



## HIGHLIGHTS

- Overview
- Political Developments
- India-Russia Summit
- Russian Parliamentary Elections

## Overview

- The India-Russia Summit in Goa on October 15 produced substantive results.
- US-Russia agreement on Syria broke down with mutual recriminations.
- Russia & Turkey concluded agreements of strategic consequence.
- Parliamentary elections resulted in a landslide for United Russia party.

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## India - Russia Summit

The annual India-Russia Summit on October 15 produced a number of substantive results, effectively dispelling assessments of a drift (or worse) in relations after India's conclusion of LEMOA with USA and Russia's joint military "anti-terrorism" drills in Pakistan, barely a week after the terrorist attack in Uri.

Major defence agreements were signed at the Summit: a joint venture shareholders' agreement on the Ka-226T helicopter, which is to be manufactured in India; an Inter-Governmental Agreement (IGA) on acquisition of the air defence system S-400; and an IGA on building of 4 naval frigates (in a modified Make in India format). A Ministerial-level Military-Industrial Conference is to identify new projects and resolve issues on ongoing ones. An S&T Commission will work on developing and sharing cutting-edge technologies. These decisions match action to our declaration that Russia will remain India's principal defence partner.

There was significant progress also on the non-defence pillars of the India-Russia partnership. Agreements for Units 5 and 6 of the Kudankulam Nuclear Power Plant are close to finalization and there is a commitment for 6 more units. India's recent investments in the Russian hydrocarbons sector were highlighted: Prime Minister Modi announced that in the past four months alone, Indian oil & gas companies had invested about US\$ 5.5 billion in Russia. A joint fund of US\$ 1 billion, equally shared by Russian sovereign fund RDIF and our National Investment and Infrastructure Fund (NIIF), is to promote investment in infrastructure and technology projects. The agreement for Information Security cooperation should enable India to benefit from Russia's globally acknowledged expertise in cyber technologies (which has received left-handed compliments in the US election campaign!). The past year has seen a significant increase in University exchanges and joint S&T research projects funded by the two

governments. Russia has taken to the GIAN initiative of our Ministry of Human Resources Development with great enthusiasm.

While the agreements and decisions at this Summit have surpassed expectations, implementation will have to be closely monitored. It is also necessary to somehow transmit the message of economic opportunities to our private sector, which remains wary of Russia because of past experiences and present propaganda in the international media. A huge boost to India-Russia economic partnership can also be delivered by the operationalization of the International North South Transport Corridor, which would cut freight costs and transport times for goods between India and Russia by 40%. The formidable bureaucracies of India, Russia and Iran are grappling with the customs and logistical arrangements for this. Similarly, the economic engagement between India and the Eurasian Economic Union (EaEU) is awaiting resolution of differences: India would like a Comprehensive Economic Cooperation Agreement, whereas the Eurasian Economic Commission is only empowered to negotiate Free Trade Agreements (and the smaller EaEU members are reluctant to add services and investment in the agreement). The via media may be an FTA with EaEU, with a back-to-back agreement with Russia on the other elements.

Among the other highlights of the Summit was the announcement that a consortium led by Russian oil major Rosneft has concluded an agreement to acquire about 98% of Essar Oil, which is valued at Rs 72,800 crore; Essar will get an additional Rs 13,300 crore for its Vadinar Port. Rosneft will thus own 9 percent of India's total refining output and 2,700 fuel outlets across the country.

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## Political Developments

**Syrian:** The US-Russia agreement of September 9 on Syria was sabotaged by a number of actions in the first ten days. The first was an US Air Force bombing of the Syrian town of Deir-ez-Zore on Sept. 17, where the Syrian Army had been engaging ISIS for over a month. The attack killed over 60 Syrian soldiers and left about 100 injured. The US apologized for the bombing, attributing it to faulty intelligence. Next was an attack on a UN humanitarian convoy in Syria on September 19, which US sources told the media was done by Russia. Russia angrily rejected the apology and denied the allegation. Russia insinuated that the bombing was a deliberate act by the Pentagon, which had all along been opposed to the Kerry-Lavrov agreement. The Russians also alleged that the attack on the convoy was by one of the terrorist groups, at US instance.

Expressing the conviction that the US is unable or unwilling to restrain the "terrorists" from violating the ceasefire, the Russians and Syrians mounted a fresh offensive on rebel-held areas in Eastern Aleppo, said to be controlled mainly by Jabhat Nusra.

Mutual recriminations followed, with allegations that the Russians and Syrians were targeting civilians and obstructing humanitarian assistance to Aleppo. Russia's stand was that the West was making every effort to prevent the Syrian Army from securing Aleppo, to the extent of aiding and abetting the rebels, including Jabhat Nusra. Russia vetoed (on October 8) a UN Security Council resolution brought by France, seeking cessation of military action in Aleppo to facilitate humanitarian relief.

In response to calls in the West for military action to halt the Syrian and Russian advances, the Russian Ministry of Defence bluntly warned that Russia had the sophisticated weaponry to thwart any such attacks. To suit action to these words, Russia moved additional S-400 air defence systems to Syria and announced the despatch of Russian Navy flagships, an aircraft carrier and a guided missile cruiser to the Mediterranean.

Both President Putin and Foreign Minister Lavrov have explicitly said Russia will press on with the operations and not succumb to terrorists' tactics of using civilian shields. President Putin said in a recent interview that the Iraqi Army and its allies will have to do much the same to liberate Mosul.

Russia is proceeding with its objective of creating a ground situation that would facilitate the implementation of its political solution to the Syrian crisis – a transitional arrangement, followed by an election which would determine the fate of President Assad. It sees confusion in the US Administration as conducive to this objective. Foreign Minister Lavrov has publicly said that US Secretary of State Kerry

understands the need for a political solution, hinting that other elements in the US Administration are sabotaging it. FM Lavrov's press conference in New York on September 24 is available on YouTube and is worth listening to (<https://www.youtube.com/watch?v=YH4Ir5yOaRE>).

**Russia-Turkey:** President Putin and President Erdogan met for the third time in three months in Istanbul on October 10 and reached agreement on three major issues – two public and one covert.

They signed an intergovernmental agreement to move forward on the Turkish Stream project – a 1100 km gas pipeline on the Black Sea seabed from Russia to Turkey, which can then feed European gas pipelines. The Turkish Stream is part of a Russian effort to create gas supply channels to Europe bypassing Ukraine. European Union (mainly at the instance of its eastern members like Poland) has blocked other such pipeline projects connecting Russia with EU (like the South Stream). If it goes through, Turkish Stream will increase the pressure on EU from countries like Germany (which is keen to go through with a similarly blocked Nord Stream 2).

The second agreement was to resume import of Turkish agricultural products into Russia, which had been halted after the Turkish shooting down of the Russian military aircraft on the Syrian border in November 2015. This is a \$500 million market for Turkey; Russia also has not managed to obtain satisfactory alternative sources of supply.

The third agreement, more tacit, was a modus vivendi on the Syrian conflict. Simply put, it means Russian tolerance of Turkey's "Operation Euphrates Shield" (essentially an operation against Kurds in northern Syria in the name of fight against ISIS) in return for Turkish acceptance of Russia-Syria actions in Aleppo (and perhaps dilution of Turkey's hitherto uncompromising position on President Assad).

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## Russian Parliamentary Elections

The elections to the State Duma (lower House of the Russian Parliament) on September 18 resulted in a resounding victory for United Russia (the party led by PM Medvedev), which won 343 seats in the 450-member House, 105 more than its previous strength. The three other major parties all lost a significant number of seats: Communist Party with 42 (-50), Liberal Democrats 39 (-17) and A Just Russia 23 (-41).

The turnout was about 48% and (unlike in 2011) allegations of irregularities were muted. President Putin had publicly charged the Russian Election Commission with the task of ensuring that the elections are free and fair and that irregularities are firmly dealt with.

The present atmosphere of tensions with the West clearly rallied public sentiment in favour of the ruling establishment; this, and the absence of charismatic opposition leaders, made the final result a foregone conclusion.

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*(The views expressed are personal)*

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