

# MP-IDSA

## *Policy Brief*

# India–Russia Cooperation in Indian Ocean Region, Arctic and Russian Far East

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## **S***ummary*

The Indian Ocean Region, and the Arctic and the Russian Far East hold special significance for India and Russia, respectively, where neither poses a strategic threat to the other and yet provide strategic alternatives to each other. Facilitating greater reciprocal access in these areas will not only benefit the two countries but also bring stability and prosperity to a wider region. This issue brief identifies potential areas of cooperation between India and Russia in the Indian Ocean Region and the Arctic, including the Russian Far East and the Northern Sea Route.

Though India and Russia have maintained a warm and cordial relationship, their full potential has not been realised yet, despite convergence in their world view, and multi-polarity being at the core of the relationship, both as a reality and as an aspiration.<sup>1</sup> Both emphasise independence in pursuit of foreign policy and eschew alliances.<sup>2</sup> There is also a political will at the highest level to further enhance India–Russia relations significantly.

However, building stronger ties require identifying areas of convergence and prioritising them over areas of divergence. As the two countries stand on the cusp of commemorating 75 years of diplomatic relations in 2022, there is a need to identify areas of potential cooperation that can propel the bilateral ties to another level.

The Indian Ocean Region (IOR) and the Arctic and the Russian Far East (RFE) hold special significance for India and Russia respectively, where neither poses a strategic threat to the other and yet provide strategic alternatives to each other. Facilitating greater reciprocal access in these areas will not only benefit the two countries but also bring stability and prosperity to a wider region. This issue brief identifies potential areas of cooperation between India and Russia in the Indian Ocean Region and the Arctic, including the Russian Far East and the Northern Sea Route (NSR).

## Indian Ocean Region

India's central position in the northern IOR bestows upon it a unique role. Several extra-regional nations look up to India as the first responder in a calamity, a net provider of security in the region, and seek collaborative partnerships with India in the maritime domain. The geography of Indian Ocean, its many choke points, oil production and transportation, and huge population centres make IOR a vital strategic region. To secure their interests, almost all the major powers, extra-regional to the IOR, have a permanent presence in the region. Over 120 warships of "extra-regional forces" are currently deployed in the Indian Ocean and a "race" for strategic bases in the region is only going to gain momentum in times to come, in view of rising global interest in the area.<sup>3</sup>

Russia is the only major power without a permanent presence in the IOR. Although few observers consider Russia to be an active player in the Indian Ocean, it has long sought to establish permanent bases in the region.<sup>4</sup> Recently, on 17 November 2021, Russia's inclusion as a dialogue partner of the Indian Ocean Rim Association (IORA)

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<sup>1</sup> **“External Affairs Minister’s Speech on ‘India-Russia Ties in a Changing World’ at IMEMO, Moscow”**, Ministry of External Affairs, Government of India, 8 July 2021.

<sup>2</sup> Nandan Unnikrishnan and Nivedita Kapoor, **“India–Russia Relations in a Post-Covid World”**, Observer Research Foundation, 3 March 2021.

<sup>3</sup> **“Race for Strategic Bases in Indian Ocean Region to Intensify: Gen Bipin Rawat”**, *Outlook*, 11 December 2020.

<sup>4</sup> Stephen Blank, **“Russia’s Efforts to Play in the Indian Ocean Basin”**, *Newsline Institute*, 17 June 2021.

suggests the implicit acceptance of its important role in the evolving geopolitics of the Indian Ocean.<sup>5</sup>

Russia's National Security Strategy, updated in July 2021, designated its relations with India and China as one of its foreign policy priorities.<sup>6</sup> Earlier, in its National Maritime Doctrine of 2015, Russia had identified the Atlantic, Arctic, Pacific, Caspian, Indian Ocean and Antarctic areas as key regional priority areas, and had listed “development of friendly relations with India” as the most important objective in the India Ocean Region.<sup>7</sup>

Russia has since gradually expanded its presence in the Indian Ocean and now plays an active role in anti-piracy operations off the coast of Somalia. Russia has also emerged as a major partner for Mozambique and Madagascar.<sup>8</sup> On 11 November 2020, Russia announced the setting up of a naval facility in Sudan, though officially described as a material-technical support facility, it will be the second Russian forward naval base after Tartus in Syria. The geographical centrality of Sudan *vis-à-vis* the Red Sea and adjacent areas provide Russia with the potential capacity to control several choke points and focal areas like Suez Canal (also from Tartus), Red Sea, Bab al-Mandab Strait, and Gulf of Aden.<sup>9</sup>

The setting up of permanent overseas bases can be an expensive proposition and also fraught with political risks. However, the basing requirement can be overcome, to a large extent, through reciprocal logistics agreements with friendly nations in the region.<sup>10</sup>

**Reciprocal Military Logistics Agreement:** India has signed military logistics agreements with all QUAD countries, as well as with France, Singapore and South Korea. India is currently in the process of finalising such an agreement with the United Kingdom (UK) and is in talks with other partners like Vietnam.<sup>11</sup>

Russia and India are set to sign the Reciprocal Exchange of Logistics Agreement (RELOS). The two countries are also likely to sign a navy-to-navy MoU. According to media reports, the India–Russia RELOS will give India access to Russian military facilities in the Arctic region as well.<sup>12</sup>

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<sup>5</sup> Sankalp Gurjar, “[Russia’s Indian Ocean Pivot](#)”, *Deccan Herald*, 23 November 2021.

<sup>6</sup> Igor Denisov, “[What Russia’s National Security Strategy Has to Say about Asia](#)”, *The Diplomat*, 14 July 2021; and Ilya Tsukanov, “[Ditching Dollars, Prioritizing China & India, De-Westernizing: Inside Russia’s New Security Strategy](#)”, *Sputnik International*, 3 July 2021.

<sup>7</sup> Russia Maritime Studies Institute and Anna Davis, “[The 2015 Maritime Doctrine of the Russian Federation](#)”, United States Naval War College, 2015; and “[Vladimir Putin Held a Meeting to Discuss the New Draft of Russia’s Marine Doctrine](#)”, President of Russia, 26 July 2015.

<sup>8</sup> Sankalp Gurjar, no. 5.

<sup>9</sup> Alexey Muraviev, “[Russia’s Red Star in the Red Sea](#)”, *The Interpreter*, Lowy Institute, 30 November 2020.

<sup>10</sup> Rajeswari Pillai Rajagopalan, “[India’s Military Outreach: Military Logistics Agreements](#)”, *The Diplomat*, 9 September 2021.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid. Also see “[Raksha Mantri Shri Rajnath Singh Co-chairs IRIGC-M&MTC Meeting with his Russian Counterpart General Sergei Shoigu](#)”, Press Information Bureau, Ministry of Defence, Government of India, 6 November 2019.

**White Shipping Information Sharing:** Indian Navy is mandated to conclude white shipping<sup>13</sup> information exchange agreements with 36 countries and three multi-national constructs.<sup>14</sup> Recently, in September 2021, Oman became the 22<sup>nd</sup> country to sign the agreement with India. It has been reported that 17 such agreements have been operationalised.<sup>15</sup>

Indian Navy’s Information Fusion Centre—Indian Ocean Region (IFC–IOR), located at Gurugram, was started in December 2018 to facilitate maritime information to the member countries.<sup>16</sup> The IFC–IOR hosts international liaison officers (ILO) from partner countries<sup>17</sup>; at present, it has nine ILOs<sup>18</sup> and three more from IOR countries including Sri Lanka are expected to join very soon.<sup>19</sup> With Russia, India does not have a white shipping agreement, because of which, there is no Russian ILO stationed at IFC–IOR.

**Bilateral Naval Exercises in IOR:** As part of its foreign cooperation initiatives, the Indian Navy presently carries out bilateral naval exercises with 14 navies and coordinated patrols with four, most of which are in the Indo-Pacific.<sup>20</sup> Some of these are mentioned below:

Country	Name	Started in	Iterations	Last Iteration
USA <sup>21</sup>	MALABAR	1992	25	12–15 October 2021
Singapore	SIMBEX	1994	28	2–4 September 2021 <sup>22</sup>
France	VARUNA	2000	19	27 April 2021 <sup>23</sup>
Russia	INDRA <sup>24</sup>	2003	12 <sup>25</sup>	30 July 2021 <sup>26</sup>
UK	KONKAN <sup>27</sup>	2004	14	16 August 2021 <sup>28</sup>

<sup>13</sup> The term “white shipping” essentially means white (unclassified) non-military shipping and relates to maritime/coastal security.

<sup>14</sup> Dinakar Peri, **“India Signs Shipping Information Exchange Pact”**, *The Hindu*, 12 December 2018.

<sup>15</sup> Huma Siddiqui, **“India and Oman Ink White Shipping Agreement; Will Help in Maritime Security”**, *Financial Express*, 27 September 2021.

<sup>16</sup> **“Expanding Outreach: Indian Navy Ties Up with 21 Nations for Maritime Awareness”**, *WION*, 30 November 2020.

<sup>17</sup> **“Information Fusion Centre – Indian Ocean Region”**, Indian Navy.

<sup>18</sup> The nine ILOs stationed at IFC-IOR are from the UK, the US, Australia, Japan, France, Myanmar, Maldives, Seychelles and Singapore.

<sup>19</sup> Dinakar Peri, **“Need to Enhance Cooperation to Counter Drug Trafficking: Sri Lankan Naval Commander”**, *The Hindu*, 13 November 2021.

<sup>20</sup> Roby Thomas, **“Military Logistics Agreements: Wind in the Sails for Indian Navy”**, *MP-IDSA Comment*, 26 November 2019.

<sup>21</sup> **“Multilateral Maritime Exercise Malabar 2021 – Phase II in Bay of Bengal 12–15 Oct 21”**, Press Information Bureau, Ministry of Defence, Government of India, 10 October 2021.

<sup>22</sup> **“28th Edition of Singapore-India Maritime Bilateral Exercise ‘SIMBEX’”**, Indian Navy.

<sup>23</sup> **“Exercise VARUNA-2021”**, Indian Navy.

<sup>24</sup> **Annual Report 2003-2004**, Ministry of Defence, Government of India.

<sup>25</sup> Dinakar Peri, **“Indian, Russian Navies Conclude Exercise Indra Navy in Baltic Sea”**, *The Hindu*, 30 July 2021.

<sup>26</sup> Huma Siddiqui, **“Ex INDRA: After Navy, Indian Army Contingent Leaves for Moscow for Counter Terrorism Exercise”**, *Financial Express*, 30 July 2021.

<sup>27</sup> **“INS Trikand to Participate in Exercise ‘KONKAN 2015’”**, Indian Navy.

<sup>28</sup> **“Exercise Konkan 2021”**, Indian Navy.

It may be noted that even though Russia remains India's primary supplier in the maritime domain, the operational interaction between the navies of the two countries is comparatively on a lower scale. The trend would, in all probability, be similar in the case of engagement between the two armies and the air forces. In comparison, China seems to have greater engagement with Russia in the military domain.<sup>29</sup> Reduced Indian military engagement with Russia over the years seems to have prompted the latter to seek partners elsewhere, in the region.

Russia and Sri Lanka have increased their cooperation in defence and military spheres over the past few years.<sup>30</sup> There are also reports that Russia aims to acquire a naval base in Myanmar.<sup>31</sup> In 2019, Russia and China conducted their first tri-lateral naval exercises in the Indian Ocean with South Africa and Iran. Similarly, the Russian Navy (RuN) has lately increased its engagement with Pakistan Navy (PN).<sup>32</sup> Russia also held its first-ever military exercise with ASEAN (Association of Southeast Asian Nations) in Indonesia's territorial waters off North Sumatra during 1–3 December 2021.<sup>33</sup> All of these engagements reflect Russia's desire for greater engagement in the IOR.

## Russian Arctic and Far East

In many ways, the Arctic is to Russia, what the Indian Ocean is to India. Russia could be said to have the most at stake in the Arctic, in absolute terms. Since Vladimir Putin first became president, the Arctic has evolved into an increasingly important arena of Russian foreign, military and economic policy. Approximately half (more in some cases) of the Arctic in terms of its area, coastline, population, mineral wealth and hydrocarbons lies in Russia.<sup>34</sup> India has scientific, environmental, commercial and strategic interests in the Arctic region<sup>35</sup>, and Russian Arctic can potentially address India's energy security objectives.

**Hydrocarbons:** Russia has the largest proven natural gas reserves in the world, enough to last for about 80 years at current production rates. Oil and gas make up almost 60 per cent of Russian exports generating about 36 per cent of its federal budget revenues in 2016.<sup>36</sup> The Russian Arctic is the source for about 80 per cent of

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<sup>29</sup> Alec Blivas, [“Sino-Russian Military Exercises Signal a Growing Alliance”](#), US Naval Institute, June 2021.

<sup>30</sup> [“Russia, Sri Lanka Strengthen Military Relations with Sri Lankan General's Moscow Visit”](#), *Sify*, 29 October 2021.

<sup>31</sup> Stephen Blank, no. 4.

<sup>32</sup> Ibid. Russian Navy's (RuN) participation in Pakistan-hosted multinational naval exercise AMAN has gradually expanded since the first RuN participation in 2017. In 2019 and 2021, the RuN participation was among the largest foreign participation, at par with Pakistan's closest ally, China. In sharp contrast to it, Russia's participation in the Indian Navy's International Fleet Review–2016 was limited to just one rescue ship from its Black Sea Fleet, the *Epron*.

<sup>33</sup> [“First Russia-ASEAN Naval Exercise Begins in Indonesia”](#), *Russian News Agency*, 1 December 2021.

<sup>34</sup> Eugene Rumer, Richard Sokolsky and Paul Stronski, [“Russia in the Arctic—A Critical Examination”](#), Carnegie Endowment for International Peace, March 2021.

<sup>35</sup> [“India and the Arctic”](#), Ministry of External Affairs, Government of India, 10 June 2013.

<sup>36</sup> [“Russia-Overview”](#), US Energy Information Administration, 31 October 2017.

this oil and virtually all of the natural gas. By 2050, the deposits in the Arctic shelf are expected to provide between 20 and 30 per cent of Russia’s total oil production, thus becoming the country’s most important source for hydrocarbons.<sup>37</sup>

However, since 2014, the US-led Western sanctions have put pressure on the Russian economy, making it difficult for Moscow to finance new energy and infrastructure projects in the Arctic. China, the largest energy importer, has stepped in and this has resulted in an energy-based strategic interdependence between the two countries. China has become Russia’s primary alternative to trade and cooperation, despite past adversarial relationships and residual mistrust.<sup>38</sup>

**Strategic Minerals:** The Russian Arctic also has vast deposits of cobalt, copper, diamonds, gold, iron, nickel, platinum, high-value rare earth elements, titanium, vanadium and zirconium.<sup>39</sup> The Arctic accounts for 90 per cent of Russia’s nickel and cobalt production, 60 per cent of copper, and over 96 per cent of platinum metals.<sup>40</sup> Indian rare earth reserves are richer in lighter fractions and deficient in heavier ones.<sup>41</sup> Most of the rare earth products used in strategic industries viz. defence, fibre optic communications, space and nuclear energy<sup>42</sup> are also critical to various clean energy technologies, including wind turbines and electric vehicles.<sup>43</sup> The Russian Arctic, therefore, has the potential to mitigate India’s critical deficiencies in rare earth and strategic minerals.

India–Russia joint statements have repeatedly alluded to cooperation in the Arctic.<sup>44</sup> The fact that India sent its Minister of Petroleum and Natural Gas to Russia, ahead of the Eastern Economic Forum in 2019 and 2021, shows that India is serious about its hydrocarbon engagement with Russia.<sup>45</sup> According to the Indian Petroleum Minister visiting Russia in 2019, “India has invested \$15 billion in oil and gas

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<sup>37</sup> See **Oil & Gas**, *The Arctic*.

<sup>38</sup> Jonathan E. Hillman, **“China and Russia: Economic Unequals”**, Centre for Strategic & International Studies, July 2020.

<sup>39</sup> **“Rare Earths Statistics and Information”**, USGS.

<sup>40</sup> Semyon Gendler and Elizaveta Prokhorova, **“Risk-Based Methodology for Determining Priority Directions for Improving Occupational Safety in the Mining Industry of the Arctic Zone”**, *Resources*, Vol 10, Issue 3, March 2021.

<sup>41</sup> R.N. Patra, **“Latest Scenario in Rare Earth and Atomic Minerals in India”**, Indian Rare Earths Limited, 2014, p. 34.

<sup>42</sup> *Ibid.*, p. 35.

<sup>43</sup> Jason Bordoff and Meghan L. O’Sullivan, **“Green Upheaval: The New Geopolitics of Energy”**, *Foreign Affairs*, January/February 2022.

<sup>44</sup> **“India-Russia Joint Statement during the Visit of President of the Russia to India: Partnership for Global Peace and Stability”**, Ministry of External Affairs, Government of India, 15 October 2016; **“Saint Petersburg Declaration by the Russian Federation and the Republic of India: A Vision for the 21st century”**, Ministry of External Affairs, Government of India, 1 June 2017; and **“India-Russia Joint Statement during Visit of Prime Minister to Vladivostok”**, Ministry of External Affairs, Government of India, 5 September 2019.

<sup>45</sup> **“Shri Dharmendra Pradhan visits Russia to Strengthen Cooperation in Energy and Steel Sectors”**, Press Information Bureau, Ministry of Petroleum and Natural Gas, Government of India, 30 August 2019; **“Visit of Minister of Petroleum and Natural Gas and Housing and Urban Affairs, Shri Hardeep S. Puri to Russia to Participate in the 6th Eastern Economic Summit in Vladivostok”**, Press Information Bureau, Ministry of Petroleum and Natural Gas, Government of India, 31 August 2021; and **“Russia & India Have ‘Tremendous Potential’ in Energy Cooperation—India’s Energy Minister”**, *RT*, 4 September 2021.

projects in Russia” and has “started importing liquefied natural gas (LNG) from Russia”. He added that India also intends to “purchase small quantities of coking coal from Russian companies”.<sup>46</sup>

It could be argued that the supply of LNG from Russia is likely to be more expensive on account of higher transportation costs as compared to alternate supplies from Qatar, Australia and Mozambique. It is worth noting that the competitiveness of an LNG project is defined by the capital costs of the liquefaction plant, upstream gas supply and LNG shipping costs.<sup>47</sup> For Russia, the upstream costs are very low, below \$1/mmBtu including taxes.<sup>48</sup> Factoring the tax concessions from the Russian Government<sup>49</sup>, it has been assessed that Sakhalin can supply LNG to Indian markets at competitive prices. If India leverages its vast consumption and promise of an assured long-term purchase, there is a possibility for long-term LNG supplies from Russia.

**Northern Sea Route:** For Indian ports, the Northern Sea Route or NSR does not offer any benefits and is longer than the current route, for Rotterdam. However, there are other avenues for cooperation on the NSR. To develop infrastructure in its Arctic areas, Russia has announced its intention, inter alia, to ensure year-round, safe, uninterrupted and cost-effective navigation in the waters of the NSR, and increase its cargo traffic up to 80 million tonnes. By 2022, President Putin is considering the possibility of opening the first regular service for carrying goods, including containers, between Vladivostok and St Petersburg that will utilise the NSR.<sup>50</sup>

Prime Minister Modi has indicated India’s willingness to partner with Russia, stating that “India and Russia will also be partner in opening of the Northern Sea Route for international trade and commerce”.<sup>51</sup> In response, President Putin has stated that Russia welcomes India’s interests in the NSR.<sup>52</sup>

**Russian Far East:** The Russian Far East or RFE is rich in natural resources, producing 98 per cent of Russian diamonds, 90 per cent of borax materials, 50 per cent of gold, 14 per cent of tungsten, and 40 per cent of fish and seafood. About one-third of all coal reserves and hydro-engineering resources of the country are available here. Forests of the region comprise about 30 per cent of Russia’s total forest area.<sup>53</sup>

Russia is paying special attention to the development of its Far Eastern region. Since 2015, the volume of accumulated FDI in RFE has almost doubled, reaching US\$ 80 billion. Industrial growth in the region has exceeded the national average and

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<sup>46</sup> “[Interview of M/o Petroleum & Natural Gas to Vedomosti](#)”, Embassy of India, Moscow, 4 September 2019.

<sup>47</sup> Claudio Steuer, “[Outlook for Competitive LNG Supply](#)”, Oxford Institute for Energy Studies, March 2019, p. 2.

<sup>48</sup> *Ibid.*, p. 7.

<sup>49</sup> Tax concessions offered by the Russian Government include exemption from export tax, mineral extraction tax, property tax exemption for 12 years, and a 13.5 per cent reduction of profit tax.

<sup>50</sup> “[Plenary Session of the Eastern Economic Forum](#)”, President of Russia, 3 September 2021.

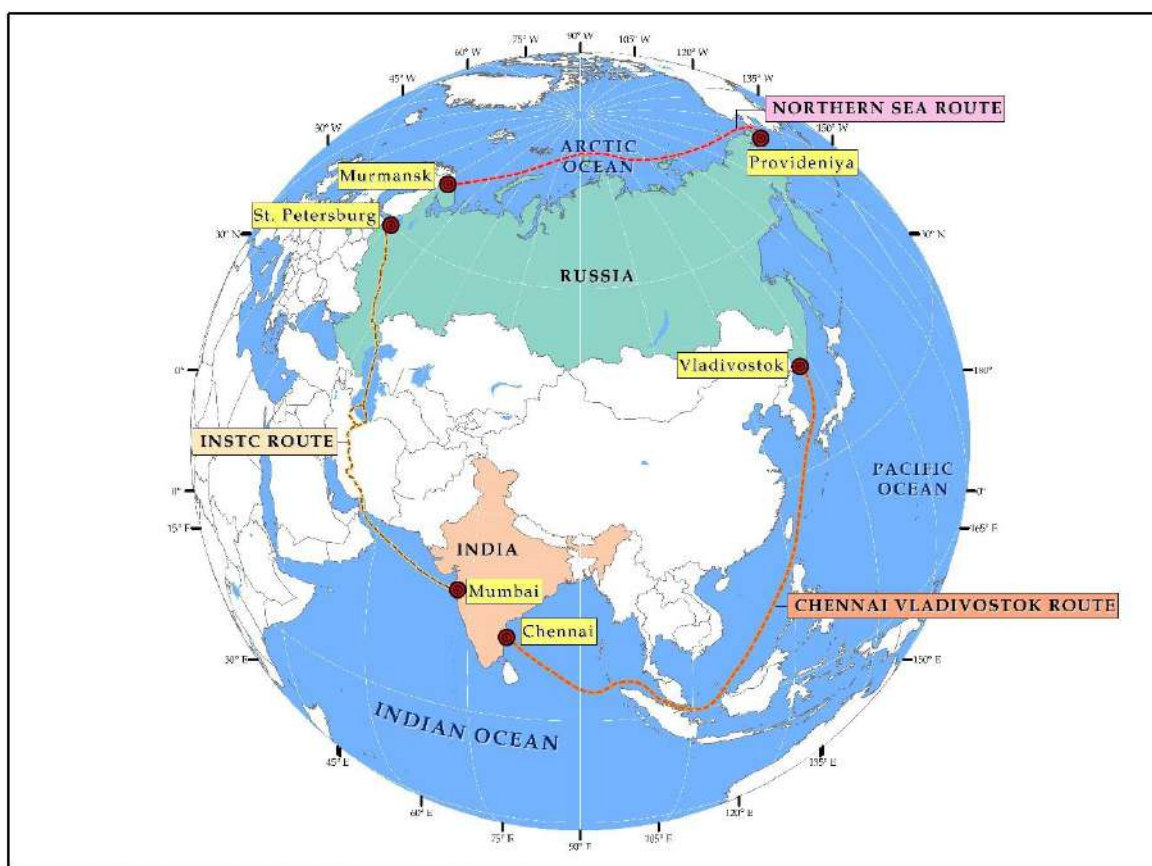
<sup>51</sup> “[Prime Minister's Virtual-Address at Eastern Economic Forum 2021](#)”, Ministry of External Affairs, Government of India, 3 September 2021.

<sup>52</sup> “[Plenary Session of the Eastern Economic Forum](#)”, no. 50.

<sup>53</sup> “[About the Far East](#)”, Eastern Economic Forum.

industrial production has grown at twice the national rate. Russia is also creating free custom zones in the RFE. Additionally, it is providing a tax holiday in respect of profit, property, and land and transport taxes for 10 years to the investors.<sup>54</sup>

As stated earlier, India’s cooperation in the development of RFE including NSR has been endorsed by the leaders of the two countries. Addressing the Eastern Economic Forum (EEF) in 2019, Prime Minister Modi announced a US\$ 1 billion line of credit to further contribute to the development of RFE.<sup>55</sup> Recently, in his virtual address to the EEF in September this year, Prime Minister Modi announced that India's Mazagon Docks Limited will partner with the Russian Zvezda Shipyard in Vladivostok, for construction of some of the most important commercial ships in the world. He also stated that the Chennai–Vladivostok Maritime Corridor along with the International North–South Transport Corridor (INSTC) will bring India and Russia closer to each other.<sup>56</sup>



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**Source:** Manohar Parrikar IDSA, New Delhi

<sup>54</sup> “Plenary Session of the Eastern Economic Forum”, no. 50.

<sup>55</sup> “Translation of Prime Minister's Speech in Plenary Session of 5th Eastern Economic Forum (September 05, 2019)”, Ministry of External Affairs, Government of India, 5 September 2019.

<sup>56</sup> “Prime Minister's Virtual-Address at Eastern Economic Forum 2021”, no. 51.



## Recommendations

### (a) Enhancing Cooperation in Russia Arctic and Far East

India should support Russia in the Arctic by seeking greater engagement in hydrocarbon exploration and extraction.

**Joint Working Group on Arctic and RFE:** India and Russia could set up a special joint working group, specifically for cooperation in the Arctic and RFE, which could be a separate sub-group under the IRIGC-TEC.

**Extended Cooperation in Hydrocarbon Sector:** The five-year roadmap for India-Russia cooperation in the hydrocarbon sector, and cooperation in the search for hydrocarbon and LNG in the RFE and Arctic, agreed in 2019, could be reviewed and if possible, prepared for a longer timeframe.

**Collaboration on Polar Research Vessel:** India’s Cabinet Committee on Economic Affairs had in 2014 approved the acquisition of Polar Research Vessel or PRV (an icebreaker, research cum supply vessel) within a period of 34 months.<sup>57</sup> Russia has some 50 icebreakers, more than the entire world’s icebreaker fleet put together. A collaboration with Russia, for accelerated acquisition of the PRV, can be considered.

**MoU between NCPOR and AARI on Scientific Cooperation:** An MoU between the Arctic and Antarctic Research Institute (AARI) of Russia and the National Centre for Polar and Ocean Research (NCPOR) of India, could go a long way in initiating scientific collaboration between the two countries.

**Support to Russia on NSR:** India could consider supporting Russian on the legal status of NSR. The UNCLOS (United Nations Convention on the Law of the Sea), under Articles 21 and 234, provides states the ability to regulate their territorial waters and adjacent ice-covered waters (to protect the environment) respectively. Russia has already promised full compliance with UNCLOS.<sup>58</sup>

**Enhanced Trade:** Some specific commodities that can be sourced from the Russia Arctic and the Far East apart from hydrocarbons, are timber, metallurgical coal and diamonds.

*Timber:* India is one of the world’s largest importers of timber. Though Russia is not among the top 10 countries of source, it enjoys an abundance of timber resources. The increasing demand for timber in India along with the Russian government’s programmes to prioritise the industry’s development makes timber the ideal resource to build bridges between India and the RFE.<sup>59</sup>

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<sup>57</sup> “**Cabinet Decisions-Chronological since 27.05.2014**”, Press Information Bureau, Cabinet Secretariat, Government of India, 31 December 2016.

<sup>58</sup> Russian Foreign Minister Sergei Lavrov had stated that “We will do everything to ensure that the movement of foreign ships is in full compliance with the 1982 Convention on the Law of the Sea, that it is carried out in full compliance with all international legal norms, and that it is absolutely safe”. See “**Lavrov: Russia Will Ensure Safety of Northern Sea Route**”, *UAWire*, 7 May 2019.

<sup>59</sup> Siddharth Goud, “**Using Timber to Bridge India and the Russian Far East**”, *Invest India*, 23 February 2018.

*Metallurgical Coal:* It was reported that India can fulfil its 50 per cent requirement of coking coal from imports from Russia. Presently, around 85 per cent of India's coking coal demand is met through imports.<sup>60</sup> Australia is the top supplier and Russia is at the 7th position.<sup>61</sup>

In July 2021, India's Union Cabinet approved the MoU between the Indian Ministry of Steel and the Russia Ministry of Energy on cooperation regarding coking coal, which is used for manufacturing steel. It was stated that the MoU will benefit the steel sector by reducing the input cost, promoting equity and inclusiveness, and diversifying the source of coking coal.<sup>62</sup>

*Diamonds:* India is the world's top importer as well as exporter of diamonds.<sup>63</sup> Russia is India's 6th largest source, exporting US\$ 7.48 billion worth of diamonds. However, Russia does not figure in the top 20 export destinations of India.<sup>64</sup>

Russia is home to arguably the richest and largest diamond resources in the world, with more than 12 open-pit mines.<sup>65</sup> Russia's ALROSA is the leader of the global diamond mining industry, producing 28 per cent of world's diamond production compared to 20 per cent by De Beers.<sup>66</sup> Russia's leading export destinations—the United Arab Emirates and Belgium—are also among India's leading import sources. There is clearly a case for direct trade in diamonds between India and Russia, the world's largest producer and importer, respectively.

**Increased Connectivity:** Apart from fast-tracking the operationalisation of the Chennai–Vladivostok Maritime Corridor, the two countries could consider exploring the possibility of extending the INSTC to the Arctic.

India has proposed the inclusion of Chabahar Port in the INSTC and is seeking to expand the membership of the project.<sup>67</sup> Russia's Unified Deep-Water System (UDWS), a 6,500-km long system of inland waterways linking the White, Baltic, Caspian, Azov, Black Sea and the Volga, carries 75 per cent of all the inland waterway traffic volume in Russia.<sup>68</sup> The INSTC could be extended to the Arctic through the UDWS. However, there is a need to emphasise the importance of 'North–South'

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<sup>60</sup> **"India Can Fulfil 50% Coking Coal Requirement from Russia: JSPL MD"**, *Business Standard*, 18 July 2021.

<sup>61</sup> **EXIM Analytics Database.**

<sup>62</sup> **"Cabinet Approves Memorandum of Understanding (MoU) between India and Russian Federation on Cooperation regarding Coking Coal, which is Used for Steel Making"**, Press Information Bureau, Cabinet, 14 July 2021.

<sup>63</sup> In 2019, India's diamond import and export accounted for 20.7 per cent and 21.7 per cent of the world's imports and exports respectively. See **"Historical Data–Diamonds"**, *OECD*.

<sup>64</sup> **EXIM Analytics Database.**

<sup>65</sup> **"Top Five Diamond Mining Countries in the World"**, *NS Energy*, 24 March 2020.

<sup>66</sup> **"World Diamond Market"**, *Alrosa*.

<sup>67</sup> **"Address by External Affairs Minister on 'Chabahar Day' at the Maritime India Summit 2021"**, Ministry of External Affairs, Government of India, 4 March 2021.

<sup>68</sup> **"Strengthening Inland Waterway Transport: Pan-European Co-operation"**, European Conference of Ministers of Transport, 2006.

connectivity for the development of the Arctic, which should be seen as a 'destination' rather than a mere 'transit'.

**Augmenting Skilled Manpower:** By 2022, India will have a surplus of almost 47 million people in the age group of 19–59 years.<sup>69</sup> In July 2021, Prime Minister Modi remarked that “India providing smart and skilled man-power solutions to the world should be at the core of our strategy of skilling our youth”.<sup>70</sup>

Russia’s Far East is one of the most sparsely populated areas in the world. Russian Government has been discussing a wide range of re-population programmes, with incentives such as double income, mortgage system, early retirement and free plots of land, but few results have been recorded. The region is facing a severe shortage of skilled workers.<sup>71</sup> Russia plans to attract 5,00,000 people in four years and up to two million people to the region in the next 15 years.<sup>72</sup> India and Russia could consider signing a manpower pact for the supply of skilled workers to the region.

**Training Indian Seafarers:** India is recognised globally as a reliable and important source of marine manpower, providing 9.35 per cent of the global seafarers and ranking third in the list of large seafarers supplying nation to the world maritime industry.<sup>73</sup> With the opening up of NSR, and the projected increase in shipping, there would be a requirement of sufficiently trained seafarers, in polar and ice navigation. India and Russia could collaborate on the training of seafarers for polar voyages and supply of Indian seafarers for Arctic shipping.

#### **(b) Enhanced Bilateral Cooperation in IOR**

Russian opposition to the Indo-Pacific and the QUAD as a containment strategy needs to be dispelled through greater interaction and explanation of India’s Security and Growth for All in the Region (SAGAR) and an open and inclusive Indo-Pacific.

Russia’s Greater Eurasian Partnership (GEP) and India’s inclusive concept of Indo-Pacific converge in the IOR and could be an alternative to China’s Belt and Road Initiative (BRI).

India can also consider facilitating Russian access to the IOR. Indian ports could be the preferred ports of call for Russian warships during transits through IOR. However, this would require the following:

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<sup>69</sup> “**National Policy for Skill Development and Entrepreneurship 2015**”, Ministry of Skill Development and Entrepreneurship, Government of India, p. 27.

<sup>70</sup> Over 12.5 million youth have been trained under the Union government’s flagship *Pradhan Mantri Kaushal Vikas Yojna*. See “**Mission of Skilling, Re-skilling and Up-skilling the Youth Should Go On Relentlessly: PM Modi**”, narendramodi.in, 15 July 2021.

<sup>71</sup> Kester Kenn Klomegah, “**Russia’s Far East: Transforming the Space into Modern Habitable Region**”, *Modern Diplomacy*, 9 September 2021.

<sup>72</sup> “**The Head of the Ministry for the Development of the Russian Far East Alexei Chekunkov Gave an Interview to RBC**”, Ministry for the Development of the Russian Far East and Arctic, Government of the Russian Federation, 31 August 2021.

<sup>73</sup> “**Statistics of Indian Seafarers—2010 to 2017**”, Directorate General for Shipping, Ministry of Ports, Shipping and Waterways, Government of India.

**Increased Naval Interaction:** Both countries could consider an institutionalised interaction between the Indian Navy’s Eastern Command/Fleet at Vishakhapatnam and the Russian Navy’s Pacific Fleet at Vladivostok, including reciprocal deployment of liaison officers. Meanwhile, the RELOS Agreement between the two navies could be expedited.

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

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

## Conclusion

India–Russia relationship is mature and has stood the test of time. In the words of Indian External Affairs Minister S. Jaishankar, “the undeniable reality of the exceptional resilience of our ties is surely a phenomenon that is worth analyzing. The paradox though is that precisely because it has held so steady, this relationship is sometimes taken for granted. The case for its constant nurturing is therefore as powerful, if not more, than with the more volatile ones”.<sup>74</sup> There is also a strong political will in both countries to take India-Russia “Special and Privileged Strategic Partnership” to higher levels.

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

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<sup>74</sup> “External Affairs Minister’s Speech on ‘India-Russia Ties in a Changing World’ at IMEMO, Moscow”, no. 1.

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