

The Modi-Putin Summit: More Than Meets the Eye

by Ramtanu Maitra

Dec. 15—The Dec. 11 summit in New Delhi between Russian President Vladimir Putin and Indian Prime Minister Narendra Modi resulted in the signing of 16 bilateral agreements, including one that ensures supply of more Russian nuclear reactors to India over the coming years. More importantly, the summit was a joint statement by the leaders of the two powerful nations, of the arrival of a polycentric world, and the efforts made by these two members of the BRICS group of nations (the two, plus Brazil, China, and South Africa) to broaden their base of interactions, by strengthening their strategic cooperation and the new polycentric world order.

The summit, in which negotiations took place on various issues of trade, manufacturing, defense, and high-tech collaboration, did not go down well in Washington, where anti-Russia prejudices run rampant. On the day of the summit, U.S. State Department spokesperson Marie Harf said: “We’ve seen press reporting on India concluding business, nuclear and defense deals with Russia, but not confirmation of those agreements or specifics of what those agreements would entail. Our view remains that it’s not time for business as usual with Russia.”

Harf also made clear why Washington opposes India doing business with Russia, i.e., that Russia has been heavily sanctioned by the U.S. and EU for its support of pro-Mos-

cow rebels in eastern Ukraine, and its assimilation of Crimea earlier this year.

Since India does not support non-UN sanctions against any country, it has not supported Western sanctions against Russia; at the same time, New Delhi has not officially approved the Russian incorporation of Crimea.

Silly Distractions

During the summit, the issue of the Republic of Crimea came into the spotlight, causing some heartburn in Kiev and Washington. Crimea’s Prime Minister Sergei Aksyonov arrived in India with the Russian Presidential delegation. The Indian External Affairs Ministry made clear that Aksyonov was not formally a member of Putin’s delegation, and his meeting with an Indian business group was deemed private, although he was accompanied by Russian officials. No Indian government official was at the meeting.

The presence of Aksyonov in New Delhi at the same time as Putin set a cat among the pigeons in Ukraine, Washington, and the gossip world. Ukrainian President Petro Poroshenko, hoping to secure some money and “the non-lethal assistance” that Australia’s Abbott government had promised him last September, lashed out at a public event in Sydney, targeting India over the unofficial visit of Aksyonov.

Accusing India of placing



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The Dec. 11 summit in New Delhi between President Putin and Prime Minister Modi reflected the continuing consolidation of the polycentric world order that began with the BRICS initiatives last Summer.

more importance on “money” than “values” by welcoming Aksyonov, Poroshenko ranted that India was not standing with “civilization” against Russian aggression, the *Moscow Times* reported. “The Indian position doesn’t help, it doesn’t save Mr. Aksyonov,” he added. “He is a criminal, it’s very simple. He has a criminal background and no doubt he has a criminal future.” Poroshenko’s rants were echoed in Washington, where, at the U.S. State Department briefing on Dec. 11, spokesperson Jen Psaki nonetheless gave India’s External Affairs Ministry the benefit of the doubt, suggesting that New Delhi had conveyed to Washington that it was not “officially aware” of Aksyonov’s presence in the Putin delegation, the *Times of India* reported.

Indeed, Aksyonov was working out business deals with the Indian businessmen. Subsequently, on Dec 13, citing Georgy Muradov, Crimea’s Vice Prime Minister, Tass reported that a group of Indian businessmen is now scheduled to visit the Republic of Crimea with the intent to implement investment projects there. “Indian businessmen have great interest in Crimea. Therefore, there is an agreement that several groups of Indian businessmen will visit Crimea soon,” Muradov told Tass.

Strategic Import of the Summit

Considering the war provocations that the United States and its trans-Atlantic allies have carried out over the past year, and longer, to undermine and weaken Russia, the Putin-Modi summit is itself of great global significance. Using neo-Nazis to carry out the coup against the elected government of Ukraine, and supporting the secessionist movements of the Islamists of Chechnya, Dagestan, Ingushetia, etc., within Russia, the bearers of the decrepit, old world economic order are engaged in launching a new Cold War. The support lent by the BRICS, with their economic and military capabilities, is a warning to both Washington and Brussels. In that context, the efforts of Putin and Modi to consolidate their strategic relationship at this time, and seek ways to enhance their economic capabilities by working to cooperate in the areas of energy, high technology, and defense, are clear and firm steps in the right direction.

The importance of the summit was best expressed in a series of tweets by the Indian Premier hours prior to the Russian President’s arrival in New Delhi. Modi said: “Delighted to welcome President Putin to India. Looking forward to a productive visit that will take India-Russia ties to newer heights.” “The bond between the people of Russia & India is very strong. Our nations have stood

by each other through thick and thin.” “Times have changed, our friendship has not. Now, we want to take this relation to the next level & this visit is a step in that direction.” The world should note that the summit could indeed lead the relations to the next level, as Modi said.

Following the summit, Putin said, “We are content with how this visit is being conducted and also with the outcome of the visit.” Describing the talks as constructive, he said, “India and Russia encourage the use of nuclear energy for peaceful purposes.” He also said that the limited bilateral trade between the two countries “is not enough.” “We talked of measures to diversify bilateral trade,” the Russian President said. Putin made it a point to note that Russia and India have a special, privileged partnership. “It continues to develop dynamically,” Putin said.

In remarks after the summit, Modi said that Russia has been a pillar of strength for India’s security. “The strategic partnership is incomparable in content,” he said, adding that Russia had given its steadfast support to India “in difficult times.” “India too has stood with Russia through its challenges,” he added.

Since Modi became India’s Prime Minister last May, the primary thrust of his diplomacy has been to promote economic diplomacy with all nations. He is keen on developing strong bilateral relations with economically and militarily powerful nations, and has invited foreign investment to help build a strong physical infrastructure in India—the foundation on which all strong economies rest. In his quest for investment, in addition to the summit with Putin, Modi had organized China’s President Xi Jinping’s visit to India in September; met with Japan’s Shinzo Abe in Japan Aug. 31-Sept. 3; visited Washington and met with President Obama in September; and will be starting off the new year by hosting the U.S. President in New Delhi. He seems to be convinced that if India develops broad and vibrant economic and defense relations with all the large and powerful nations, it will be mutually beneficial for all, and will usher in a new environment, away from the present poisonous atmosphere of conflicts and wars.

The Russia-India summit needs be looked at as yet another step to achieve that objective.

The Joint Statement

The Joint Statement issued following the summit addressed this vital issue. It said: “Reaffirming their commitment to upholding the principles of international law and promoting the central role of the UN in



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Russia has supplied two 1,000-MW VVER-1000 nuclear power plant sets for India's Kudankulam plant. The first unit is in operation, while the second is expected to go into operation in March 2015.

international relations, India and Russia will work together to promote a polycentric and democratic world order based on shared interests of all countries. The two countries will work for democratization of global political, economic, financial, and social institutions so that these institutions better represent the aspirations and interests of all segments of the international community. India and Russia oppose economic sanctions that do not have the approval of the United Nations Security Council. . . .

“The two countries will consult and coordinate in multilateral fora such as G20, EAS [East Asia Summit], BRICS and RIC (Russia, India, and China). Russia looks forward to India becoming a full member of the SCO [Shanghai Cooperation Organization] following the completion of all required negotiations procedures. The sides support the evolution of an open, balanced and inclusive security architecture in the Asia Pacific region based on collective efforts, considering legitimate interests of all states of the region and guided by respect for norms and principles of international law.”

Cooperation in Nuclear Power; Oil and Gas

It was evident before the summit that India-Russia trade, which hovers around a paltry \$10 billion range, cannot be increased quickly. To begin with, neither India

nor Russia, on their own, can build up vibrant trade, in the short or medium term, in various industrial, raw materials, semi-finished products, and consumer goods, which form the backbone of all large trade lists. It is for this reason that the Indian Premier is insistent on bringing in Russian manufacturing facilities, and developing joint manufacturing capabilities for global trade.

As a result, the direct trade between the two will continue to center on energy sources; military hardware and various space and other innovative high technologies traveling from Russia to India; while pharmaceuticals, electronic equipment, machines, engines, pumps, iron and steel, clothing, coffee, tea and spices, and other food products will travel in the other direction.

Although these imports and exports could rise significantly in the coming years, particularly since the U.S.- and EU-led sanctions could force Russia to source and sell its products from and to India and other nations. Nonetheless, the way each country's economy is structured, growth in economic interaction could be enlarged significantly, by building up joint manufacturing capabilities and situating them in India, because of India's manpower, particularly its decided age advantage—i.e., its huge youth population: 50% is below the age of 25, and more than 65% is below 35—over almost all the nations in the world.

On the front end of the 16 agreements signed during the one-day summit, the most important economic ones center on energy and defense. “We have just signed a document of great significance—the strategic vision for strengthening Indian-Russian cooperation in the peaceful use of nuclear power. It contains plans to build over 20 nuclear power units in India, as well as cooperation in building Russia-designed nuclear power stations in third countries, in the joint extraction of natural uranium, production of nuclear fuel and waste elimination. This will lay the foundation for our long-term mutually beneficial cooperation in the nuclear sector,” Putin told reporters following the talks. “I would like to stress that here we have reached a new level of cooperation. This is not merely trade in goods and services, or even technologies, but the creation of a new industry in India.”

The calculation of Sergei Kiriyenko, the director-general of Rosatom (the Russian state atomic energy corporation), is a bit different. He said that “the foundation had been laid for at least 12 units to be put into operation within 20 years. This morning a general framework agreement was signed on the construction and equipment delivery for the third and fourth blocks of the Kudankulam Nuclear Power Plant at the present site. Cement foundations [for the new blocks] will be poured in the beginning of 2016.”

Russia has already supplied two 1,000-MW VVER-1000 nuclear power plant sets for the Kudankulam plant. The first unit is in operation, while the second is expected to go into operation in March 2015.

In the oil and gas sector, a \$10 billion contract was signed by the Indian Essar Group with Russia’s Rosneft to import crude oil from Russia over a 10-year period. Moscow-based OAO Rosneft Chairman Igor Sechin said the agreement was to ship by sea as much as 10 million tons of oil per year to the Essar Group. “Rosneft and Essar signed key terms of oil and oil products supplies to Essar refineries in India,” beginning in 2015, Sechin said.

Defense and High-Tech

In the defense sector, the Joint Statement said “the sides recognize the virtually unlimited opportunities for enhancing this cooperation, increasingly based on



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The Russia-India defense relationship is longstanding; about 70% of India’s military inventory is of Soviet/Russian origin. The INS Chakra, India’s nuclear-powered submarine, is leased from Russia.

joint research and development, joint manufacturing, technology sharing and collaborative research in futuristic technologies, in accordance with existing agreements on military-technical cooperation.” It also took note of the recent decision by the Modi government to permit “foreign direct investment in the defense sector up to 49 per cent.”

“The sides will exploit these opportunities optimally and enrich bilateral interaction through regular joint military exercises, training in each other’s services’ institutions and institutionalized consultations between the armed forces,” the Statement added.

In addition to these two sectors, one area of long-term Russia-India cooperation is science and technology, subsuming nuclear energy, space, and advanced technological cooperation in all areas of defense. The Modi-Putin Statement said “they will further develop various support mechanisms for joint research. Their bilateral scientific and technological collaboration will cover frontier areas, such as environmental science, power sector (including alternative sources of energy), energy efficiency and energy security, information and communication technologies, nanotechnology and new materials, engineering science, bio-energy, nano-bio-technology, bio-equipment and affordable diagnosing equipment for healthcare and agriculture.

“It will be aimed at creating institutional linkages between scientific research institutions of the two countries. In view of the importance of safeguarding

food security, the sides would expect to conduct further joint research in the fields of horticulture and biotechnology. They will exchange scientific and technological manpower to build capacity for exchange of knowledge most relevant to the economies of the two countries. . . .”

Beyond the front-line agreements that were signed, a number of other agreements are also in the works. Disagreements on terms and conditions, and some level of bureaucratic lethargy on both sides, have held up these agreements. To begin with, an important agreement that India was looking forward to is getting an equity stake in Russia’s already operational East Siberian Vankor field, which produces more than 400,000 barrels of oil per day. India is seeking a 25% stake, which is considered too high by the Russians as of now. The negotiations are continuing with the hope of finding a middle ground.

In the high-tech area, the president of the nonprofit partnership GLONASS, Alexander Gurko, told RIR (Russia & India Report) on Dec. 12 about Russia’s proposals to India for joint production of navigation receivers, and their exports to third markets. Gurko said work is proceeding to unite the Russian and Indian part-

ners to develop, produce, and implement joint solutions in the field of navigation, using Russian GLONASS (Global Navigation Satellite System) technology and India’s own navigation system IRNSS (Indian Regional Navigation Satellite System).”

“The idea is to develop navigation receivers GLONASS/GPS/IRNSS for the Russian and Indian market as well as the third countries’ markets. Our tasks include the joint development of transport management systems for the Indian market and the introduction of systems based on these technologies,” Gurko added.

In the defense sector, no new agreements were signed, but since the Russia-India defense relationship is longstanding, and about 70% of the Indian military inventory, and major platforms for all the three services, are of Soviet/Russian origin, the cooperation in the sector can only get stronger.

After the summit talks, Deputy Prime Minister Dmitri Rogozin told the media that Russia and India have agreed to assemble 400 twin-engine helicopters a year in India. He said the deal related to the Ka-226T, a light multi-role helicopter built by Russian Helicopters that can be used for search-and-rescue operations in mountainous areas.

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