



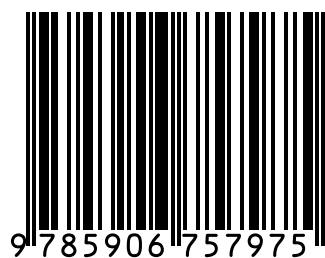
The Eurasian Chord and the Oceanic Ring

Russia and India as the Third Force
in a New World Order

Alexei Kupriyanov, Alexander Korolev

The views and opinions expressed in this report are those of the authors and do not represent the views of the Valdai Discussion Club, unless explicitly stated otherwise.

ISBN 978-5-906757-97-5



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The authors appreciate the support given by Sofia Akhmanaeva, Faculty of World Economy and International Affairs student, Higher School of Economics, in preparing this report.

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Introduction

The world is on the threshold of a new Cold War. To avoid confusion, it is to be referred to as the Second Cold War, in contrast to the First Cold War between the USSR and the United States. The new war will be waged between the United States and China. The First Cold War was largely a war of ideas, with socialism and capitalism competing to define the path of global development. The USSR lost as soon as it renounced the socialist idea. The present war is a strictly imperialistic affair, for there is no particular difference between the US and China. Both countries are concerned with expanding their influence, gaining access to resources, promoting their goods on the markets of dependent countries, and claiming the mantle of the global hegemon within the global market system.

As this 'cold' great power confrontation escalates, it will be accompanied by wider use of smart power tools that, in terms of reach and efficacy, occasionally outperform the weapons used in conventional warfare. Some increasingly popular methods include trade wars, cyberespionage, local conflicts in developing countries, unilateral sanctions and other restrictions, manipulation of national currencies, bribes paid to elites in small or medium-sized countries, and extension of foreign economic aid to regional partners to foster a loyal political clientele.

The broad use by China and the US of carrots and sticks in relation to foreign countries will create new tensions, thus forcing states to make difficult trade-offs. Deliberately, inadvertently or by compulsion, states may align their policies and interests with one power or the other. The choices that these states make will lead to one of two consequences: either they will entrench the positions of the US or China by adding heft to their geopolitical ambition. Alternately, they will fuel the Second Cold War as both the US and China compete to limit their respective spheres of influence.

For Russia and India, these choices are even more consequential. Both are large powers with a significant stake in any future balance of power. Further, both are China's immediate neighbor and exercise influence over huge expanses of the Indian and Arctic oceans as well as the North Eurasian plains. Their policy priorities will determine not only the future of the Second Cold War and that of China and the US but their own future as well.

Moscow and New Delhi may respond by forming an unofficial, non-military alliance, which could be termed the Peaceful Development Movement. The aim of forging such a space of co-development would be to continue positive globalization while also searching for fairer alternatives to the existing world order.

Part I. The Second Cold War

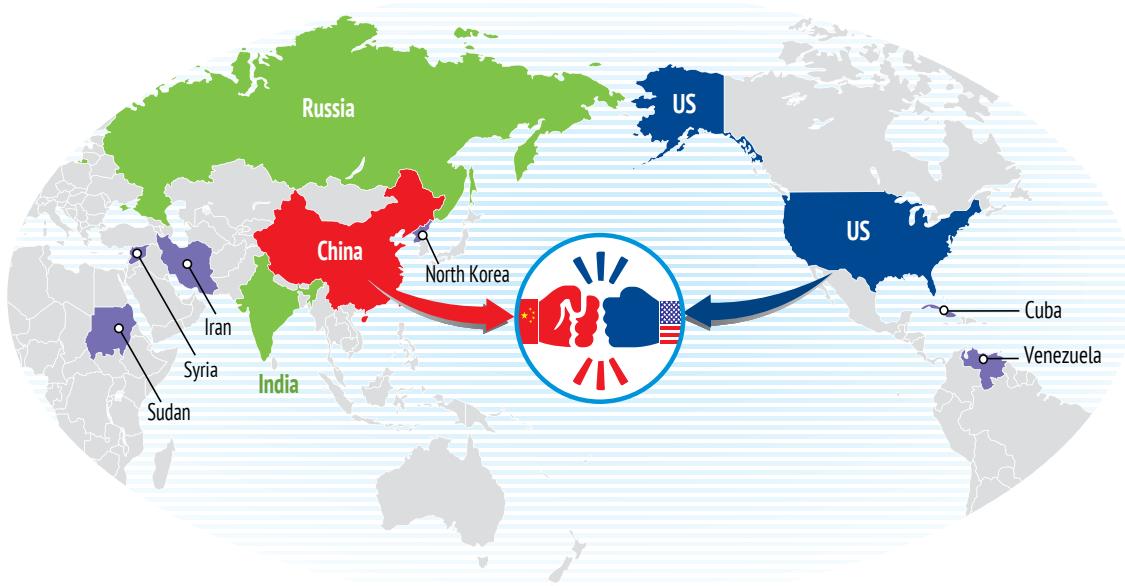
The Current Situation

The world is changing. The process of change is uninterrupted, with each new decade differing from its predecessors. The reality in which we are now living bears little resemblance to the one we were born into. But there are certain points – or rather stretches, because none of the global changes are instantaneous, instead taking decades – where the change stands out in stark relief. We are living in one of such stretches: the model that world leaders worked hard to build since 1991 is falling to pieces before our very eyes.

The Cold War ended at the height of perestroika, and Moscow thought that its culmination was peaceful – that both sides had laid down arms in good will and pledged to work side by side to build a new and better world. It seemed that the thesis of Francis Fukuyama about the ‘end of history’, which was to be followed by an era of universal unity, would apparently prevail. The outcasts, who were unable or unwilling to go along, were supposed to recognise their misconceptions and repent. But nothing of the kind happened. What seemed a radical change in the world order and the liberal model’s triumph over realist constructs was just a fluctuation in world history. Instead of universal harmony, we saw a period of minor wars in which the sole remaining superpower demonstrated its right to dictate and define its vision of world history. As usual, the new hegemon selected its allies based on purely practical considerations. In certain respects, those years resembled the period between the two world wars with the same rapid wealth accumulation and sudden crises, mysticism triumphing over scientism, and creeping totalitarianism. The second interwar period began at the end of the First Cold War and is now drawing to a close amid tempests heralding the arrival of the Second Cold War.

The current situation is categorically different from the First Cold War. There is no ideological confrontation, an intrinsic feature of the former conflict between the USSR and the US. China’s vague and amorphous Community of Common Destiny concept, as well as the Western democratic model promoted by the United States, can hardly aspire to this role, given Beijing’s undeniable propensity to bend the ‘common destiny’ to its own economic and political interests and Washington’s overly pragmatic attitude to alliances with patently undemocratic regimes. What we are witnessing today is more reminiscent of the period before World War I, an imperialist war, with powers’ purely economic rivalry over colonies, resources, and markets. Like today, there was

GEOGRAPHY OF THE SECOND COLD WAR



Warring countries



US

China

Rogue countries

Iran, Sudan, North Korea, Cuba, Syria, Venezuela

Swing powers



Russia

India

no shortage of high-flown rhetoric to justify the struggle or 'black legends' to tarnish the image of rivals.

The latest generation of wars differs from its predecessors. Nuclear weapons rendered large-scale invasions and strategic offensive far too costly and, therefore, unthinkable. The new wars are 'cold' wars that become 'hot' only on the periphery. Economic sanctions, bot attacks in social media, and cyberespionage came to replace armour breakthroughs and close deep envelopments. Nevertheless, wars are still what they always were.

A new Cold War will be fought between the United States, the current hegemon that is losing power, and its rival China, a young power with a 5,000-year old history. Barack Obama's attempt to divide the world by proposing that the two giants form the Group of Two (G2) failed. In the new world of the Second Cold War, all other powers face a difficult choice: how to avoid backing the wrong horse? Or is it better for them perhaps to join no one and bide their time, raising the price of their neutrality for the highest bidder? This is a particularly sensitive matter for major advanced and developing nations that the great powers are interested in bringing to their side, because each of these may tip the balance in their favour. The question is whether major powers are prepared to become vassals and take on the risks of a new Cold War on behalf of a great power. The important thing in this context is not to miscalculate, or wind up on the losing side, or remain neutral for too long to reap any benefits.

Future Scenarios

There are several scenarios of how things might play out, some more optimistic for the majority of participants and the world as a whole, others less so. All of these can be divided into two big categories: first, the Cold War remains ‘cold’; second, the Cold War grows ‘hot’.

The Cold War Remains ‘Cold’

This is the most optimistic scenario for all sides, both those involved in the confrontation and neutrals. Undoubtedly, all parties will sustain losses during this Cold War, but the losses will be quite modest and mostly economic. Hostile action will be limited to trade wars, coups, minor conflicts in developing countries, and bribery of elites with the ultimate aim of bringing to power those that will either accept unconditional surrender or consider the costs of war unacceptable and prefer to maintain peace at any price.

Sanctions as a means of achieving foreign policy ends merit special consideration. America’s current unilateral sanctions have already considerably destabilized international relations and are hampering global economic growth rates. In terms of their overall impact, these predominantly economic sanctions are close to military measures, while conceptually they are largely a ‘first step instead of war’ than a ‘first step before war’.

Clearly, the use of these methods will only expand within the next 10 to 15 years both in terms of the scope of application and the states to be sanctioned. In this situation, both sides have a chance to win: the US can boast its victory in the Cold War against the USSR, while China has a civilization that originated thousands of years ago, a record of intrigue, and stratagems informed by experience.

The Cold War Grows ‘Hot’

Under this pessimistic scenario, China and the US will sooner or later become involved in an open clash, with its main battles fought out in the Pacific. This war will only marginally resemble the Pacific theatre of World War II, however, primarily because this time the US and its allies will be unable to take full control of oceans, thus cutting off China from global raw materials. But whatever scenario the conflict follows – whether a conventional war, the use of tactical nuclear weapons alone, or a nuclear exchange targeting enemy megacities – it will remain a war between two

great powers and their direct allies. Therefore, the key question in this case is – who exactly the allies of the two hostile powers will be and what stance the other countries will take.

Russia and India: The Key States

Under these circumstances, Russia and India must make their choices carefully. Any change in their positions will radically upend the status quo, be it a cold or a hot war. The geographical location of Russia enables it to control both overland links and waterways in North Eurasia, while India is a key power in controlling South Eurasian waters. Without Russia's participation, no one can access the Arctic shelf's resources. Without India, there are no approaches to the resources of East Africa. Indeed, rather than attempting to act as swing powers, both should pursue policies and postures that are capable of securing a more multipolar world order. While this may involve balancing between the US and China in some instances, it will also require Delhi and Moscow to create issues-based coalitions that prevent unipolar or bipolar arrangements.

Thus, India is emerging as the key state in the Indo-Pacific region that includes the Indian Ocean and the Eastern Pacific, and Russia is steadily advancing to become the leading actor in the Arcto-Pacific region. Two main routes cross these megaregions – a trade route from Asia to Europe and an energy route from hydrocarbon production centres within these regions to developing Asian economies. In this system, India and Russia do not compete for trade routes but complement each other as stakeholders in boosting trade between Europe and Asia.

India's stance in the Second Cold War is crucial in the sense that it can determine the access of mutually hostile states to the Indian market and African resources. Unless India is friendly or at least neutral, there is no way to exploit Eastern Africa. Russia, meanwhile, determines access to resources in Siberia and the Arctic and, for China specifically, access to European markets. A change in the status of either of the two key states would entail a simultaneous shift for the other. For example, if Russia enters into an alliance with China, the latter will become vastly more powerful. If the United States enters into an alliance with India, China will be significantly weakened. If Russia or India suddenly joins the US, this will spell defeat for China, which will have to forget about its maritime ambitions and start fortifying its borders instead. If Russia and India decide to take China's side, this will spell defeat for the United States, because China will enjoy an inexhaustible supply of resources.

A new Cold War will be fought between the United States, the current hegemon that is losing power, and its rival China, a young power with a 5,000-year old history

Will any of this benefit Russia and India, two nuclear powers with vast scientific, industrial, and economic capacity? Absolutely not. Both Moscow and New Delhi will profit from maintaining strategic autonomy for as long as possible in order to benefit from trade with both parties while avoiding commitments. Moreover, this Indo-Russian posture may prove decisive in keeping the Cold War from turning hot. It means that both the US and China will have unrestricted access to resources, which means that a blockade or a quick victory will be impossible, and any confrontation promises to become a protracted and extremely costly affair.

For India, a formal military and political alliance with either of the two great powers will mean a dramatic worsening of relations with the other. As it grows closer to the United States, relations with China will deteriorate, resulting in, first and foremost, escalation of border conflicts. This scenario is such a remote possibility because it is totally incompatible with India's development goals. Significant closeness between New Delhi and Beijing is also unlikely in the foreseeable future. There is no advantage for India to enter the orbit of its main rival in the race for regional leadership, which would work against India's bid to become a great power in its own right. In this context, China's negative reaction to the Indo-Pacific concept is unsurprising. The Chinese establishment sees it as a means of containing Beijing. Besides, closer ties with China would have a negative effect on India's relations with the United States, one of its most important trade partners and a supplier of defence technology. Constructive relations with the US are also a key factor in India joining the Nuclear Suppliers Group (NSG).

Developments are prodding Russia and India into forming an informal alliance, a Non-Aligned Movement 2.0, which could be more aptly termed the Peaceful Development Movement (PDM).

Part II. Peaceful Development Movement

What Does Peaceful Development Movement Stand for?

India boasts quite a record of survival and development amid rivalry between two hostile blocs. It was a leader in the Non-Aligned Movement (NAM), a refuge of sorts for those unwilling to join the Eastern or the Western bloc. This did not mean that they

were not involved, in some form or other, in the First Cold War. Quite the contrary: the NAM countries accounted for the majority of conflicts in that period. What this did mean was that NAM countries could be situational allies of both blocs and receive economic and military aid from them. This gave them some flexibility in their policies, but in those austere times, when a 'with us or against us' mentality prevailed, this flexibility was not always enough.

Developments are prodding Russia and India into forming an informal alliance

Since those times when NAM emerged, the very principles that underpin formation of international alliances have changed. Today they are increasingly coalitions of the willing, with member-states preferring to avoid assuming strict commitments. Traditional diplomatic formats of negotiations are receding into the past, giving way to unofficial platforms and talks. The norms of post-war law are eroding, and the concept of 'just war' is expanding. A mere suspicion of a state committing war crimes against rebels is today a legitimate reason to attack; the Responsibility to protect notion is gaining increasingly broad interpretations.

Under these circumstances, it makes no sense to revive NAM or create NAM 2.0. The new movement should be based on new standards and new rules of the game, specifically what President Trump calls 'principled realism', under which states are guided primarily by their own interests while putting forward a set of principles they agree not to breach.

Prospective PDM Principles

Russia and India are very much alike. Both are multi-ethnic and multilingual federations that cherish their traditions. Both are distinguished by a positive record of intergovernmental and intercultural contacts, and both peoples have always held each other in high regard. In addition, India is perhaps closer to Russia in outlook than any other Asian country outside of the Commonwealth of Independent States (CIS), meaning that the civilizational and cultural divide between them is less of a barrier. Both Moscow and New Delhi support democratic values but reject attempts to force democratic regimes with their own national characteristics to conform to foreign standards. Both sides advocate non-interference in the internal affairs of other countries and urge others to think twice before supporting wars and rebellions, no matter how just at first sight. After all, it is common knowledge that foreign actors supporting such outbreaks are often acting in their own interests. Thus, PDM principles could potentially include:

1. Support for democracy with national features, rejection of coups as a means of gaining power;
2. Non-interference in the internal affairs of other states with the exception of cases where the authorities commit mass crimes and only after such cases are investigated;
3. Keeping to the positive globalization course while searching for fairer alternatives to the existing world order, including reforms of the UN in the interests of developing nations;
4. Seeking to avoid military conflicts through peacekeeping and stable development, which does not mean a commitment to unbounded pacifism – each state reserves the right to self-defence;
5. Aversion to unilateral sanctions, trade wars, or any other types of protectionism used as a means of foreign policy;
6. Non-participation in exclusive global or regional military political blocs involved in the Second Cold War;
7. Promoting trade and economic liberalization by signing free trade agreements with foreign partners and supporting multilateral institutions and integration unions.

Generally speaking, PDM is a progressive movement in this sense that opposes the regression of globalization and the descent into the Second Cold War. The methods of achieving these goals could be sufficiently flexible to prevent PDM from losing out to states professing unprincipled realism.

The important thing in this context is to understand that PDM is precisely a movement, an informal alliance held together by common goals rather than a rigid framework. Naturally, no one has the right to prohibit India from solidifying relations with the US, nor Russia from doing the same with China. But these relations should not be reduced to vassalage, something that would automatically make the PDM redundant. On the contrary, member-states must see to it that their PDM partners improve relations with partners outside the Movement. In effect, this is an extension of the 'multi-alignment' concept characteristic of Indian foreign policy.

Russia and India as PDM Pillars

Russia and India should form the axis of the new movement. A decade ago, Russia was just starting its comeback in world politics. It has since regained its status in the Middle East and expanded its influence in Central Asia. Its return to Africa is getting into high gear, with the Pacific region and Afghanistan next

in line. India, in turn, is expanding its sphere of interests as a major developing country that aspires to be a regional centre and a great power. And it is inevitable that this sphere will increasingly overlap with that of Russia.

Both countries have a stake in maximal stability in Eurasia, in line with their national development strategies – India's Act East policy and Russia's Turn to the East with a Greater Eurasian Partnership as a long-term prospect. Moscow and New Delhi are committed to safety and security in West Eurasia (combatting terrorism and radical extremism in the Middle East), East Eurasia (traditional and non-traditional security cooperation in Southeast Asia and support for ASEAN-centric multilateral institutions), and in Central Eurasia (neutralizing the terrorist threat in the Central Asian republics). As security threats in the region are growing, the Shanghai Cooperation Organization (SCO) will loom larger in states' foreign policy concepts, provided that SCO can go on functioning amid regular crises in Indo-Pakistani relations.

Russia and India are unique in that no other pair of countries of comparable weight can boast such strong historical and political ties and a total lack of conflicts

Russia and India are unique in that no other pair of countries of comparable weight can boast such strong historical and political ties and a total lack of conflicts in the past and foreseeable future. As such, all the points of contact discussed above are a priori areas of cooperation rather than conflict. Both countries' interests overlap along the entire scope of cooperation and they might, given their great influence, help each other in key areas. For example, Russia could use its influence in Afghanistan to guarantee Indian interests there, while the Indians could employ their established ties in Africa to assist Russia's return to the continent. In fact, there are no other states of comparable economic, political, and military clout in the world that could act as pillars of the new movement. For the time being, South Africa and Nigeria are not in the position to aspire to great power status; Brazil's intentions are unclear as it is thrown from one extreme to the other, veering from right to left and back.

Middle-sized countries would play an important role in the future PDM, as they are essential to the stability and systemic nature of the Movement. These include primarily Iran, Southeast Asian countries, South Africa, and Nigeria. PDM would also have a stake in promoting relations with groups of states that are opposed to the cold war growing hot and to taking the side of any bloc. This largely concerns the European Union and the Association of Southeast Asian Nations (ASEAN) but also any other organizations (MERCOSUR, the Southern African Development Community – SADC, the Economic Community of West African States – ECOWAS, etc.) that generally share the PDM's neutral stance.

Part III. What Needs to Be Done

For Russia and India to format relations as proposed, they should strengthen ties in the four areas as follows: politics, trade, military, and people-to-people contacts.

Politics

The main problem within the political sphere is the lack of mutual trust and understanding. This has less to do with infrequent contacts between national leaders or lack of chemistry in their relationships, but rather with the limited rapport on the level of elites and expert communities. The public both in Russia and India is unaware of where each country stands on key issues. For example, the Indian press and Indian experts would occasionally express the view that Russia is or will soon be China's vassal or accuse Moscow of changing political course and supporting Pakistan. Similarly, the Russian media and Russian experts would assert that India is willing to accept the role of junior partner to the US or accuse it of pursuing a pro-American policy to the detriment of relations with Russia.

The best way to dispel these mostly good-faith misconceptions seems to be an effort to expand contacts between the political elites of both countries as well as expert communities in the form of multilateral expert discussions, similar to the functioning Raisina Dialogue¹, and to provide media venues for representatives of the other country. Hopefully, the Russian-Indian Conference of the Valdai Discussion Club will be one of the first steps in this direction. We need honest dialogue on problematic issues.

Trade

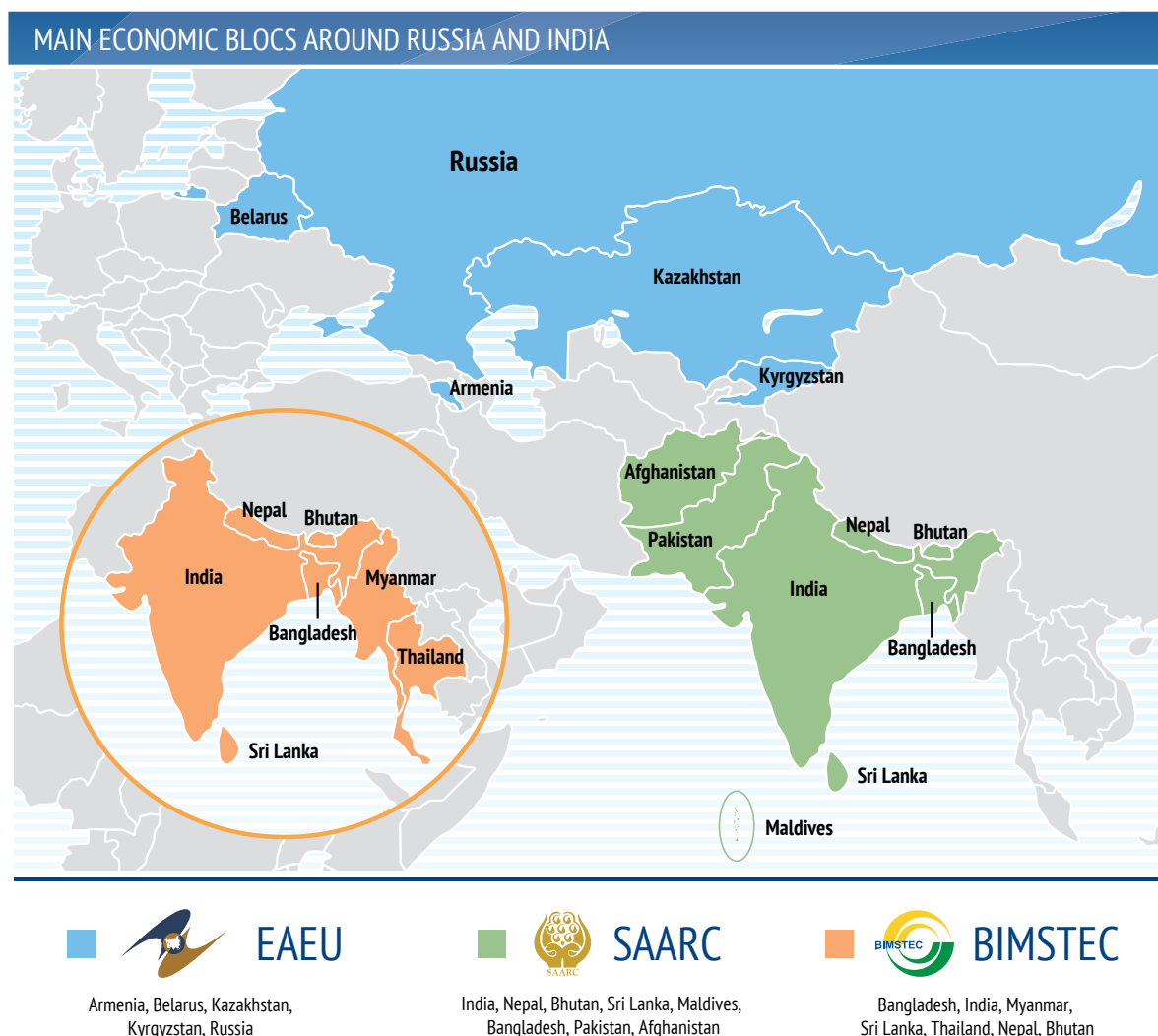
Up to the present, Russia and India, as developing countries, have been beneficiaries of globalization. The lack of trade barriers facilitated the growth of investment in their economies, thereby making it possible for them to increase growth rates. Both countries saw involvement in economic megaprojects as promising for themselves and believed that they would make the world even more interconnected. But one effect of the Second Cold War is disintegration of the global world. Major states are emerging as the main participants in the new economic system. They are gravity centres around which smaller countries form trade blocs, with trade becoming

¹ The Raisina Dialogue is a multilateral annual (since 2016) conference committed to addressing the most challenging issues facing the global community. The Dialogue is structured as a multi-stakeholder, cross-sectoral discussion, involving heads of state, cabinet ministers, and local government officials, as well as major private sector executives, members of the media and academics. The conference is hosted by the Observer Research Foundation in collaboration with the Government of India, Ministry of External Affairs.

the main type of ties between the blocs. The small and medium-sized countries, which have managed to coalesce into blocs (EU, ASEAN) in time, are lucky – woe to those who fell behind, for they will become vassals and a resource base to major countries/blocs.

Russia and India are leaders of such blocs: the Eurasian Economic Union (EAEU) in the case of Russia, and the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in the case of India. The problem is that these blocs lack a common border. Lying in-between is Iran, whose road network is insufficiently developed, and a war-torn Afghanistan. A route has finally been laid through Iran and there is a hope that it will be fully operational in a matter of years. There is yet another, inoperative, route from Vladivostok to India via the Strait of Malacca. Russia is working hard to develop its Far Eastern region and Indian investment could be significant in this regard. For its part, India is seeking to diversify its hydrocarbon supplies and could do this by expanding its involvement in Russian oil and gas projects.

Another impediment is the limited efficacy of the blocs themselves. For example, the EAEU has drawn up a considerable number of regulations but the extent and quality of their implementation leave much to be desired. It is also of importance



to note the difference in economic development levels between member-states and the numerous internal contradictions within the blocs. These problems are characteristic of the South Asian alliances as well. Despite their declared aims and principles that meet the interests of smaller countries, these mostly delineate the Indian sphere of influence.

The strengths of the Russian and Indian economies are mutually complementary. Russia is an exporter of hydrocarbons, a country with huge mineral reserves and powerful industrial capacity, and a leader in nuclear power and space exploration. India is a leader in information technologies and services sector. India could breathe new life into the Russian economy, while Russia could help India to rapidly cover the rest of the path to becoming a recognised great power.

In other words, India and Russia should be tightly bound together by two routes: an overland route leading to European Russia and a maritime route leading to the Russian Far East. If, in the foreseeable future, they jointly succeed in bringing peace to Afghanistan, a third route to Central Asia and Western Siberia will open. There is also the Atlantic route in reserve, which could be used if problems crop up on the central route or tensions surge in the Pacific. In any event, the priority is to ensure the safety of trade routes, primarily sea lines of communication (SLOC).

Military

The current level of Russian–Indian military cooperation is absolutely inadequate. The joint annual land and naval exercises are a good thing, but they represent the tactical and operational levels, whereas the level of cooperation suggested in this report is strategic. This means, among other things, that both states should hold large-scale naval exercises (coordinated in time and space) in the Arctic, the Pacific, and the Indian Ocean, which would focus on how to maintain SLOC in working condition, escort convoys, and conduct search and rescue operations. Russia and India would also be well advised to stage joint divisional-strength exercises to restore land trade routes threatened by terrorist attacks, rebellions, or air strikes and to protect cargoes delivered via these routes from likely subsequent attacks. Finally, joint air force exercises should focus on airlifts of military combined units to emergency areas, airdrops, and air support for navies or rapid response units engaged in escorting supplies in a cold war environment and ultimately in a full-scale conventional or nuclear war.

To summarize, the armed forces of Russia and India must be prepared for joint or at least coordinated operations to ensure the functioning of world trade routes in each country's sphere of interests.

People-to-People Contacts

Both Russia and India are democracies, where the people are the source of power. If they fail to foster positive views of each other on the most basic everyday level, the rest of their efforts will remain fruitless.

Both nations need large-scale programmes to inform their respective populations about life in the other country. It is also necessary to relax visa requirements (certain steps have been taken in this direction), launch new cultural centres, devise cultural programmes, introduce university quotas, and create a system of student exchanges. Popularizing the best elements of mass culture and debunking stereotypes persisting since the late 1990s is also a crucial area of effort. Russia should relaunch broadcasting in Indian languages and revive the programme to publish books by Russian authors and school textbooks, which existed in the USSR. Each rouble invested in this cultural programme will reap huge political and economic rewards.

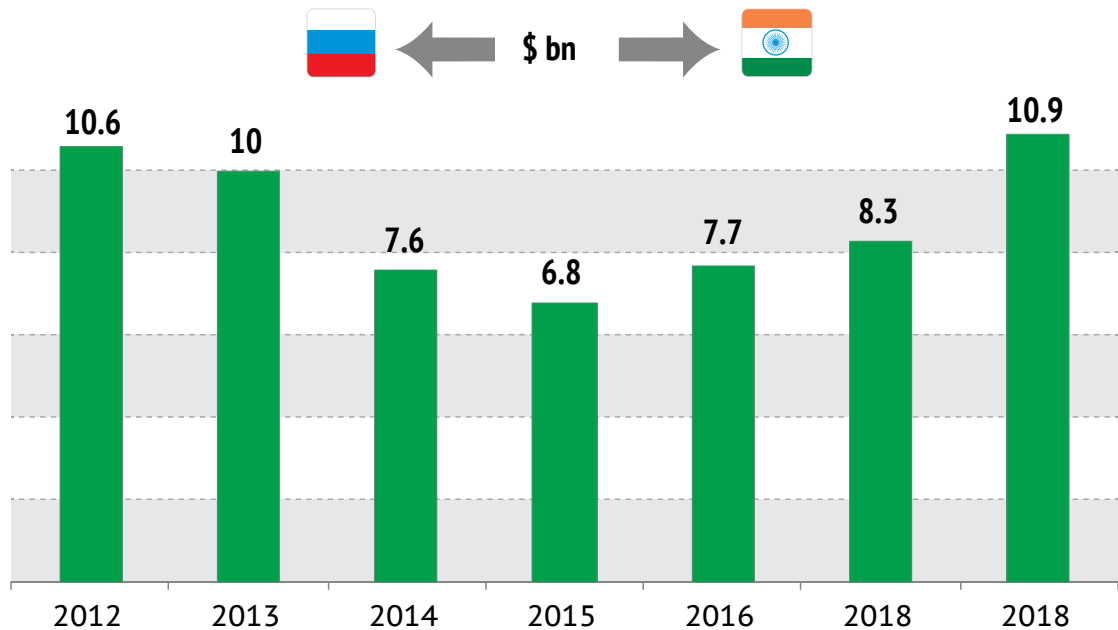
India could breathe new life into the Russian economy, while Russia could help India to rapidly cover the rest of the path to becoming a recognised great power

Strengthening business contacts is also long overdue. At this moment, it is worth mentioning the fact that only a fraction of existing historical, cultural, and diplomatic assets has been converted into trade and economic benefits, as is evident from the trade dynamics. According to the Federal Customs Service of Russia, bilateral trade reached \$10.9bn in 2018, characterised by a steadily rising share of Russian mineral exports to India, which, as of this writing, stands at 24%, up from 7% in 2015.

As is evident from international practice, a way to boost bilateral business cooperation is to organize regular meetings between Russian and Indian executives with presentations of promising projects that Russia is planning to implement, including those in the Russian Far East and the EAEU space. These could be included in the format of existing venues where this subject is regularly discussed, specifically the St. Petersburg International Economic Forum (SPIEF), the Eastern Economic Forum (EEF), the Krasnoyarsk Economic Forum (KEF), as well as new venues, to which Indian representatives have not been invited or where their presence is extremely rare. These include the Far Eastern Investment Congress in Vladivostok, the Astana Economic Forum, and the International Business Forum Eurasian Week. Special focus should go to informing small and medium-sized businesses about available opportunities, because the existing contacts mostly cover large corporations.

Moreover, it is worth exploring the possibility of hosting presentations in India by business circles of Russia, EAEU member-states, or related departments of the Eurasian Economic Commission, dealing with the ins and outs of doing business

TURNOVER OF TRADE IN GOODS BETWEEN RUSSIA AND INDIA, 2012–2018



Source: Federal Customs Service of Russia.

in the EAEU (detailed data on existing barriers, technical regulations, and other matters). The latter is of particular importance in the context of the expected EAEU–India talks on establishing a free trade zone.

In summary, the very course of developments in the world is nudging Russia and India towards cooperation and new formats of interaction. If established, PDM could halt the incipient Cold War or prevent it from entering the hot phase. It would also demonstrate to the United States and China how misguided their course towards confrontation in the developing world is. As a result, Russia may regain the global status it lost after the collapse of the USSR, while India will be able to secure international recognition as a great power.

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