structure according to the number of great powers (poles), and generally distinguish between unipolar, bipolar and multipolar systems. Most structural realists believe that a unipolar system (i.e.

---

<sup>14</sup> R. Jervis, ‘Cooperation under the Security Dilemma’, *World Politics*, 1978, Vol. 30, No. 2, p. 178.

<sup>15</sup> S. Lantzov, F. Usmonov, ‘Problemi bezopasnosti v teorii mezhdunarodnih otnoshenii’, *Politicheskaya ekspertiza*, 2008, Vol. 4, No. 2, p. 153.

<sup>16</sup> J. Mearsheimer, *Tragedy of Great Power Politics*, New York: W.W. Norton & Company, 2001, p. 21.

<sup>17</sup> S. Walt, ‘Alliance Formation and the Balance of World Power’, *International Security*, 1985, Vol. 9, No. 4, pp. 3–43.

<sup>18</sup> R. Jervis, ‘Security Regimes’, *International Organization*, 1982, Vol. 36, No. 2, p. 361; R. Jervis, ‘Realism, Neoliberalism, and Cooperation: Understanding the Debate’, *International Security*, 1999, Vol. 24, No. 1, pp. 42–63.

<sup>19</sup> S. Tang, *A Theory of Security Strategy for Our Time: Defensive Realism*, New York: Palgrave MacMillan, 2010, p. 127.

'hegemonic stability theory'<sup>20</sup>) runs counter to the balance of power, while a multipolar system is very unstable. Therefore, only a bipolar system could contribute to stability in the world order. Nuclear weapons prevent world wars in a bipolar system, while conflicts may only happen in the periphery. However, even with such a system, it is impossible to maintain a stable world order for a long time.<sup>21</sup>

A weak point of the structuralism concept lies in its disproportionately large emphasis on the role of military confrontation between states<sup>22</sup> and its lack of attention to economic and domestic policy factors, which can affect a state's foreign policy to a great extent. The latter are being studied by a new school within political realism, which is called neoclassical realism. This school focuses on how domestic factors determine a state's domestic policy, and studies liaison between the society and various social groups, elites and state bodies representing a system of institutions that hold a monopoly on resorting to force.<sup>23</sup> Geo-economics is another theory in the framework of neorealism, which predominantly focuses on economic relations between states against the background of the economic globalization process. Geo-economists contend that the modern international competition is defined by such economic conditions as growth, rather than military or political factors. Therefore, every single state primarily aims to boost its economic potential, while the leading powers strive to dominate the global economic system. In this instance, the international order is perceived as a balance between geo-economic poles or an economic hegemony of a single power which ensures the balance of the international system.<sup>24</sup> Because of the fundamental nature of the neorealist paradigm, numerous other theories and approaches remain outside the scope of this study. Structuralism has certain deficiencies, but still, it perfectly serves the purpose of studying the current processes and state of international relations.

Structural realism is widely recognized and practiced in Russia's academic circles. Neorealist influence can be seen in the wording of Russia's national security strategy doctrine and in Moscow's foreign policy activities over the last decade.<sup>25</sup> Such an interest in neorealism reflects Russia's aspirations to return to its lost status of a 'superpower'

---

<sup>20</sup> R. Gilpin, *The Political Economy of International Relations*, Princeton: Princeton University Press, 1987, p. 86.

<sup>21</sup> K. Waltz, 'Nuclear Myths and Political Realities', *American Political Science Review*, 1990, No. 84, pp. 743–744; M. Panchenko, 'Realistskaya paradigma mezhdunarodnogo poryadka: proshloe i nastoyashee', *Polis. Politicheskiye issledovaniya*, 2009, No. 5, pp. 11–12; J. Mearsheimer, 'Structural Realism', pp. 85–86.

<sup>22</sup> R. Ashley, 'The Poverty of Neorealism', *International Organizations*, 1984, Vol. 38, No. 2, p. 228.

<sup>23</sup> N. Romanova, 'O neoklassicheskom realizme v sovremennoi Rossii', *Rossiya v globalnoi politike*, 2012, Vol. 10, No. 3, p. 9.

<sup>24</sup> M. Panchenko, op.cit., p.14.

<sup>25</sup> T. Shakleyina, A. Bogaturov, 'The Russian Realist School of International Relations', *Communist and Post-Communist Studies*, 2004, Vol. 37, No. 1, pp. 37, 42; M. Braterski, 'The Evolution of National Security Thinking in Post-Soviet Russia', *Strategic Analysis*, 2016, Vol. 40, No. 6, pp. 513–523; Russian National Security Strategy, December 2015, full-text translation: <http://www.ieee.es/Galerias/fichero/OtrasPublicaciones/Internacional/2016/Russian-National-Security-Strategy-31Dec2015.pdf> (accessed on 12 September 2017).

and to counteract US hegemony, while its concepts of ‘balance of power’ and ‘protection of national interests’ are much favoured by Russia’s policymakers.<sup>26</sup>

The aim of this paper is to analyse, through the neorealist lens, the key areas of bilateral cooperation between Russia and India, while keeping in mind their relations with the other two world powers, namely the US and the PRC. The existing world order could be described as ‘demi-unipolar’, where US hegemony is challenged by Russia, China and India, which have their own nuclear weapons and a set of global ambitions. However, it is China that has real potential to become a new world superpower in the future,<sup>27</sup> even though Beijing still lacks strength and has not yet shown intentions of shaping a bipolar system. Nevertheless, the US sees China’s potential threat to its dominance as a matter of great concern.<sup>28</sup> J. Mearsheimer indicates some reasons that allow great powers to act more aggressively than Waltz’s theory allows. He considers that there is a good chance that China will pursue a misguided foreign policy as it becomes more powerful and will pose a greater threat to the US. If the US allows China to continue growing, while relying on a balancing coalition to contain Beijing, this might result in dire consequences for Washington. Therefore, it makes good sense for the US to pursue risky policies and maintain its present power advantage over China.<sup>29</sup> At this point, such a strategy could lead to a profound conflict which would demolish all current political relations in the Asian region and wreak much damage on the global economic system. On the other hand, according to the defensive realism approach, the Chinese expansive influence will force the US and China’s neighbours to balance against China to keep the latter in check. As China grows more powerful, the security competition will not disappear altogether from Asia.<sup>30</sup> But it is more likely that such competition will not be intense during China’s economic expansion, while China would

<sup>26</sup> I. Oldberg, ‘Russia’s Great Power Ambitions and Policy Under Putin’, in R. Kanet (ed.), *Russia Re-Emerging Great Power*, New York: Palgrave MacMillan, 2007, pp. 13–30; N. Lomagin, ‘Forming a New Security Identity Under Vladimir Putin’, in R. Kanet (ed.), *Russia Re-Emerging Great Power*, New York: Palgrave MacMillan, 2007, pp. 31–53; R. Sakwa, ‘Vladimir Putin and Russian Foreign Policy towards the West: Towards a New Realism’, in J. Gower, G. Timmins (eds), *Russia and Europe in the Twenty-First Century: An Uneasy Partnership*, London: Anthem Press, 2007, pp. 1–22; M. Smith, ‘Russia and Multipolarity since the End of Cold War’, *East European Politics*, 2013, Vol. 29, No. 1, pp. 36–51; O. Keith, C. Lowell, H. Schwartz, C. Yusupov, *Russian Foreign Policy: Sources and Implications*, Arlington: RAND Corporation, 2009; E. Götz, ‘Neorealism and Russia’s Ukraine policy, 1991–present’, *Contemporary Politics*, 2016, Vol. 22, No. 3, pp. 301–323.

<sup>27</sup> C. Shih, C. Huang, ‘China’s Quest for Grand Strategy Power, National Interest or Relational Security’, *The Chinese Journal of International Politics*, 2015, Vol. 8, No. 1, pp. 1–26; B. Womack, ‘China and the Future Status Quo’, *The Chinese Journal of International Politics*, 2015, Vol. 8, No. 2, pp. 115–137.; R.S. Ross, ‘Bipolarity and Balancing in East Asia’, in T.V. Paul, J. Wirtz, M. Fortmann (eds), *Balance of Power: Theory and Practice in the 21st Century*, Stanford: Stanford University Press, 2004, pp. 267–305; S.Y. Ku, ‘Strategies of China’s Expansion and Taiwan’s Survival in Southeast Asia: A Comparative Perspective’, in L. Dittmerp (ed.), *Taiwan and China: Fitful Embrace*, Oakland: University of California Press, 2017, pp. 249–279.

<sup>28</sup> C. Lane, ‘This Time It’s Real: The End of Unipolarity and the Pax Americana’, *International Studies Quarterly*, 2012, Vol. 56, No. 1, pp. 203–213.

<sup>29</sup> J. Mearsheimer, ‘Reckless States and Realism’, *International Relations*, 2009, Vol. 23, No. 2, p. 252.

<sup>30</sup> J. Mearsheimer, ‘Structural Realism’, op.cit., p. 89.

be able to coexist peacefully with its neighbours and the US. Nevertheless, pursuing the traditional strategy of balancing, since the mid-2000s Washington has been interested in forging an alliance with India, which is perceived as China's main rival in Asia.

Defensive realism, in my view, provides a better way of studying the current relations between Moscow and New Delhi. Both Russia and India are perceived as 'status quo states' which can direct their economies and develop military capabilities in accordance with their internal balancing strategies. The two countries have close relations with neighbouring China, but their relations are being built on two different foundations. What makes India's case special is that its military capability is still hugely dependent on exports from Russia, while India's economic growth depends heavily on its trade with China. However, the latter is in equal measure important for Russia's resource-oriented economy. At the same time, India and China are essentially at rivalry with each other due to their unresolved border issues and the global ambitions of New Delhi, whereas Russia and China have resolved their border dispute with Moscow posing no threat to the global ambitions of Beijing. Nevertheless, both Russia and India have also been seeking to preserve the actual balance of power in Asia through bilateral and multilateral relations with each other and with China, since defensive realism admires the possibility of extensive cooperation. That is clearly evidenced not only in comprehensive bilateral relations, but also in several multilateral negotiating fora for cooperation between Russia, China and India (i.e. BRICS, SCO, G20 and, to a lesser degree, RIC). Against that background, the external balancing strategies of Moscow and New Delhi exhibit some obvious traits of 'soft balancing'. The key difference is that for Russia it is the US that is a 'threatening power', while for India it is the PRC. Therefore, changes in Russian-Indian bilateral relations could have significant implications for the regional balance of power. Taking into account China's dynamic foreign policy and the US' unpredictable foreign policy under Donald Trump, the biggest question now is how a growing Sino-Indian controversy and a deepening rift between Russia and the US may influence the character of relations between Russia and India.

### **Confrontation between Russia and the US and Moscow's 'Pivot to the East'**

Moscow's discontent with the shift of power in Ukraine and the issue of Crimea both have had an adverse effect on Russia's relations with the US and other Western countries. Russia's active role in handling the political crisis in Syria has also caused confrontation between Russia and the US. Russia interpreted the US interference in the situation in Ukraine as a manifestation of 'offensive realism' and a threat to its national security that occurred within the immediate vicinity of Russian boundaries. The West interpreted the annexation of Crimea as a manifestation of Russia's 'imperial syndrome' and direct geopolitical expansion. Moreover, the United States overreacted

to Russia's active role in the Syrian crisis, perceiving it as an obstacle in reformatting the Middle East to fit the White House's interests after the 'Arab Spring'. The failure of Washington to topple the regime of Bashar al-Assad in Syria raised a grand question about the actual capabilities of the only standing superpower. Moscow's growing activity in Syria was to prevent further destabilization in the Middle East, yet, most importantly, to reaffirm Russia's global interests as a great power. In fact, Russia made an attempt to position itself as a counterweight to the 'dictate' of the West led by the United States (i.e. to the domination of Western civilization).

The adoption of anti-Russian economic sanctions by the US and the EU was accompanied by a significant decline in crude oil prices in 2014. This in turn led to a noticeable weakening of Russia's resource-oriented economy, including a sharp drop in the exchange rate of the national currency and a large outflow of foreign investments from various sectors of the Russian economy. The expulsion of Russia from the G8 and rising of tensions in 2014–15 prompted Moscow to revise the key lines of Russia's foreign policy. The loss of a salient international status and the weakness of its national economy have had an adverse effect on the distribution of Russia's capabilities in the international system and the protection of its national interests. The balance of power in the European region began to shift away from Moscow.

Against this background, Moscow was eager to strengthen its relations with 'non-Western' countries. In addition to its intentions to demonstrate that it was not in international isolation, Moscow faced the necessity of redirecting part of its oil and gas exports from Europe to new markets in the East.<sup>31</sup> By 2013, Rosneft was strategically focused on the acquisition of such company assets as TNK–BP, which demanded large amounts of spare cash. Therefore, an offer from China in May 2013 marked a turning point in Russian–Chinese relations. China was ready to strike a mega deal with Rosneft to purchase 365 million tons of Russian crude oil over the following 25 years. The total sum of the contract stood at about 270 billion USD, including 70 billion USD in prepayments, which was key for Rosneft. In fact, Russian unextracted crude oil was pawned off for the 70 billion USD of prepayments. After the acquisition of TNK–BP, Rosneft was heavily in debt and could hardly count on any new loans from the Chinese, so it had to seek financial support from the Russian government in order to implement the contract. The Chinese were interested in forcing its debtor, Rosneft, to sell a stake of nearly 1.2 billion metric tons of oil in its vast new oil fields of Vankor and Srednebotubinskye. Given that the total positive oil reserves of China amounted to only 2.5 billion metric tons in 2013, the aforementioned contract would allow Beijing to control a significant share of the recently discovered oilfields in Russia.<sup>32</sup>

---

<sup>31</sup> T. Mitrova, *Shifting Political Economy of Russian Oil and Gas. A Report*, Center for Strategic and International Studies, Lanham: Rowman & Littlefield, March 2016, pp. 8–9.

<sup>32</sup> <http://www.vedomosti.ru/opinion/articles/2014/09/18/poddavki-skitaem> (accessed on 25 August 2017).

As a result, Rosneft managed to expand its presence in the Chinese market and to outrun Saudi Aramco as the largest supplier of crude oil to the PRC in 2016.<sup>33</sup> The expansion of Rosneft was made possible by allowing a larger stake of its production capacity to be owned by Chinese companies while gaining shares in the Chinese refineries and supplying companies. Moscow is obviously interested in such a development. For example, a stake of 14 per cent of Rosneft was purchased by Chinese CEFC for 9.1 billion USD in 2017.<sup>34</sup> It is worth noting that the Russian state-controlled VTB Bank granted a loan of nearly 6 billion USD to CEFC to finalize the deal.<sup>35</sup>

Cooperation between Russia and China in the oil industry had formed a solid basis for their rapprochement even before the confrontation between Moscow and the West broke out.<sup>36</sup> But in 2014, Russia's 'pivot to the East' gained a clear Chinese vector. This trend became obvious during President Putin's official visit to Shanghai in May 2014, when a set of nearly 50 bilateral agreements was signed. This set included a record deal to supply Russian natural gas to China. However, it seemed more like a geopolitical move rather than an economically sound strategy. In fact, taking advantage of the complex situation with the Russian gas exports to the EU, the Chinese counterparts proceeded to dictate their terms. For an entire decade there had been delicate negotiations between Gazprom and Chinese counterparts regarding the conditions of a mutually beneficial contract. The price of gas was the key topic. By 2014, on the back of tensions with the EU which had adopted anti-Russian sanctions, Gazprom finally agreed to sign a deal with its Chinese partners to supply gas worth 400 billion USD over the next 30 years. Yet, the commercial viability of that deal raised serious doubts. The most important fact is that the price of that gas was not fixed, but rather oil-linked. So, after the decline in oil prices in 2014, China gained a huge discount on Russian gas.<sup>37</sup> Gazprom received an early payment of 25 billion USD to construct the Sila Sibiri pipeline to deliver natural gas to the PRC. However, the required investment into this project was estimated at about 55 billion USD, so the 25 billion USD prepayment was obviously inadequate. The average price for a thousand cubic meters of natural gas in Asia decreased from 600 USD in 2014 to 270 USD in 2017.<sup>38</sup> The total sum of the contract should have been similarly reduced. Facing a tough

<sup>33</sup> <http://expert.ru/expert/2017/41/globalnyie-integralnyie-tsepochki/> (accessed on 10 October 2017).

<sup>34</sup> <https://www.reuters.com/article/us-rosneft-cefc-glencore/china-invests-9-1-billion-in-rosneft-as-glencore-qatar-cut-stakes-idUSKCN1BJ1HT> (accessed on 10 October 2017).

<sup>35</sup> <https://www.vedomosti.ru/business/articles/2017/10/12/737610-pokupki-rosnefti> (accessed on 14 October 2017).

<sup>36</sup> J. Henderson, T. Mitrova, *Energy Relations between Russia and China: Playing Chess with the Dragon*, Oxford Institute for Energy Studies Paper, August 2016, pp. 12–14; A. Golobokov, 'Various forms and mechanisms of Chinese–Russian cooperation in the energy sphere and the role of non-governmental structures', *Pacific Science Review B: Humanities and Social Sciences*, 2015, No.1, pp. 45–48.

<sup>37</sup> [https://www.rbc.ru/economics/21/05/2014/57041d219a794761c0ce9fb9#xtor=AL-\[internal\\_traffic\]-\[rbc.ru\]-\[main\\_body\]-\[main\\_item\]-\[title\]](https://www.rbc.ru/economics/21/05/2014/57041d219a794761c0ce9fb9#xtor=AL-[internal_traffic]-[rbc.ru]-[main_body]-[main_item]-[title]) (accessed on 27 September 2017).

<sup>38</sup> <http://xn--b1ae2adf4f.xn--p1ai/economics/fea/42711-gazovyy-tupik-sila-sibipi-kitaytsam-ne-nuzhna.html> (accessed on 27 September 2017).

competition from such large exporters as Turkmenistan, Moscow could hardly find another buyer in Asia for its gas from Sila Sibiri. It seems that besides China there are no other alternatives for this project, whereas low crude oil prices could render the Sila Sibiri project unprofitable for Gazprom. Therefore, its implementation is still in question. The start of supplies was postponed from 2018 to 2019–21. Nevertheless, Moscow is likely to support Gazprom in carrying out this mega contract because of the geopolitical significance of its relations with Beijing.

Against that background, Moscow's hopes for vast Chinese investments into its shaky economy did not come true. Although China did not join the anti-Russian sanctions, the Chinese financial institutions preferred not to contradict their Western counterparts and remained in compliance with the imposed sanctions.<sup>39</sup> The Chinese economic interests determined the necessity of keeping to 'benevolent neutrality' in relations with the US. The latter, by the way, happens to be the largest trading partner of the PRC. The imposition of anti-Russian sanctions and the consequent counter-sanctions by Russia helped China increase its exports during the period of 2014–16 and strengthen its position as Russia's major trading partner.<sup>40</sup>

At the same time, political relations between Moscow and Beijing had reached their highest point ever. China and Russia share views on global security issues. Sino-Russian border disputes had already been resolved by 2008. China's active security policy in the South China Sea actually eliminates a hypothetical threat to the Russian borders. Today China demonstrates less tolerance towards US policy. Therefore, Russia has resumed selling such sophisticated weapons as the missile systems S-400 and combat aircraft Su-35 to China. The PRC became the first foreign power that Russia let purchase its S-400 systems. From 2006 to 2014, Russia blocked a number of large contracts and banned supplies of the most sophisticated weapons because of violations of the re-export licenses for Russian arms by China, and because Russia was trying to prevent the reverse engineering of its weapons.

However, the Russia–China rapprochement seems unlikely to develop into a military-political alliance because of the differences in the national interests of the two powers. At the same time such an approach in Russia's foreign policy fits the framework of the 'balance of threat' theory. Both Russia and China find their bilateral relations with the US more important than those with each other. Worsening relations with the US force Russia to turn a blind eye to the unequal nature of its relationship with China. In return, Moscow receives the political support of one of the world's most powerful states. Beijing does not intend to openly confront the US, so far choosing a geo-economic strategy and delegating the 'duty' of confrontation to Russia. Therefore, Russia's rapprochement with China was largely determined by the threat coming from Washington.

---

<sup>39</sup> <http://www.rosbalt.ru/world/2016/02/08/1487611.html> (accessed on 25 August 2017).

<sup>40</sup> <https://euobserver.com/eu-china/133927> (accessed on 25 August 2017).

Russia's 'pivot to the East' made BRICS a key element of Russia's foreign policy strategy. After the outbreak of the US–Russia controversy, Russia's partners in BRICS straightforwardly confirmed their close relations with Russia. However, the 'non-allied' nature of the group determined the obvious reluctance of the other BRICS countries to get involved in a growing confrontation between Russia and the United States in 2014–15. On the one hand, neither BRICS, nor the SCO could become a useful instrument for dealing with Russia's foreign policy problems. On the other hand, any attempts made by Barack Obama and his second executive office to force Russia into international isolation eventually failed. This was evident at the G20 summits in 2015 and 2016, where Russia's BRICS partners disapproved of the policy of Russia's isolation.

A significant deterioration of dialogue between Russia and the United States at the end of 2016 and in the first half of 2017 has reduced the level of bilateral relations to their lowest point since the end of the Cold War. The policy of the White House in the settlement of crises in Ukraine and Syria remains unconstructive and further deepens destabilization in Eastern Europe and the Middle East. One of the key issues of these tensions is the question of 'Russia's interference' in the American elections of 2016. A declassified version of the secret report 'Assessing Russian Activities and Intentions in Recent US Elections',<sup>41</sup> which was prepared by American intelligence agencies, does not contain definitive proofs of such interference from Moscow. Although several investigations of Russian influence on the elections are underway, it seems that most allegations of Russia 'meddling' are unfounded and used by the US Congress primarily as a useful tool against D. Trump and his Administration. The anti-Russian campaign in US political circles and mass media, which was initially aimed against President Trump, is now tying the hands of his executive office and inhibiting normalization of relations with Russia.

The extension of sanctions against Russia along with those against Iran and North Korea in August 2017 confirmed that the anti-Russian policy would be carried on under the Trump Administration. Continuing with such a policy may lead Washington to a complete degradation of relations with Russia. Keeping this in mind, any anti-Chinese actions on the part of Donald Trump, like his accusations against Beijing of being unwilling to influence the DPRK over its nuclear programme,<sup>42</sup> will create new preconditions for further rapprochement between China and Russia. In that case, India's pragmatic foreign policy should acquire a particular significance for Russia in the future.

---

<sup>41</sup> 'Assessing Russian Activities and Intentions in Recent US Elections', Intelligence Community Assessment, 6 January 2017, 14 pp., [https://www.dni.gov/files/documents/ICA\\_2017\\_01.pdf](https://www.dni.gov/files/documents/ICA_2017_01.pdf) (accessed on 20 August 2017).

<sup>42</sup> <http://www.newsweek.com/trump-north-korea-trump-china-kim-jong-un-nuclear-test-658998> (accessed on 5 September 2017).

## The ‘Loose geometry’ of India’s Foreign Policy

Since the collapse of the USSR, India has traditionally followed a pragmatic policy. Strengthening ties with all global players in the 1990s should have helped India preserve the regional balance of power according to its national interests. The strategic partnership treaty signed with Russia in December 2000 allowed India to strengthen its presence in world politics, using the strategic triangle of Russia–India–China. However, the rising power of China and the Chinese advances towards Pakistan have caused deep concerns within various social and political circles in India. The rise of India’s own ambitions in the international system could potentially set both major powers of the Asian continent against each other.

Since the early 2000s, Indian foreign strategy has been to pursue the canon of ‘loose geometry’ in world politics. Every new Indian government, regardless of its political programme, has focused on strengthening relations with Russia, the US, the PRC, the EU and other global players simultaneously. As a result, India’s relations with China, complicated by old territorial disputes, did not become an obstacle for New Delhi to make Beijing its leading trade partner. Both countries shared similar views on international issues in a number of international organizations. The BRICS forum became an important platform that could help India become a global leader and bolster its bilateral political and economic ties with Russia and China. Against this backdrop, Russia played an important role in India’s relations with China and supported New Delhi’s accession to the Shanghai Cooperation Organization (SCO).

It is important to note that in the mid-2000s, the United States was eager to make India its principal regional ally in order to counterbalance the rising power of China in Asia.<sup>43</sup> India was not interested in being entirely guided by American interests. Instead, it aimed at maintaining mutually beneficial relationships with both Washington and Beijing.<sup>44</sup> Such a pragmatic approach to foreign policy priorities partly led to the stagnation of its ‘special privileged strategic partnership’ with Russia by the early 2010s. Military-technical cooperation and atomic energy cooperation encountered numerous problems, whereas some other areas of bilateral cooperation remained largely underdeveloped. However, political dialogue between Moscow and New Delhi proceeded as ‘privileged’ and ‘strategic’, both bilaterally and multilaterally within BRICS.

In 2014, Narendra Modi, the new leader of Bharatiya Janata Party (BJP), became the first Indian prime minister who managed to form a durable parliamentary majority rather than rely on a broad coalition. As a ruling party, BJP had finally received an opportunity to shape domestic policy, based mainly on ‘soft hindutva’ ideology, and

---

<sup>43</sup> A. Nautiyal, ‘US Security Strategy of Asian Rebalance: India’s Role and Concerns’, *Strategic Analysis*, 2017, Vol. 41, No. 1, pp. 27–28.

<sup>44</sup> S. Paranjpe, ‘United States in India’s Changed Strategic Perspective in the Post–Cold War Era’, *India Quarterly*, 2013, Vol. 69, No. 1, pp. 6–8.

began to promote the ‘Gujarat model’ of economic development throughout India. The central government did not change the pragmatic course of foreign policy set by the former Congress administration, laying emphasis on intensifying foreign policy and expanding the existing formats of interaction. In order to preserve the quality level of its relations with Washington, India stayed clear of publicly supporting the Russian military operation in Syria, although New Delhi did share Moscow’s views on international security issues.

In January 2015, Barack Obama became the first American president to visit India twice. He had been invited as the Chief Guest at the Republic Day Parade. Some experts instantly interpreted it as clear evidence of a growing pro-American vector in Indian foreign policy.<sup>45</sup> Yet India did not find the results of that top-level meeting desirable enough. The counterparts were unable to find a mutually acceptable solution to the key question of ‘defrosting’ the ‘nuclear deal’ (‘123 Agreement’). Moreover, significant increases in the volume of bilateral trade over the previous years levelled off, dampened by a number of protectionist measures in both countries. As a result, trade contradictions largely caused the absence of India in the Trans–Pacific Partnership (TTP) project, which had been actively promoted by Washington. However, in 2017 the worsening political standoff between president Trump and the political establishment led to the lack of a formulated foreign policy of the new US Administration towards India. Given the well-known fact that Donald Trump’s priority is to protect the interests of domestic producers, it is quite difficult to suggest options for a further possible rapprochement between India and the United States in the near future. However, the Chinese factor should certainly play a significant role in India–US relations.

### **Geopolitics and Geo-economics in Sino–Indian Relations**

During the past five years India has been witnessing serious changes in the regional balance of power. For China to establish a new balance of power in East Asia, it will have to close the gap in capabilities between itself and the United States and establish a strong naval presence.<sup>46</sup> These changes directly affect India’s national interests and are related to China’s growing activity in Asia. After the ‘fifth generation’ of Chinese leadership came to power in 2012, the situation in Asia began to change rapidly. The Chinese authorities stepped up their ambitious projects that were to extend their economic and trade interests to Southeast, South and Southwest Asia. According to a decade-old concept of American experts, one of the strategic goals of China is to control the main ocean transit routes which connect China to the Persian Gulf and to ensure a supply of hydrocarbons to Chinese producers.<sup>47</sup> To achieve that goal,

---

<sup>45</sup> W. Andersen, S. Verma, ‘Washington’s India Pivot’, *India Quarterly*, 2015, Vol. 71, No. 2, pp. 95–109.

<sup>46</sup> R. Ross, op.cit., p. 291.

<sup>47</sup> R. Holmes, T. Yoshihara, ‘China’s naval ambitions in the Indian Ocean’, *Journal of Strategic Studies*, 2008, Vol. 31, No. 3, pp. 368–369.

Beijing supposedly started to create a chain of deep-water ports and naval bases in the Indian and Pacific Ocean. This concept was called ‘string of pearls’.<sup>48</sup> The reality of the existence of such a Chinese strategy can be challenged. However, indirect proof of it may be found in the tougher rhetoric of China on the disputed territories in the Pacific Ocean. In particular, a spectacular display of it was the significant activity of Beijing to create artificial islands that had been washed over for the construction of its naval bases in the South China Sea.<sup>49</sup> India, according to its Maritime Doctrine,<sup>50</sup> regards the control of the Indian Ocean as an essential condition to ensure its national security and obtain the status of a great power in the future. The recent completion of the construction of deep-water ports in Myanmar and Pakistan by China and Beijing’s desire to intensify such projects in Bangladesh and Sri Lanka run counter the national interest of India. Over the last several years China has in fact moved to displace India from the traditional (for New Delhi) markets in Myanmar and Bangladesh. This activity of Beijing is developing against the background of an annually increasing trade imbalance with India in favour of China. During the 2015-16 fiscal year, with a total bilateral trade of 70.7 billion USD, India’s trade deficit with China amounted to 52.6 billion USD.<sup>51</sup>

China’s strategy in the Indian Ocean in 2013 received the official name ‘21st Century Maritime Silk Road’. This strategy is supposed to be implemented as part of Beijing’s widely promoted Silk Road Economic Belt,<sup>52</sup> which could allow China to proceed with economic and trade expansion to new markets around the world. In this case the project of the China–Pakistan Economic Corridor (CPEC) becomes very important for China as it would connect the Chinese western province of Sinkiang with the Pakistani port of Gwadar through Kashgar. Beijing makes no secret of its plans for the CPEC to become a new corridor for market penetration into Afghanistan and Central Asian countries. In this regard, China’s approval of India’s membership in the Shanghai Cooperation Organization (SCO) is hardly a sign of goodwill towards India. It is likely that China is disappointed to some extent about the need for the SCO when it comes to its trade interests. Beijing has in fact been better at developing very efficient and profitable bilateral relations with each of the Central Asian states. Moreover, it was China that insisted on accepting India and Pakistan simultaneously. This move to a certain extent depreciated the value of SCO for India.

---

<sup>48</sup> S. Pehrson, *String of Pearls: Meeting the Challenge of China’s Rising Power Across the Asian Littoral*, Carlisle Papers in Security Strategy, 2006, pp. 6–7.

<sup>49</sup> <http://www.reuters.com/article/us-southchinasea-china-spratlys-idUSKBN16Z005> (accessed on 5 September 2017).

<sup>50</sup> <https://www.indiannavy.nic.in/content/indian-maritime-doctrine-2015-version> (accessed on 5 September 2017).

<sup>51</sup> <http://economictimes.indiatimes.com/news/economy/foreign-trade/indias-trade-deficit-with-china-jumps-to-53-billion-in-2015-16/articleshow/53492853.cms> (accessed on 20 August 2017).

<sup>52</sup> [http://english.gov.cn/archive/publications/2015/03/30/content\\_281475080249035.htm](http://english.gov.cn/archive/publications/2015/03/30/content_281475080249035.htm) (accessed on 2 September 2017).

In fact, China's strengthening of its trade and economic relations in Asia over the last years could be described as geo-economic expansion. In 2014, Beijing initiated the creation of the Asian Infrastructure Investment Bank (AIIB).<sup>53</sup> China's huge financial leverage combined with the membership of such capable countries as Russia and India, have turned this international financial structure into a real competitor of the IMF and the World Bank. It appears that the creation of AIIB, which is completely controlled by Beijing, was a consequence of the failure of the Chinese government to gain control of the New Development Bank (NDB), also known as the BRICS Bank. The remarkable fact is that the NDB project was originally proposed by India at the BRICS summit in 2012. It should also be noted that it was Beijing that was blocking India's accession to the nuclear suppliers group (NSG) in 2016. The dependence of the Indian industry on the import of hydrocarbons makes the development of a nuclear energy sector of strategic importance for New Delhi. It seems that China intentionally puts India's growing ambitions on hold in order to maintain its economic dominance in Asia.

In this regard, a significant role in India–China relations is being played by China's One Belt, One Road (OBOR) project, also known as the Belt and Road Initiative (BRI). OBOR/BRI are the new names of the Silk Road Economic Belt. The OBOR Forum was held in Beijing on 14–16 May 2017, with leaders from 28 countries, including Russia, participating in the event. Russia was one of the countries to take much interest in the OBOR project. India refused to attend the forum, making an official statement that CPEC, which is being projected as the flagship project of OBOR, is to pass through the disputed territories in Kashmir.<sup>54</sup> In fact, the very concept of CPEC excludes India from the major trade routes and strengthens Pakistan's role as the main regional opponent of India. This in turn does not shift the regional balance in favour of New Delhi. India is obviously not interested in China's further economic penetration into South Asia. Therefore, India actually made a demonstrative move, confronting the OBOR project. In this case, New Delhi can only promote the joint Iran–Afghanistan–India project for the construction of a deep-water port at Chabahar in Iran in order to resist the Chinese strategic plans.<sup>55</sup>

It seems that the economic and trade strategy of China in Asia is now being accompanied by geopolitical pressure on India. New Delhi's tough stance on OBOR caused the aggravation of territorial contentions with Beijing. The ability to protect the sovereignty of its own territory is a central issue for every independent state that aims to take a leading position in the international system. In June 2017, India–China territorial disputes escalated at the Doklam plateau, situated at the boundary of China,

---

<sup>53</sup> R. Mishra, 'Asian Infrastructure Investment Bank: An Assessment', *India Quarterly*, 2016, Vol. 72, No. 2, pp. 1–14.

<sup>54</sup> [http://www.mea.gov.in/media-briefings.htm?dtl/28463/Official\\_Spokespersons\\_response\\_to\\_a\\_query\\_on\\_participation\\_of\\_India\\_in\\_OBORBRI\\_Forum](http://www.mea.gov.in/media-briefings.htm?dtl/28463/Official_Spokespersons_response_to_a_query_on_participation_of_India_in_OBORBRI_Forum) (accessed on 15 August 2017).

<sup>55</sup> <https://www.bloomberg.com/news/articles/2016-10-04/india-and-iran-slow-to-develop-port-as-china-builds-rival-hub> (accessed on 15 August 2017).

Bhutan and the Indian state of Sikkim. The construction of road infrastructure in Doklam by the Chinese is dictated by plans to establish border garrisons on this disputed territory with Bhutan.<sup>56</sup> Such activity, from the Indian perspective, renders the strategically important state of Sikkim very vulnerable. In the event of a potential military conflict with China, the loss of Sikkim would cut seven states of Northeast India off from the rest of the country. Therefore, India is prepared to defend Bhutan in accordance with the friendship agreement. The escalation of this territorial dispute has become the most destructive trend in Sino–Indian relations recently. This issue generally corresponds to the policy that China is pursuing in order to revise the boundaries of the disputed territories with India in Aksai Chin, Arunachal Pradesh and Sikkim. It is unlikely that a full-fledged or even limited military conflict between the two nuclear-armed states could occur in the nearest future. The BRICS summit in Chinese Xiamen displayed a general willingness to compromise. Both countries drew their troops off and returned to the status quo on the Doklam issue. However, Sino–Indian relations within BRICS play a supplementary role in their national strategies, whereas the negative trend for border revision is likely to continue.

Beijing's geostrategic plans significantly harm its bilateral relations with India. The existing dynamics of Beijing's activities give arguments to those who think that China's policy violates the regional balance of power.<sup>57</sup> That negatively affects India's potential for development, which in turn will adversely affect India's positional placement in the international system. Indian foreign policy analysts often describe China as a 'long-term rival' who is planning to put India in a geopolitical 'vise' between Myanmar and Pakistan and prevent India from becoming a 'great Asian power'.<sup>58</sup> This in fact underlines another rising problem in relations with China. It is referred to the 'security dilemma' in Asia. In 2017, China's annual defence budget officially surpassed 150 billion USD, thrice the size of that of India.<sup>59</sup> At the same time during the period of 2009–2014, Beijing increased funding for defence by 77 billion USD, while New Delhi – only by 3 billion USD.<sup>60</sup> To eliminate such an imbalance is unlikely in the near future due to the different capabilities of the two national economies. In the midterm, such circumstances will result in a military-technical lagging behind China and a definitely weaker defence capacity for India. This is precisely why the enhancing of its national defence capability is of paramount importance for New Delhi. According to the Stockholm International Peace Research Institute (SIPRI), between 2007 and

<sup>56</sup> <http://tass.ru/mezhdunarodnaya-panorama/4431083> (accessed on 20 August 2017).

<sup>57</sup> A. Acharya, 'Power Shift or Paradigm Shift? China's Rise and Asia's Emerging Security Order', *International Studies Quarterly*, 2014, Vol. 58, No. 1, p. 167.

<sup>58</sup> [https://www.rbth.com/articles/2012/03/26/russia\\_and\\_india\\_in\\_the\\_loose\\_geometry\\_of\\_world\\_politics\\_15250](https://www.rbth.com/articles/2012/03/26/russia_and_india_in_the_loose_geometry_of_world_politics_15250) (accessed on 10 September 2017).

<sup>59</sup> <http://www.hindustantimes.com/world-news/china-s-defence-budget-to-cross-150-billion-mark/story-64neQlmk6mV6QcsaQngmhP.html> (accessed on 5 September 2017).

<sup>60</sup> <https://www.bloomberg.com/news/articles/2017-01-30/in-india-s-make-or-break-budget-defense-may-take-a-back-seat> (accessed on 12 September 2017).

2016 New Delhi increased its arms imports by 43 per cent. Since 2016, India has taken the lead on the list of the world's largest arms buyers with a stake of 13 per cent.<sup>61</sup>

In the coming ten years the central government plans to spend nearly 250 billion USD to modernise all kinds of major weapons in India's armed forces.<sup>62</sup> It seems that India places high stakes on its own version of the 'defensive realism' strategy. This version defines activities for its military-political security in the event of possible external aggression from China, while encouraging its trade-economic partnership with it. The ongoing shift in the regional balance of power forces India to scale up armaments in case the political controversies with China outweigh the rationale for their trade-economic relations. Therefore, while focusing on the development of its national economy, India pays careful attention to such strategic areas as the national defence capability and the energy sector. These two fields have become of strategic importance for New Delhi in its relations with Russia.

### The Key Fields of Russian–Indian Cooperation

**Military–technical cooperation.** Military–technical cooperation (MTC) between the two countries has always been at the nexus of politics, diplomacy and commerce. The dominance of Soviet weapons and military equipment in the Indian armed forces was a logical consequence of the military-political union of the two countries in 1970-1980s. After the dissolution of the USSR, post-Soviet Russia had not proved the most reliable of arms suppliers, however, India was now facing China who had embarked on upgrading its military, and New Delhi was keen to match it.<sup>63</sup> India entered the international arms market and was among the first to purchase not standard systems, but ones adapted to specific conditions of use in India. Russia was able to offer advanced technologies at affordable prices. As a result, the second half of the 1990s was marked by a number of large contracts between the two countries. This cooperation to a large extent helped the Russian military-industrial complex to survive in the difficult economic conditions of the 1990s and gave powerful impetus for its further development.

A rapprochement between India and Russia in the 2000s led to the development of broad military-technical cooperation. In addition to purchasing large quantities of different types of modernised weapons (e.g. carrier-based fighters, helicopters, tanks, etc.), India initiated several projects for the joint engineering and manufacturing of weapons. It is important to point out that Russia not only decided to transfer the needed technologies and production facilities to India, but became the only supplier to provide

---

<sup>61</sup> *SIPRI Yearbook 2017, Armaments, Disarmaments and International Security*, London: Oxford University Press, 2017, p. 373.

<sup>62</sup> <https://www.businessinsider.in/Modis-250-bn-plan-to-take-on-neighbour-enemies-includes-8000-Israeli-missiles/articleshow/58144712.cms> (accessed on 12 September 2017).

<sup>63</sup> R. Thornton, 'India Russia Military Cooperation: Which Way Forward?', *Journal of Defence Studies*, 2012, Vol. 6, No. 3, pp. 100–101.

India with various sophisticated types of strategic weapons and military equipment as well. In 2007, India became the top buyer of Russian arms, surpassing China. On the other hand, the requirements of Indian clients were rising, and by the second half of the past decade Russian–Indian MTC was facing some negative trends.

Firstly, the Indian side was discontented with the frequent delivery delays while the final price for several key contracts would significantly increase. For example, the initial price for the reconstruction of the aircraft carrier Admiral Gorshkov (INS Vikramaditya) rose from 974 million USD in 2000 to 2.9 billion USD by the mid-2000s. After lengthy negotiations, the final price was reduced to 2.3 billion USD in 2010.<sup>64</sup> Putting the carrier afloat was initially planned for 2007–08, but the date was subsequently moved to 2012. In 2012, the final testing revealed serious flaws in the power engines and caused a new delay until 2013. India's military establishment also expressed concerns about the quality and timely delivery of other Russian naval purchases. For example, they objected to the lengthy time it had taken Russian shipbuilders to deliver some multi-role frigates and to upgrade the Indian Navy's fleet of Kilo class diesel submarines.<sup>65</sup>

Secondly, the after-sales support by the Russian manufacturers also provoked criticism in the Indian army. The complaints were mostly about delays in deliveries of parts, the latter being in fact overpriced, and about delays in repairs.<sup>66</sup> In particular, the Indian press wrote that up to half of more than 200 Su–30 MKI fighters of the Indian Air Forces were unable to take off because of some unresolved controversies with the Russian suppliers, lasting until the spring of 2014.<sup>67</sup> This seems to be one of the most intricate problems in MTC between the two countries. It definitely undermines positive perception among Indian military circles of future arms purchases from Russia.

Thirdly, the complicated rules of state tenders in India have made this area an extremely fertile ground for political games. Indian opposition parties often make accusations that a certain tender for supply of arms has been held with violations and had a corruptive nature.<sup>68</sup> As a result, the government has to call that tender off, infuriating some major players in the arms market. For example, in 2014 the central government called off a large tender to supply 197 light helicopters for a sum of 1.5 billion USD.<sup>69</sup> In pursuit of such large tenders, suppliers used to win them by deliberately understating

---

<sup>64</sup> <http://www.thehindu.com/news/national/Gorshkov-deal-finalised-at-USD-2.3-billion/article16554605.ece> (accessed on 10 August 2017).

<sup>65</sup> R. Weitz, 'The Maturing of Russia-India Defence Relations', *Journal of Defence Studies*, 2012, Vol. 6, No. 3, p. 85.

<sup>66</sup> <http://timesofindia.indiatimes.com/india/India-looks-to-other-countries-for-spares-of-Russian-military-equipment/articleshow/8173419.cms> (accessed on 15 August 2017).

<sup>67</sup> <http://www.sunday-guardian.com/news/russians-go-slow-sukhoi-fleet-in-trouble> (accessed on 10 August 2017).

<sup>68</sup> R. Ganguly, 'India's Military: Evolution, Modernisation and Transformation', *India Quarterly*, 2015, Vol. 71, No. 3, p. 200–201.

<sup>69</sup> <https://lenta.ru/news/2014/08/29/scrap/> (accessed on 10 August 2017).

the total price of the final contract. Therefore, the Indian side had to call off that deal after its total costs had significantly increased. It should be mentioned that the rigid regulation of government tenders, numerous accusations of corruption and the insistence on giving preference to local manufacturers pushed the Modi Administration to cancel at least 25 billion USD worth of tenders in 2014-2017.<sup>70</sup>

A case in point is the Medium Multi-Role Combat Aircraft (MMRCA) which was a mega tender for 126 multi-role fighters. In 2011, the French manufacturers of Rafale jet-fighters won the tender. The Russian MiG Corporation believed that its competitive bid to supply MiG-35 fighters had been rejected on implicit reasons. This provoked serious discontent on the Russian side. The total cost of the MMRCA tender reached 12 billion USD at the time of signing the contract in 2007. By 2014, the French suppliers had revised the sum up to 20 billion USD. As a result, after difficult and lengthy negotiations, the contract was cancelled in 2015.<sup>71</sup> Nevertheless, at the beginning of 2016, India signed a new contract with France to supply 36 Rafale fighters. Such drastic reduction in the number of fighters made the French unwilling to transfer the production technology on the same terms as had been agreed for the MMRCA deal.

It is in this context that MTC between Russia and India becomes particularly important. Unlike the weapons industry in China, domestic military engineering in India has yet to show the desired results. A striking example is the Arjun tank project, work on which began in the 1980s. Arjun still has serious structural defects and India's Ministry of defence refuses to make purchases of a modified version of the tank.<sup>72</sup> Therefore, since the early 2000s, the motivation of India's political and military elites for industrial and technological development has gradually come to prevail over thinking solely about the military-technical characteristics of weapons. This trend became especially apparent after Prime Minister Modi came to power in 2014. Therefore, foreign suppliers' proposals have significantly better chances if they are made in accordance with Modi's programme 'Make in India', i.e. to provide Indian producers with joint production schemes and complete production technologies. India's traditional policy of diversifying arms purchases helps to reduce the risks related to possible discord with a supplier country, but does not solve the problem of the existing overdependence on foreign supplies.

Russia is willing to supply India with unique weapons that attract much interest from New Delhi. An example of such 'critical' arms technologies is a preliminary contract for the delivery of the S-400 missile systems in 2016.<sup>73</sup> Negotiations concerning new

<sup>70</sup> <https://economictimes.indiatimes.com/news/defence/rigid-rules-trip-modis-250-billion-plan-to-modernise-indias-defence/articleshow/60370605.cms> (accessed on 13 September 2017).

<sup>71</sup> <http://timesofindia.indiatimes.com/india/MMRCA-deal-India-to-scrap-20-billion-mega-project-for-126-Rafale-fighter-jets/articleshow/46910444.cms> (accessed on 15 August 2017).

<sup>72</sup> <http://timesofindia.indiatimes.com/india/Army-DRDO-fight-it-out-again-over-Arjun-and-futuristic-tanks/articleshow/48355161.cms> (accessed on 15 August 2017).

<sup>73</sup> <http://timesofindia.indiatimes.com/india/Government-clears-purchase-of-Rs-39000cr-Russian-missile-systems/articleshow/50226062.cms> (accessed on 15 August 2017).

contracts for leasing nuclear-powered submarines are also of significant importance to India. Such contracts play a principal part in determining the level of bilateral political and diplomatic cooperation. Yet Russia's greatest competitive advantage is the fact that its arms suppliers agree to cooperate on Indian terms within the framework of the 'Make in India' programme in the field of nonsophisticated military technologies. In particular, one could mention the contract (signed in 2016) for transferring the technology and construction of 200 Russian Ka-226T helicopters to India.<sup>74</sup>

Joint Russian–Indian research projects also play a very important role. The most successful example of such cooperation was the creation of the short-range *supersonic* cruise *missile* BrahMos. At the same time, both parties seek a way to avoid exceeding the bounds of cooperation when a technology transfer could cause damage to their national interests. In some cases India walked out of a joint project because of disagreements about design characteristics or costs of production. For example, a joint project for the Multi-Role Transport Aircraft (MTA) was finally shut down in the spring of 2017. Negotiations of a contract for joint development of an export model of the fifth-generation fighter (PAK FA or T-50) have evidently been dragged out, although in 2016 both parties agreed to reduce the total costs by 40 per cent.<sup>75</sup>

Sales of unique types of weapons and transfers of licenses for the production of nonsophisticated arms give Russia a competitive edge in the Indian arms market. Although the US managed to become India's biggest arms supplier for a brief period between 2012 and 2014,<sup>76</sup> Russia is likely to preserve the status quo in the coming years. The Russian–American confrontation and the rapprochement in the military-technical field between India and the United States in 2015<sup>77</sup> have not significantly affected sales of Russian weapons to the Indian army so far. New Delhi is unable to reduce its dependency on Russian weapons. According to the SIPRI, in 2012-16 the volume of Russian arms exports in India's total arms purchases stood at 68%, with the share of the US at 14% (2nd rank), Israel at 7.2% (3rd rank). At the same time India has taken the lead in Russia's arms exports with a share of 38%.<sup>78</sup>

However, such a state of affairs does not imply that Russian–Indian MTC could firmly cement the whole structure of their bilateral relations. New Delhi showed serious dissatisfaction with the expansion of military-technical cooperation and joint exercises between Russia and Pakistan in 2015-16. It seems that Russian–Pakistani MTC has some limitations and cannot seriously damage relations between Russia

<sup>74</sup> <http://economictimes.indiatimes.com/news/politics-and-nation/india-russia-defence-deals-six-things-india-got-from-old-friend-russia/articleshow/54866551.cms> (accessed on 15 August 2017).

<sup>75</sup> [https://ria.ru/defense\\_safety/20160125/1364736963.html#ixzz3yEFA4vyK](https://ria.ru/defense_safety/20160125/1364736963.html#ixzz3yEFA4vyK) (accessed on 15 August 2017).

<sup>76</sup> N. Joshi, R.K. Sharma, 'India–Russia Relations in a Changing Eurasian Perspective', *India Quarterly*, 2017, Vol. 73, No. 1, p. 48.

<sup>77</sup> U.S., India Sign 10-Year Defense Framework Agreement, <https://www.defense.gov/News/Article/Article/604775/> (accessed on 19 August 2017).

<sup>78</sup> *SIPRI Yearbook...*, op.cit., p. 367, 373.

and India.<sup>79</sup> India perceives Pakistan not as a self-sufficient adversary, but as an usher of the interests of China, the latter being an ‘all-weather friend’ of Islamabad.<sup>80</sup> Moscow’s resumption of sales of sophisticated weapons to Beijing and a further rapprochement between Russia and China may lead to a political reorientation of India towards the US. On the other hand, staking on joint development and transfer of licensed production to India’s territory is a matter of principle for New Delhi. That is the objective that the Indian government is pursuing to achieve strategic independence in weapons production in the long term. Russia is the only country ready for such a high level of cooperation with India. So, it is with the help of Russian weapons that India is currently able to preserve military parity with China. Thus, the different shortcomings that are often caused by Russian suppliers on the one hand, and the bureaucratic complexity and anti-corruption measures of India’s tender policy on the other, have not crucially affected this field of bilateral cooperation.

**Nuclear energy cooperation.** The growing dependence of the Indian economy on imported energy supplies has raised the strategic importance of nuclear energy in the long-term perspective. After ‘peaceful’ nuclear tests in 1974, India faced international isolation in the field of atomic energy.<sup>81</sup> It was only the USSR which, within the framework of a military-political union, developed scientific and technical cooperation with India. That cooperation led to the signing of a contract for the construction of the Kudankulam power plant in 1988. The collapse of the Soviet Union put the implementation of the contract into question. Moreover, in 1992 the introduction by the nuclear suppliers group (NSG) of new guidelines for member countries led to a further isolation of India. New Delhi was not ready to bring its legislation in line with the international standards set by the NSG, as this would oblige India to make all its nuclear facilities, including military ones, accessible to international inspectors. However, Russia as a member of the NSG found a way to resume nuclear energy cooperation with India, bypassing the NSG guidelines. In 1998, Moscow signed additional contracts for the construction of the Kudankulam nuclear power plant (NPP), postulating that the preliminary contract had been signed prior to 1992. The Russian suppliers managed to draft an agreement which provided for indemnity against any liability in case of any potential accident at the Kudankulam NPP. New Delhi had no choice, since there were no alternatives. Thus, at the time, India’s nuclear energy sector was driven exclusively by Russia.

The situation changed entirely in 2005 after India and the United States signed an agreement on cooperation in the field of atomic energy. In order to obtain a new

---

<sup>79</sup> N. Joshi, R.K. Sharma, *op.cit.*, p. 40.

<sup>80</sup> A. Small, *The China–Pakistan Axis. Asia’s New Geopolitics*, New York: Oxford University Press, 2015, pp. 1–7.

<sup>81</sup> A. Gopalkrishnan, ‘Evolution of the Indian Nuclear Power Program’, *Annual Review of Energy Environment*, 2002, pp. 375–377; M. Ramana, *The Indian Nuclear Industry: Status and Prospects*, Nuclear Energy Futures Paper No. 9, 2009, p. 4.

geopolitical ally in the region, the White House turned a blind eye to the Indian nuclear tests of 1998 and in fact put an end to India's international isolation in the area of atomic energy. Washington did actually advance the issue and supported India's interests in circumvention of the Non-Proliferation Treaty (NPT) by giving India an exemption from the critical full-scope safeguard rules of the IAEA.<sup>82</sup> Therefore, India would be able to enter the NSG and preserve the inviolability of its military nuclear programme. This could unravel the non-proliferation regime. In 2008, the US obtained the consent of the NSG country members to begin cooperation with India. Then Washington ratified the '123 Agreement',<sup>83</sup> which allowed major world manufacturers and suppliers to enter the vast Indian market. In 2010, France became the first Western supplier country to sign a preliminary agreement for building two units of a nuclear power plant in Jaitapur.<sup>84</sup> However, India has not yet reaped the benefits of its new status. The main obstacle was that to work with the NSG countries India had necessarily to adopt a law on liability for nuclear damage. Unlike in most other countries, the Indian Nuclear Liability Act (NLA), which was adopted in 2010, imposed liability not only on nuclear power plant operators, but also on equipment suppliers.<sup>85</sup> Against the backdrop of the Fukushima catastrophe, significant public pressure in India caused the adoption of such a version of the law. The key American suppliers are private consortia that interpreted the new conditions of doing business in India as too risky. Therefore, the American suppliers laid down their indemnity against the NLA as a key condition for cooperation with India. The 'nuclear deal' stalled before it could even start. Moreover, in 2011, the NSG released new guidelines under which country members were to avoid the transfer of 'sensitive technologies' to countries that had not acceded to the NPT.<sup>86</sup> The previous arrangement with India thus expired. So, New Delhi found itself in isolation again, since the Indian government traditionally regards the NPT as a discriminatory mechanism that violates the right of a country to defend its sovereignty and national interests.

In subsequent years, the expansion of American-Indian cooperation did not lead to the implementation of a 'nuclear deal'. The White House did not find the right tools to persuade their companies to make concessions, while New Delhi was unable to

---

<sup>82</sup> D. Mistry, 'The India Lobby and the Nuclear Agreement with India', *Political Science Quarterly*, 2013, Vol. 128, No. 4, p. 720; K. Robertson, J. Carlson, *The Three Overlapping Streams of India's Nuclear Program*, Belfer Center for Science and International Affairs, Harvard Kennedy School, April 2016, pp. 2–6, 9–12.

<sup>83</sup> Agreement for Co-operation between the Government of the United States of America and the Government of India Concerning Peaceful Uses of Nuclear Energy (123 Agreement), <https://2001-2009.state.gov/r/pa/prs/ps/2007/aug/90050.htm> (accessed on 10 September 2017).

<sup>84</sup> <http://www.new.areva.com/EN/news-8633/india-agreements-between-areva-and-npcil-for-the-supply-of-two-epr-reactors-and-fuel-for-25-years.html> (accessed on 10 September 2017).

<sup>85</sup> A.V. Kumar, 'India's nuclear energy renaissance: stuck in the middle?', *Journal of Risk Research*, 2014, Vol. 17, No. 1, pp. 51–53.

<sup>86</sup> <http://www.thehindu.com/todays-paper/nsg-ends-indias-clean-waiver/article2133246.ece> (accessed on 10 September 2017).

provide an exemption in the NLA for the American suppliers. The 2014–16, bilateral summits did not lead to a mutually acceptable solution of the problem either, despite its being one of the key items on the agenda. In addition, President Obama was unable to repeat the achievement of George Bush Jr. and convince all the NSG countries to grant exclusive rights to India. China played a decisive role when it blocked the affiliation of India to the NSG in 2016. The deadlock is unlikely to be broken under the Trump administration, whose mission is to defend the interests of American producers. Nowadays, only French Areva seeks to implement the construction of the Jaitapur NPP and proposes to expand the project to six units.<sup>87</sup> However, construction has not started yet because a number of controversies associated with the NLA and the NSG guidelines remain unresolved.

India's ambitions to break out of international isolation and to diversify its list of suppliers have not detrimentally affected its cooperation with Russia in the nuclear energy field. After the ratification of the '123 Agreement' by the US Congress, in 2008 India signed a preliminary contract with Russia for the construction of units 3 and 4 of the Kudankulam NPP. The contract terms were similar to those in 1998 and granted full indemnity to the Russian side. However, the adoption of NLA in 2010 complicated any further implementation. Various socio-political circles demanded that the government of Manmohan Singh withdraw indemnity from the Russian suppliers, although this was contrary to the terms of the contract.<sup>88</sup> All this was happening against the backdrop of the '123 Agreement' being stalled and the NSG's waiver to admit India as a member. Finally, some serious domestic political pressure forced the Indian government to revise the previously signed Kudankulam agreement for units 3 and 4.

During the next round of negotiations in 2011–12, Moscow agreed to waive indemnity for its suppliers, but the final price of each new unit rose from 1 billion USD to nearly 2.5 billion USD. Having solved this complex problem, Russia stood as the only supplier country that was actually constructing NPPs in India. Moreover, according to Russian experts' estimates, the average cost of one kWt of electricity produced at a Russian-designed NPP is only 3.5 rupees while the same kWt produced at a US-type NPP will exceed 6 rupees.<sup>89</sup> Given that the NSG guidelines are not mandatory for its members, Russia and France exploit it in their relations with India. However, France is experiencing serious pressure from the other NSG members. Russia is less vulnerable to external pressure when cooperating with India due to its ongoing confrontation with the West. That trend proved viable at both of the Annual Russia–India Summits in 2014 and 2015. In particular, preliminary agreements for the construction of 12 new

---

<sup>87</sup> <http://economictimes.indiatimes.com/industry/energy/power/france-submits-fresh-plan-for-six-nuclear-plants-in-jaitapur/articleshow/53099830.cms> (accessed on 10 September 2017).

<sup>88</sup> [http://www.idsa.in/issuebrief/KudankulamNuclearPowerPlantandCivilNuclearLiability\\_BalachandranPatil\\_091112](http://www.idsa.in/issuebrief/KudankulamNuclearPowerPlantandCivilNuclearLiability_BalachandranPatil_091112) (accessed on 12 September 2017).

<sup>89</sup> [https://www.rbth.com/economics/2015/02/27/why\\_electricity\\_from\\_russian\\_nuclear\\_power\\_plants\\_is\\_cheaper\\_41689](https://www.rbth.com/economics/2015/02/27/why_electricity_from_russian_nuclear_power_plants_is_cheaper_41689) (accessed on 12 September 2017).

power plants were signed (including units 5 and 6 of the Kudankulam NPP).<sup>90</sup> The size of the preliminary agreement, signed by Prime Minister Modi, brings one to the conclusion that India is still viewing Russia as its leading partner in the atomic energy market. The current state of relations with the United States, the NSG and the PRC does not allow India to proceed with diversification. Therefore, Russia is likely to remain India's main partner in the field of nuclear energy in the medium-term perspective.

**Cooperation in the oil and gas field.** Oil and gas cooperation is traditionally considered one of the most important foreign policy tools of Moscow.<sup>91</sup> As for Russian–Indian relations, this issue has never been as important as the aforementioned ones. The main reason is that hydrocarbon imports are in fact the only strategic field in which India has achieved full diversification. Russia is not even ranked among the 15 largest suppliers to India, where 66 per cent of total oil and gas imports come from the Persian Gulf.<sup>92</sup>

Firstly, one of the key priorities of the Modi government is to protect India's energy security by increasing the number of suppliers of hydrocarbons. India demonstrates the world's largest rate of growth in oil and gas consumption. New Delhi imports more than 75 per cent of its oil and about 40 per cent of gas. India seeks not just to buy crude oil, but to co-develop new oil deposits. Russia intentionally constrained India's desire to expand its presence in the Russian oil-producing projects during the second half of the past decade. Since 2007, the Indian Oil and Natural Gas Corporation Limited (ONGC) tried unsuccessfully to increase its share of 20 per cent at the Sakhalin–1 deposits. The impact of the global financial crisis and the need to redirect its oil exports from Europe changed Russia's policy on this issue. Open access to the exploration of Russian oil deposits definitely kindled India's interest. As a result, in 2015 Rosneft sold ONGC a stake of 15 per cent in its largest deposits, Vankor, and signed a large contract with Indian Essar Oil for supplying 100 million tons of crude oil over the next decade.<sup>93</sup> In 2016, ONGC and three other Indian oil companies were allowed to buy out 49.9 per cent of Vankorneft.<sup>94</sup>

A similar situation is observed with gas imports. In 20, Gazprom and Indian GAIL signed a large contract for supplying 2.5 million metric tons of liquefied natural gas (LNG) to India annually for a period of 20 years. The first deliveries are scheduled to begin in 2018. Gazprom's keen interest to intensify trade with India is driven by the huge growth potential for gas demands in India. Head of Gazprom Alexander

---

<sup>90</sup> Joint Statement between the Russian Federation and the Republic of India: Shared Trust, New Horizons (24 December, 2015), [http://mea.gov.in/bilateral-documents.htm?dtl/26243/Joint\\_Statement\\_between\\_the\\_Russian\\_Federation\\_and\\_the\\_Republic\\_of\\_India\\_Shared\\_Trust\\_New\\_Horizons\\_December\\_24\\_2015](http://mea.gov.in/bilateral-documents.htm?dtl/26243/Joint_Statement_between_the_Russian_Federation_and_the_Republic_of_India_Shared_Trust_New_Horizons_December_24_2015) (accessed on 12 September 2017).

<sup>91</sup> G. Bahgat, 'Russia's oil and gas policy', *OPEC Energy Review*, September 2010, pp. 162–183.

<sup>92</sup> <http://www.dnaindia.com/india/standpoint-iraq-a-crisis-of-oil-or-of-confidence-for-india-1996976> (accessed on 12 September 2017).

<sup>93</sup> <http://tass.ru/ekonomika/2103739> (accessed on 2 September 2017).

<sup>94</sup> <http://www.rbc.ru/rbcfreenews/56e929539a7947199558523c> (accessed on 2 September 2017).

Miller stated on the sidelines of the BRICS Summit in 2016 that India's demand for gas imports would increase thrice by 2022, and more than six times by 2030. By that time India will be able to produce at approximately 60 per cent of its needs for carbohydrates, the rest must be imported as LNG.<sup>95</sup> Against this backdrop, Gazprom discusses projects for the construction of a gas pipeline to India: a swap project through Iran or a transit project through China and Myanmar. Although these projects are unlikely to be implemented in the coming years, Gazprom's aim to become a large supplier of pipelined gas to India does not seem entirely unrealistic. The project could be mutually beneficial. It certainly depends on the geopolitical environment, yet if relations within the Russia–Iran–India triangle keep on their positive development, the aforementioned swap project could be implemented within a decade.

Secondly, heavy dependency on imports of hydrocarbons exerts strong pressure on the rupee and increases India's trade deficit. The Modi government aims to reduce imports of hydrocarbons by 10 per cent by 2022. Therefore, India has recently started to offer beneficial terms to foreign companies for developing Indian oil deposits.<sup>96</sup> Russia's 'pivot to the East' encouraged Russian exporters to enter the Indian market, and increased the value of this field for bilateral relations. The most significant deal was completed in October 2016, when a Russian consortium headed by Rosneft bought a stake of 98 per cent in the Indian Essar Oil.<sup>97</sup> Moreover, Rosneft is planning to enter a fast-growing Indian market of petroleum products and gasoline because the Essar Oil Group includes a large oil refinery in Vadinar.

Thirdly, the sanctions which were imposed by the US on 2 August 2017<sup>98</sup> could complicate the future mutual projects of Russia and India. The H.R. 3364 Act threatens the extension of the sanctions to third countries that develop relations with Russia, especially in the oil and gas field. In fact, along with the EU countries any partner of Russia may end up on the sanctions list if the White House finds it qualifying. Washington will impose a ban on US companies' participation in any project if a Russian company's stake exceeds 33 per cent.<sup>99</sup> Russian companies often purchase special equipment which is produced by Western countries and take out loans at large international banks, so the sanctions will definitely have a negative impact on Russia's ability to expand its oil and gas exports. Russia is not a major supplier of hydrocarbons to India, so New Delhi could theoretically refuse the implementation of joint projects with Rosneft or Gazprom. However, it seems that the White House is not going to

<sup>95</sup> <http://www.rbc.ru/business/25/05/2017/592550f49a7947d162dfade6> (accessed on 2 September 2017).

<sup>96</sup> <http://expert.ru/2016/07/12/indiya-ohotitsya-za-neftyu-po-vsemu-miru/> (accessed on 2 September 2017).

<sup>97</sup> <https://www.vedomosti.ru/business/articles/2016/10/17/661150-rosneft-trafigura> (accessed 2 September 2017).

<sup>98</sup> Countering America's Adversaries Through Sanctions Act, H.R. 3364, <https://www.congress.gov/bill/115th-congress/house-bill/3364/text> (accessed on 5 September 2017).

<sup>99</sup> <http://www.rbc.ru/economics/04/08/2017/59824c529a7947b30d0818eb?from=main> (accessed on 10 September 2017).

extend the sanctions regime to India. India's involvement in the 'war of sanctions' would confront New Delhi's foreign policy strategy and distance India from the United States. Washington would most likely retrace its steps to make India a strategic ally against China. Imposing restrictions on Indian companies (including in MTC) might be appropriate only if a better alternative were available to Washington. But in that case it would jeopardize some other extremely important areas of cooperation with Russia – those that help India ensure its national security.

## Conclusion

It is quite hard to choose a single approach to interpreting states' policies in the world system within the framework of the structuralist paradigm. However, it seems that the foreign policies being implemented by Russia, India and China could be better understood using the 'defensive realism' approach, while taking into account differences between the national strategies and foreign policy courses of these countries. Moscow, New Delhi and Beijing build up their potential to maximize their national defence capabilities and enter various bilateral and multilateral formats of relations to improve their positional placement in the international system. On the other hand, US foreign policy could be better described in terms of 'offensive realism' due to Washington's global interests and traditional hegemonic ambitions. At the same time, strong economic interdependence plays a significant role in the development of relations between countries nowadays. China is improving its position in the world political and economic system by using strong economic instruments that align with the 'geo-economic' approach. Along with this, it is a complex issue to distinguish geo-economic interests from geopolitical ones in the world's contemporary economic and political system. Probably, choosing a single approach within the neorealist paradigm is hardly the best way in this case. This, in turn, confirms that any contemporary paradigm within international relations theory has its own drawbacks and therefore has to evolve.

At this point, it may be concluded that China's dynamic foreign policy is shifting the balance of power in Asia as a whole and in South Asia in particular. However, there is no clear evidence to raise US concerns about China being inherently an offensive realist state. It seems that defensive realism offers a more appropriate explanation of Chinese intentions so far. China has gained sufficient strength and is now seeking an opportunity to shift the balance of power in its favour. Against this background, the impact of Russian–Indian relations on the current state of the regional balance of power in Asia is quite significant. In general, strong ties between these two countries to a large extent play a stabilizing role for the regional balance of power in Asia. Both countries are like-minded defensive realist states interested in preserving the status quo not only regarding the regional balance, but their bilateral relations and extensive cooperation as well. Russia's exports of arms and technologies are helping India turn into a global power. Yet India cannot afford to ignore the growing might of China and

its recent activities. Russia is aware of the possibility of an India–US nexus due to its confrontation with the US and, to some degree, it places a stake on China. Russia seems to be seeking implicit support from China against the US, while the US is doing the same from India against the PRC. Therefore, security challenges are likely to overshadow the importance of strategic relationships. On the other hand, a bandwagoning strategy has never been a matter of choice either for India, or for Russia due to their global ambitions. That is why a balancing strategy remains the only way to cooperate with each other, both at the regional and global levels.

It should be emphasized that the PRC is the largest trade partner of the US, India and Russia at the moment. That is a strong deterrent for all Chinese partners in case of bilateral controversies. At the same time, Chinese geo-economic expansion constrains India's potential to develop as a global power and forces India to follow its own version of defensive realism. India's defensive realism implies military and political containment of Chinese geopolitical ambitions caused by the existing territorial disputes between the two countries. New Delhi continues to be dependent on China in trade and economic aspects, while cooperating closely with Beijing within different multilateral negotiation formats. Russia's defensive realism implies that the best rationale is to maintain closer ties with mighty China, but preserve the highest possible level of cooperation in major fields with more self-determined India. Due to its worsening confrontation with the United States and its resource-oriented economic model, Russia is even more dependent on trade and economic cooperation with China. Russia's largely forced 'pivot to the East' (or rather, 'pivot to China') was determined by the need to strengthen its economy by reorienting its export of resources to China and India as the world's major consumers. Another key point of the 'pivot' was to support Russia's status quo in the international system and to gain a strong non-Western ally. On the one hand, there seems to be much more pragmatism on the part of Beijing and less on the part of Moscow in the Sino–Russian rapprochement. China's increasingly expanding presence on the international scene overshadows Russia's intentions to preserve the status quo at the global level because they differ in their national interests and economic models. On the other hand, Moscow is giving impetus to a further rapprochement, which indeed follows the theory of the 'balance of threats' and is likely to persist given President Trump's anti-Russian sanctions and his anti-Chinese verbal attacks.

The United States has a strong impact on the relations between Russia, China and India. Russia is striving to mitigate the negative consequences of its controversies with the US in Ukraine and Syria. China is aiming for further geo-economic expansion, but not for an open confrontation with Washington. However, China's strong economy and its rising defensive capability threaten America's 'hegemonic stability' in the international system. As a result, both Washington and New Delhi perceive Beijing's growing potential as a future threat to their national interests. Although India perceives the US as an essential Western partner, it is not eager to go as far as to become a 'shield' for American interests in the Asian region. This could have harmed

the regional balance until recent years. The US aspirations to pull India into an anti-Chinese game did not receive adequate support from the former Indian governments, largely due to the unilateralism of US policy and Washington's failure to meet New Delhi's expectations in the nuclear power sector. At the present time, a vague policy towards India under the Trump Administration underlines the importance of New Delhi's self-sufficing foreign policy in its relations with Russia and China.

The current ties between Russia and India largely rest on cooperation in a number of fields, including military and technical cooperation, nuclear energy and oil and gas. Despite India's pragmatic foreign policy and its traditional striving to avoid being overly dependent in strategic areas, the first two fields of cooperation are driven by Russia. Purchasing sophisticated weaponry and exclusive nuclear technologies is New Delhi's highest priority due to its national security interests. Therefore, it is military and technical cooperation that mainly prevents the erosion of bilateral relations between Moscow and New Delhi.

Thus, these fields have become Russia's trump card used to maintain bilateral relations with India, which is the largest foreign market for Russian arms and nuclear technologies, at the highest level. No other global player has managed to significantly reduce the current interdependence between Russia and India in those fields thus far, mainly because Russia is offering the best contract terms. Despite a number of disagreements, the current level of relationship is advantageous for both Moscow and New Delhi. In the coming five years, it will help India maintain relative military parity with China, while Russia is likely to keep its strong positions in India's expanding arms and energy markets. Cooperation between Russia and India in these strategic fields has been helpful in preserving the actual balance of power in South Asia up till now.

However, it seems that the ongoing rapprochement between Russia and China could shake up the current state of affairs and foster a shift of the regional balance of power towards the PRC in the long run. This could deeply affect relations between Russia and India if China proceeds with more aggressive activities from the viewpoint of India. Further Sino-Indian antagonism and implicit anti-Chinese strategic thinking in New Delhi and Washington could determine a rapprochement between India and the US in the long term. Moreover, due to the defensive realism theory, this case scenario seems even more likely if Sino-Indian contradictions continue. In this case, it is possible that over the next decade, the current strategic level of cooperation with Russia would not allow India to achieve the desired status in the regional balance of power, so Russian-Indian bilateral relations could deteriorate. No less important is the future framework of US Asian policy. Impulsive policy decisions under President Trump could seriously complicate the geopolitical environment in Asia. Nevertheless, the political and economic influence that the US and PRC enjoy is still not detrimental to relations between Russia and India, so long as the benefits of bilateral cooperation prevail over their political misunderstanding.