

Russia's Tilt towards Asia and its Implications for India

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ABSTRACT Russia has always been actively involved with European politics. Its genesis in Kiev—close to the European borders—allowed it to participate in the affairs of the continent. Although Russia's geographic expanse has been more in Asia, Russian political elites have traditionally identified the country as a European entity. However, following attempts at integrating with the transatlantic economic and political system during the first decade of Russia as a nation-state, a section within the political elites began to favour the country's increased engagement with Asia. This has implications for India, as it provides not only new platforms for cooperation but also grounds for friction. This brief discusses the nature of Russia's "tilt" towards Asia by outlining the factors that drive it, as well as the implications for India.

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INTRODUCTION

Geographical transcontinentalism and dualism in Russia's self-perception have played an important role in shaping its identity and engagement with Europe and Asia. Russia was geographically and politically associated with both continents in the days of the country being an empire; these associations continued even as it became a modern nation-state.

Historically, the seat of Russia's imperial administration was located in Kiev (before its shift to Moscow in the 16th century), resulting in Russia's active involvement in European politics. In the 19th century, the Russian Empire expanded its geographical boundaries up to the Pacific Ocean. Within its ambit were Eastern Siberia, Caucasus and Central Asia, which deepened its engagement with Asia. While incorporating new landmass, Russia embraced new people along with their cultures and religions. The subsequent imperial expansion of the Russian state incorporated substantial Muslim communities, most notably in the Caucasus and Central Asia.¹ During the latter stages of the Soviet era, Russia expanded more in Asia; this played an important role in shaping the identity of the Russian state and society. However, its political elites² continue to identify Russia as an integral part of the European political and cultural setup, considering its Asia policy to be only secondary.

This duality in Russia's approach has a bearing on Asia, in general, and India, in particular. The old Soviet Union's engagement with Asia benefitted India, both in terms of economic development and its interests in the international arena. Following the disintegration of the USSR, Russia attempted to integrate with the transatlantic political

and economic system. However, this caused a rift within its political elites regarding the benefits of such a policy.

The resulting "Eurasianism vs. Atlanticism" debate articulates the dualism in Russia's self-perception as either a European or an Asian entity. The Eurasian approach received a fillip in the post-Soviet phase, when engaging with Asia was a practical question, not a theoretical one. Led by the then Foreign Minister Yevgeny Primakov, Eurasianism re-emerged as Russia's renewed de-ideologised outlook towards the world, particularly Asia.

While the concept of 'Eurasianism' is centuries old, it resurfaced as a foreign-policy option only in the post-Soviet era during the 1990s. This directional tilt was a result of its desire to benefit from the economic rise of Asia, and not only due to a rift with the transatlantic system.

THE NATURE AND SCOPE OF THE TILT

It is important to first define the "tilt" that Russia has taken towards Asia, to understand the factors that are driving it. During the 1990s, the leaders of the post-Soviet Russia realised the importance of developing relations with its Asian neighbours for various reasons. It should not be perceived as Russia's attempt at finding an alternative to the west, but rather as the political elite's acknowledgment that Russia's goals of domestic development and modernisation cannot be achieved without cooperating with the rising economies of Asia. "Thus, by pivoting to Asia, Moscow is not turning away from Europe, but giving Asia a level of attention commensurate with Russia's practical interests and the realities of the 21st century."³

The tilt is not merely a political dialogue, but a primacy accorded to the rising economic powers of the region and its various groupings. Russia's Asia strategy has been to further its engagement with the region by forging new multilateral regional platforms and deepening engagement with the existing ones. According to Russian Foreign Minister Sergei Lavrov, "It is our clear commitment to ensure strength, stability, security and prosperity of the Asia Pacific. Intensification of the 'Eastern' track policy, development of regional bilateral ties, participation in inter-governmental structures are among Russia's foreign policy priorities."⁴ In the last decade, Russia has deepened its engagement with countries such as China and Vietnam, along with multilateral platforms such as the Association of South-East Asian Nations (ASEAN), East Asia Summit, and the Asia Pacific Economic Cooperation (APEC). It also actively broadened the ambit of the Shanghai Cooperation Organisation (SCO) by adding India and Pakistan as members. Several neighbouring countries are in negotiations to become full members. Moreover, Russia has developed its relations with Pakistan to diversify its defence-exports policy and gain more leverage over the situation in Afghanistan.

Certain factors call for Russia's increased involvement with Asia.

1. A "tilt towards Asia" opens up an ideological space for Russia to construct its own norms of international engagement. It provides a platform to further its agenda of a multipolar world order, which is necessary to secure its rise and re-emergence as a global power. Several developing and developed economies of Asia and the Pacific, too, prefer a

polycentric world order that allows them to negotiate their models of economic development through their respective political structures. This common ground leads to increased cooperation which, in turn, provides economic and geopolitical opportunities for Russia in its strategic competition with the West.

2. The Russia-Asia cooperation offers opportunities in the energy sphere, since Russia is currently heavily dependent on Europe for its oil and gas exports. Russia is the largest supplier⁵ of natural gas and petroleum oils, with Gazprom contributing to 40 percent⁶ of Europe's gas imports. Russia aims to retain its monopoly over these exports to Europe, while also reducing and diversifying its dependency on the same. Russia's oil and natural gas industry is crucial to its economy, making up 36 percent of Russia's federal budget revenues. Diversification is, therefore, a strategic necessity for Russia. Energy-hungry countries of Asia, such as Japan, South Korea, China and India, which are in the process of diversifying their energy imports, can find a viable alternative in Russia. China has already accelerated the process by becoming the second-largest⁷ destination for Russia's energy exports, following Europe. On 21 May 2014, Gazprom and China National Petroleum Corporation (CNPC) signed the 'Purchase and Sale Agreement' to supply Russian gas for 30 years,⁸ via the Eastern route. It is the biggest purchase and sale contract in the history of the global gas industry. South Korea requested Gazprom to resume⁹ the decade-old 1,200-km Trans-Korea gas pipeline project that would bring

Russian gas through North Korea to the South's industrial hubs. The project is now part of South Korea's "New Northern Policy," as President Moon Jae-in mentioned during his 21 June 2018 address¹⁰ to the Russian Parliament Duma, the first-ever by a South Korean president. South Korea, along with Japan, has also invested in utilising Russia's Arctic deposits of gas and oil. South Korean entity Daewoo Shipbuilding and Marine Engineering is constructing three ice-breaking vessels¹¹ for the Japanese Mitsui OSK Lines and China's COSCO shipping, which are set to sail under a long-term charter deal to transport Liquefied Natural Gas (LNG) from the Russian Yamal LNG project to the Sabetta Port on the Kara Sea.

3. Russia has been making efforts to integrate its sparsely populated region of Eastern Siberia with the Asian system, with the intention of developing the region. Geopolitical development of

Siberia has been neglected and the region remains a weak link in Russia's Asia policy. The establishment of the Eastern Economic Forum by Russian President Vladimir Putin is one of the ways to develop Siberia – the icy expanse that spans across much of Eurasia and North Asia. The Forum, organised annually in Vladivostok since its establishment in 2015, has been set up with the aim of accelerating development of the economy of Eastern Russia¹² and expanding international cooperation in the Asia-Pacific region. Over the years, the forum has served as a platform for a gathering of regional heads of states, with the Chinese, South Korean and Japanese leaders attending the 4th annual session. Developing the region also yields benefits to Russia from the perspective of utilising its potential as a transit hub connecting East Asian countries with Europe. Both their leaders have also shared their interests in linking the Inter-Korean

Map 1: Trans-Korea Pipeline



Source: Thomson Reuters Eikon,

http://pdf.reuters.com/pdfnews/pdfnews.asp?i=43059c3bf0e37541&u=2018-06-29T063453Z_GFXEE6T0IA5J5_1_RTRGFXG_BASEIMAGE.png

railway to the Trans-Siberian railway. Both Japan and South Korea have expressed their desire to utilise the Trans-Siberian railway to tranship their goods to Europe. Thus, Russia's growing potential as a transit state, coupled with its Arctic energy deposits has provided a platform for Japan to increase its engagement with Russia. Bilateral relations with Japan have matured to a level where foreign ministers of both countries have now been tasked by their respective heads to oversee negotiations for signing a peace treaty that would end their World War II-era hostilities and settle competing claims over a group of islands in the Pacific.

4. The Greater Eurasian Partnership (GEP), announced by Putin at the 2016 St. Petersburg International Economic Forum, proposed including India, Turkey, Iran and the ASEAN states. This project, though still in its early stages, is Russia's attempt to utilise its potential as a transit state between the rising economic powers of Asia and the technologically advanced Europe. According to Russian scholar Sergey Karaganov,¹³ the Greater Eurasia is a common economic and security space, with the geopolitical capacity to transform the world order into a bipolar system, comprising two macro-geopolitical blocs: the Trans-Pacific Partnership (TPP) and the Greater Eurasia. The project, while appreciating Asia's economic and geopolitical rise, intends to integrate Eurasia's development with the East Asian growth by making Russia the fulcrum of such an exercise. Institutions such as SCO and Eurasian Economic Union (EaEU) can help achieve this goal and are already in their phases of expansion. Finally, the GEP project reclaims Russia's status in the Eurasian region, which is currently economically dominated by China.
5. China plays a key role in Russia's tilt and serves as a strategic partner. After all, the two countries share a border of 4,300 km,¹⁴ making China an important part of Russia's Asia policy. Regionally, a shared approach on the security and political stability of Central Asia¹⁵ is key to improving bilateral relations. It is also crucial to ensure the security and stability of the Asia-Pacific region, especially with regards to their concerns¹⁶ over the deployment of the US global missile defence system in the region. The two countries share an aversion to a US-led exclusive grouping in the Asia-Pacific region, which also has implications for India.
6. The process of 'de-dollarisation' has evolved to be part of the tilt, following sanctions by the West. As American sanctions on Russia's sectors increased in scope—over the latter's alleged meddling in the 2014 US elections and its involvement in the Ukraine crisis—the head of the state-owned bank VTB, Andrei Kostin, devised a plan for banks and companies to convert dollar settlements into other currencies.¹⁷ Russia prefers local currencies in its dealings with Asian economies, with respect to deals involving billions of dollars. The idea is to wean off Russia's biggest industries off the US currency¹⁸ as sanctions on its defence exports industry have affected its dealings with countries such as Turkey, China and India, with which it has strong defence ties.

Russia has already signed the S-400 deal with India, which will be transacted in Russian currency, Roubles.¹⁹ While the process would progress at a snail's pace and may continue only for the period of sanctions, it would impact Russia's economic engagement with which it has strong economic ties. Russia is also engaged in an ongoing dialogue with China to draft a joint-action plan to deter US sanctions.²⁰

IMPLICATIONS FOR INDIA

The realignment of Russia's policy towards Asia presents opportunities for cooperation between India and Russia, diversifying and broadening the nature of their strategic partnership. However, it can also create some friction in the time-tested Russia-India bilateral ties.

There is some congruence in the way India and Russia perceive the world order. For one, both countries uphold the centrality of the United Nations in international affairs and reject the unipolar world order. India perceives Russia as a strategic partner in achieving a polycentric, stable and balanced world order.²¹ For Russia, India is one of the most important financial and political powerhouses of the world.²²

The renewed and broadened nature of Russia's engagement with Asia will have several implications for India. These are the following -

a) Russia's continued focus on the Eurasian region is perhaps the most beneficial aspect of its tilt. The tilt is the result of concerns such as security, terrorism,

political and economic stability, drug trafficking, and social-sector development. By including India as a member of the SCO and initiating dialogue between the country and the EaEU, for Free Trade Agreement, Russia has enabled India to participate in securing the political and economic development of the region. This Eurasian identity provides a platform for India to stretch its economic borders on the northern front. Energy-rich Central Asia is important for India to diversify its energy imports, which are heavily dependent on West Asian sources. The region provides a new destination of investments for private Indian entrepreneurs, as countries such as Uzbekistan and Kazakhstan redefine their investment policies.

b) The GEP project opens new avenues for cooperation between the two countries. The economic subordination of Russia in the Eurasian region does not bode well for India as it may hinder its ability to invest in the region, especially given the backdrop of the region's economic dependence on China. Thus, both Russia and India must cooperate on investing in the region. India must convince Russia that the International North-South Transport Corridor (INSTC) project falls well within the purview of its GEP project and that the GEP can become the platform for such cooperation. The INSTC project has moved at snail's pace since its inception in the early 2000s. It was only in January 2019 that Russia and India signed a Memorandum of Understanding to fast-track the implementation of the project.²³

- c) An important aspect of Russia–China relations in Asia, which could pose a challenge for Indo-Russian relations, is their shared view on the security of the Asia Pacific. India's participation in the first "quadrilateral" dialogue on the Asia Pacific in 2017 with the US, Japan and Australia raised concerns in Moscow. Russia's foreign minister responded by stating²⁴ that sustainable security architecture in the region cannot be achieved through "closed bloc" arrangements. Russia is thus against any exclusive multilateral grouping in the Asia Pacific. India must handle this issue by balancing its concerns regarding China's unilateral actions in the South China Sea. It also has to walk a tightrope while participating in any such perceived exclusive arrangements to serve its geopolitical and economic interests.
- d) Heavy reliance on the political trust between Moscow and Delhi and the

decades-long arms trade is increasingly coming under attack due to the changing nature of regional geopolitics. Concerned about a possible spill-over of the situation in Afghanistan to its borders, through Central Asia, Russia has reached out to Pakistan. This is an important component of Russia's Asia policy, through which it not only seeks gradual diversification of its defence exports to new markets but also hopes to gain an advantage in the negotiation process between the Taliban and the Afghanistan government. Russia extended an invitation to the group to participate in the recently held Moscow Format²⁵ of consultations on Afghanistan. Moscow also hosted the Intra-Afghan dialogue, which saw the participation of Afghan leaders across the political spectrum along with the Taliban representatives, except the Afghan government.²⁶ In the words of the Director of Carnegie Moscow Centre, Dmitri Trenin, "These new elements require

Map 2: North-South Corridor



Source: Tehran Times,
<https://www.tehrantimes.com/news/429100/India-Russia-Iran-to-meet-on-North-South-Corridor-on-Nov-23>.


strengthening of the foundation of Russo-Indian relations.”²⁷ While India and Russia may not find common ground when it comes to the peace process in Afghanistan and the role of Taliban, they must be open to dialogue. The two countries can cooperate on a non-military project in Afghanistan to allay their concerns.

- e) Russia's de-dollarisation process has serious implications for India. By ensuring payments in Roubles for the S-400 deal, Russia aims to reduce exposure to sanctions. In India's case, it also reflects frustrations over the stagnant bilateral trade that hovers around US\$ 10 billion, with a deficit on India's side. This poor bilateral trade is an ironic feature of the Indo-Russia relationship, which, in political terms, has traditionally been one of trust and friendship. Russia would insist on receiving payments in its national currency for the duration of sanctions on its industries. This would likely be a message for India to step up its trade with Russia.

CONCLUSION

Russia's tilt towards Asia has been a gradual process and comes with limitations. Russia must avoid relying excessively on China in harnessing its Arctic energy. Currently, its relation with Japan is constrained due to Japan's strategic relations with the US. This

US factor will continue to impede the growth and potential of Russia–Japan relations. Asia is not yet in a position to completely replace Europe in terms of the volume of energy imports from Russia, due to geographical and political constraints as well as competition from the Gulf countries and the US. However, while Russia's economic engagement with Europe will continue, political distrust may also be prevalent. This could influence Russia to further its engagement with Asia, leading to the establishment of new institutions and the redefining of the existing ones. The success or failure of Russia's tilt towards Asia thus depends on the extent to which it is able to align Asian institutions to its interests.

Russia is poised to play an increasingly active role in Asian politics in the coming decades, since Asia plays a vital role in Russia's domestic development and technological modernisation. Moreover, Asia's geopolitical significance allows Russia to re-emerge as an active global player. As India diversifies its defence imports by importing from countries such as France, Israel and the US, Russia will also pursue its national interests and extend its cooperation with Pakistan and China. As traditional partners, both India and Russia must maintain a favourable balance of power in Asia. Russia's renewed outlook towards Asia provides this necessary opportunity, to not only redefine the bilateral relations but also provide a basis for cooperation on regional and global levels. 

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ENDNOTES

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