

India-Russia Relations - US's Role

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What is the issue?

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- The India-Russia Annual Summit was held recently in India, with uncertainty over US sanctions for defence deals.

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- Given this, it is essential to understand the significance of the meet and the US's role in India-Russia relations.

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Why is the recent meet significant?

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- **Autonomy** - The S-400 contract was signed in a low-key manner, with no mention in press statement by the leaders.

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- Nevertheless, it was clear assertion of autonomy of Indian decision-making on Russia.

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- **Neighbourhood** - International issues of mutual interest, especially on terrorism, Afghanistan and the Indo-Pacific were discussed.

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- On Afghanistan, India expressed support for the “Moscow format”.

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- Under this, Russia involves regional countries and major powers in an effort to draw the Taliban into negotiations with the Afghan leadership.

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- The U.S. has boycotted this initiative, but has initiated its own dialogue with

the Taliban.

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- A U.S. Special Representative for Afghanistan is now touring Afghanistan, Pakistan, the UAE, Qatar, and Saudi Arabia.

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- This is to generate help in bringing the Taliban to the negotiating table and notably, India is not on his itinerary.

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- On Pakistan, significantly, the recent Joint Statement mentions cross-border terrorism, which some earlier Joint Statements did not.

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- **Business** - India and Russia have set a target of \$30 billion bilateral trade by 2025.

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- There are clear opportunities for cooperation between Russia (natural resources-rich) and India (resource-hungry).

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- But even before CAATSA, there was confusion in India about sanctions against Russia.

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- The U.S. and European sanctions on Russia between 2014 and 2016 are sector- and currency-specific.

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- They affect entities operating in Europe and U.S., and transactions in euro or dollar currencies, and are not applicable to other geographies or currencies.

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- This remains the case, even post-CAATSA, for all sectors other than defence and energy.

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- The economic engagement of major European countries with Russia has actually grown in 2017 and 2018, despite the sanctions.

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- European and American corporate lawyers with expertise on sanctions have enabled this.

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- So with proper structuring of business deals, trade and investment exchanges with Russia are possible, without losing business with Europe and America.

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- Indian business needs to tap into this expertise, as utilising the business opportunities largely depends on this.

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What is US's role in India-Russia relations?

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 - India balancing its relations between the U.S. and Russia has been a challenge for quite some time.
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 - India has emphasized earlier that its growing proximity to the U.S. would not affect relations with Russia.
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 - Given this, the recent summit was centred over the challenges in sealing the S-400 deal.
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 - As, the U.S. has been publicly warning for months that the purchase could attract sanctions.
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 - The recent [India-U.S. 2+2 meeting](#) (of Foreign and Defence Ministers) also did not resolve this issue.

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What is the way forward?

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 - Every potential India-Russia defence deal could be subjected to a determination on applicability of US sanctions.
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 - Given the political dynamics in the U.S. today, a systemic solution to this problem is not evident.
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 - However, it has to be on the India-U.S. dialogue agenda as the strategic partnership between both is based on a strong mutuality of interests.
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 - Nevertheless, the partnership is not intended to have the exclusivity of an alliance.
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 - So India should not have to choose between one strategic partnership and another.
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 - The India-Russia dialogue should not get inextricably entangled in the India-U.S. dialogue.

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Source: The Hindu

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