



VIVEKANANDA INTERNATIONAL FOUNDATION

# RUSSIA'S EVOLVING EQUATIONS WITH THE USA AND CHINA

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## IMPLICATIONS FOR INDIA



**Dr. Harinder Sekhon**

**Monograph**

**September - 2017**

# **RUSSIA'S EVOLVING EQUATIONS WITH THE USA AND CHINA: IMPLICATIONS FOR INDIA**

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## The Author

**Dr. Harinder Sekhon** is a Senior Fellow at the Vivekananda International Foundation and has over three decades of research, writing and teaching experience on various aspects of Indo-US relations, US policy and strategy in Asia and regional security challenges in South and East Asia.



From 2004 till 2013, she was Senior Fellow, US Studies Programme at the Observer Research Foundation, a New Delhi based Public Policy Think Tank. Before that, Dr. Sekhon worked as an Intelligence and Strategic Analyst with the National Security Council Secretariat, Government of India for two years and was engaged in data analysis and preparing assessments on strategic issues for policy implementation by the Government of India.

Dr. Sekhon was Associate Professor of History at MCMDAV College for Women, Chandigarh from 1986 till 1998 and was a Post Doctoral Research Fellow at the Centre of Contemporary Studies, Nehru Memorial Museum and Library from 1999 to 2001. She has authored three books: *Garland Around My Neck: The Story of Puran Singh of Pingalwara*, published by UBS Publishers, New Delhi in 2001, *Five Decades of Indo-US Relations: Strategic and Intellectual* published by UBS Publishers, New Delhi, in 2002, and *India and the United States: Breakthroughs, Prospects and Challenges Ahead* published by Macmillan India in 2008.

She has presented research papers at several national and international conferences and writes frequently for academic journals and several newspapers

on her area of study. She appears frequently on numerous TV channels on panel discussions pertaining to her areas of specialization.

Dr. Sekhon graduated in History Honours from Lady Shri Ram College, New Delhi and has done her MA, M Phil and PhD from Punjab University, Chandigarh.

## Foreword

In a testimony to the US Senate Committee on ‘Countering Russia: Further Assessing Options for Sanctions,’ on 27 April 2017, former United States(US) Under Secretary of State for Political Affairs, Nicholas Burns labeled Russia ‘the most dangerous US adversary in the world today.’ He further testified, ‘For more than a decade, Russian President Vladimir Putin has used the power of the Russian state to undermine American interests in Europe, the Middle East and now in the heart of our democratic system here in the U.S.’



At a time when tension between the US and Russia is higher than it has been in decades, we cannot ignore that the relationship between these two countries is among the most important for global security. On any number of issues, from arms control to the Middle East and the Asia Pacific, any failure on the part of the US and Russia to communicate and work together will make things much, much worse, with repercussions that will last for generations and affect the entire global order.

The telephone call between Russian President Vladimir Putin and US President Donald Trump on January 29 was the first official contact between the two leaders since Trump’s inauguration. The Kremlin welcomed Trump’s promises to mend ties with Moscow, which have been strained by the Ukrainian crisis, the war in Syria and allegations of Russian meddling in the US elections. But Donald Trump’s hopes of repairing relations with Moscow started to unravel even before any concrete steps towards a reset could be taken. Relations plum-

meted to a new low following US bombing of Daesh strongholds in Syria on 7 April 2017 in what the US President described as 'necessary retaliation for a chemical weapons attack that killed dozens of civilians, including children.'

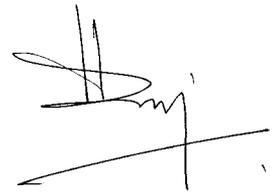
In July 2017, however, the two leaders met on the sidelines of the G 20 Summit in Hamburg. It was a positive meeting that went much beyond the stipulated time slotted. Putin and Trump had been due to talk for 30 minutes, but they spent two-hours-and-16 minutes discussing a ceasefire in southwest Syria, Ukraine, the fight against terrorism and cyber-security, in addition to other bilateral issues. Besides an assertive China that takes advantage of strains in US-Russia relations, the threat of a nuclear conflagration by North Korea creates a volatile political theatre in East Asia. Now is therefore a good time for Russia and the US to step back from any rhetoric of 'one-up-man-ship' and work together to stabilize the dynamics and characters at play in the international arena regardless of matters that may be fundamentally at odds with each other's priorities and preferences.

The US-Russian-Chinese triangle in Eurasia and the Asia-Pacific Theater is a complicated game that both Washington and Moscow must take into account when formulating policy. While the Chinese-Russian strategic partnership is based on dissatisfaction with a US-led world order and from their viewpoint, very practical considerations, it is not grounded in a shared long-term positive vision of world order. This may limit it and perhaps even erode it in the long term, as seen in disagreements over energy, weapons sales, and Russia's annexation of Crimea.

This monograph is therefore a timely contribution that meticulously examines the American, Chinese and Russian power play in East Asia and its consequent implications and policy options for India. The work focuses on the drivers of this relationship as well as its points of friction and cooperation in US-Russia relations. It then examines Chinese-Russian interactions in the realms of economics, security, and East Asia and considers the implications of the Chinese-Russian partnership for the US and India. The work also seeks to address an

important dynamic - *How can India and the US best manage this foreign policy triangle?* This must be done through an understanding of the dynamics of this triangle before arriving at two main conclusions. First, when the US supports policies Russia and China oppose, it drives those two states closer together. Second, the US, still the world's most powerful nation should, in the long run, encourage better relations between Japan and Russia and between South Korea and Russia. This could involve encouraging energy exports from Russia to South Korea and Japan and encouraging a resolution of the dispute between Japan and Russia over the Kurile Islands. India's own Act East policy being pursued vigorously is an important dynamic that can play a positive role in shaping the new geo-political environment in East Asia.

These factors have been analyzed comprehensively and lucidly put together by Dr. Harinder Sekhon in a very timely and well-researched publication that examines multiple factors that are shaping the new strategic environment in East Asia.



**General NC Vij,**

PVSM, UYSM, AVSM (Retd)

**Director VIF**

Former Chief of the Army Staff &  
Founder Vice Chairman, NDMA

New Delhi  
September 2017



# Russia's Evolving Equations with the USA and China: Implications for India

## Introduction

This monograph seeks to understand the major shifts that are taking place in the global power structure established at the end of World War II in 1945 by examining the dynamics of the interaction between the United States (US), Russia and China and its impact on the global order. It looks at the different strategic interest of the big powers, identifies the extent of their influence and assesses their impact in Asia where power distribution between the principal actors is becoming more complex as they try to balance their core interests through regional alliances with emerging powers like India, Japan, Vietnam, South Korea and the Philippines.<sup>1</sup>What emerges is that while competition has intensified over the past decade among the US, Russia and China, and their respective agendas have generated some flash points, tensions, and direct responses, but for the most part they also continue to co-exist by forging tactical partnerships with each other.<sup>2</sup>

Till about the early 1990s the global structure remained unchanged and during much of the Cold War, it was dominated by the US. This global order also remained largely liberal mainly because it was established and managed by a hegemonic power that perceived an interest in a liberal international order.

## Changing Power Equations in East Asia

Since the turn of the new century, however, the old global order is under stress largely due to a perceived decline in US power. The present century seems to

be characterized by multiple and competing sources of global power. As China, India, Russia, Japan and other nations gain strength across various dimensions of power – political, military, economic and cultural – shifting patterns of major power dynamics have become more critical to the future of the international system. So the question arises, will the relative US decline and the ‘rise of the rest’ lead to the decaying of this established order? While American decline has often been exaggerated,<sup>3</sup> and the fate of the rising powers is far from certain, one cannot ignore the new ‘Great Game’ being played out in Asia among the US, Russia and China for global power and influence.

While there are plenty of predictions of other great powers rising, there are none that suggest the US will collapse. And short of that, what we are likely to witness are gradual rather than dramatic changes in the balance of power, and these will take a lot longer than two decades. Hence, the possibility of a new global order framed by another global hegemon is not very likely in the immediate future. As the balance of global power changes with the rise of new powers, creating challenges to American primacy in an increasingly interactive and interdependent world, America’s role as a balancer and conciliator will continue to remain indispensable in the evolving strategic environment. Political and security relations between China and Japan are tense, amid disputes in the South and East China seas. Concerns remain over a nuclearized North Korea, and the long-standing impasse on the Korean peninsula continues. In Southeast Asia internal insurgencies, separatist pressures and the fragility of democratic institutions (for example, in Thailand) continue to threaten regional stability. If any of these tensions were to escalate into military conflict, the economic and security implications might prove catastrophic, not just for the region but for the world.<sup>4</sup> The world therefore ‘needs an America that is economically vital, socially appealing, responsibly powerful, strategically deliberate, internationally respected, and historically enlightened in its global engagement in the New East.’<sup>5</sup>

Another possibility, more probable than the first, is the rise of several new powers such as China, India and Brazil who grow strong enough to share the

stage with the US, even if they do not necessarily match the US. But the current global order will become truly multipolar only if a number of new stable great powers rise, but the rise of great powers that will be stable and will play a responsible international role is difficult to predict. It is likely that we could witness the rise of a new power system that would be less global and more regional, dominated by regional hegemonies that are strong enough to control their immediate environs but who have insufficient capacity to act globally. Such a region-based international order might be damaging — because it could spell the end of global norms in both the economic and the security realms, raising an important question as to who would enforce nonproliferation or trading norms if no great power has the capacity to act globally? Consequently, these regional powers would need to look to the US to continue to shape the structure of global power <sup>6</sup> at least in the foreseeable future.

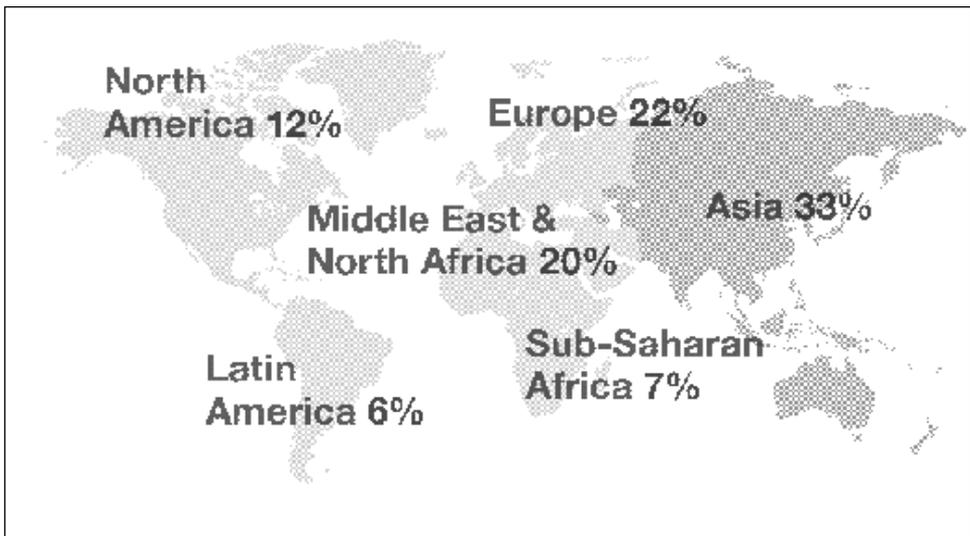
A survey of the emerging strategic dynamics in East Asia in realm of global power structures points towards a 'power sharing' approach. These are all reflections of a growing multi-polarity or a polycentric world. In the security realm, the US pivot or rebalance to Asia, merits attention. <sup>7</sup> Another significant contemporary element of the changing global power relations is the emergence of geopolitical and geo-economical groupings. Organizations such as the Group of 7 or Group of 8 cannot effectively decide for everyone like in the past, as they no longer represent the current system of power. The region is further characterized by a complex web of bilateral and plurilateral relationships and organizations of varying effectiveness and legitimacy. Some of these — such as the East Asia Summit (EAS) — have been built, especially since the Asian financial crisis of 1997–98, around the Association of Southeast Asian Nations (ASEAN), the longest standing Asian regional institution. Others, such as the Shanghai Cooperation Organization (SCO), reflect responses to the end of the Cold War (and China's attempt to establish, without US interference, more strategic space in areas it feels are of direct interest to itself). Meanwhile some of the plurilateral gatherings, such as the China–Japan–South Korea trilateral, or the US–Japan–India trilateral, are a response to economic and strategic factors. Some span the Pacific, most notably the Asia Pacific Economic Cooperation (APEC) forum, while the membership of others is contained within a more

narrowly defined East Asia. Notwithstanding the apparent capacity of many of these forums to address regional challenges, there is no analytical consensus on how successful such bodies are likely to be in preventing or mitigating conflict and promoting cooperation over the longer term<sup>8</sup>

### **Impact of Rising Geostrategic Competition on Different Regions<sup>9</sup>**

Momentous changes have taken place in East Asia in the post-Cold War era, which have a great impact on Chinese foreign policy and its relations with major powers in East Asia. China has achieved spectacular economic performance over the past two decades, sustaining high growth rates, which in turn has greatly increased China's influence in regional and global affairs fueling an intense geo-strategic competition in East Asia.

Despite speculation in some quarters about US decline, it should not be viewed in absolute terms. The US possesses inherent strengths and great influence, which give it the ability to do worthwhile work globally. US soft power remains enormous though investing more in tools like diplomacy and overseas information capability, would be well worthwhile. The world still looks to the US to assume a leadership role but this should be exercised more as a team



player and through partnerships and consultative leadership where possible, not from a 'sole super-power' perspective. For this strategic perspective and strategic patience are needed more than ever. The US needs to think long-term and build the right fundamentals through clearer guiding concepts, principles, strategic priorities and goals.

There is thus a need to look at and address the imbalance of the regional dynamic in the Asia Pacific which has become a major cause of disquiet in Washington: the US is the center of the security architecture in the Asia Pacific, whereas China is the largest economic player in Asia. The region also boasts a number of other influential players with their own interests: Japan, South Korea, ASEAN, and others serve as centers of economic and political activity. In addition, Russia is energetically developing its Asia policy, increasingly involved in energy and other economic projects in Asia Pacific and showing a keen interest in regional security affairs. India is similarly engaged.

### **Evolving Dynamics of US-Russia Relations**

Relations between Russia and the US, which reached their lowest ebb following Russia's annexation of Crimea in 2014, show no signs of a major improvement. In the summer of 2017, tensions flared up over Moscow's pulling out of a 'deconfliction'<sup>10</sup> agreement with Washington in Syria and prepared counter-sanctions against the US.' On June 22, 2017, the European Union (EU) voted to extend its sanctions on Russia for a further period of six months as the US Congress considers even harsher sanctions against Russia while the Federal Bureau of Investigation (FBI) investigates Kremlin's meddling in the 2016 US elections. Moscow countered by ordering a reduction of US diplomatic staff and seizing of US diplomatic compounds in Russia, inviting retaliation from the US.

There were some signs of a possible rapprochement between the two Cold War adversaries but the unpredictability in US-Russia relations has got further exacerbated with President Trump in the White House. During the campaign Donald Trump offered a radically new approach to American relations with

Russia, including the dropping of sanctions, disengagement from Ukraine, disregard for North Atlantic Treaty Organisation (NATO) and intensified cooperation against Islamist terrorism. Yet the Trump administration has had a bumpy start, dogged by investigations about collusion with the Kremlin. No 'reset 2.0' or 'Grand Bargain' has happened or seems likely. Moreover, Russia seems to have lost the monopoly in geopolitical unpredictability that had allowed it to take the initiative and to reject international rules both in Crimea and Syria.

What are the prospects now for US-Russia relations? Which areas for cooperation are still open: where will the benefits flow, and who will pay the costs? In a testimony to the US Senate Committee on 'Countering Russia: Further Assessing Options for Sanctions,' on 27 April 2017, former US Under Secretary of State for Political Affairs, Nicholas Burns labelled Russia "the most dangerous U.S. adversary in the world today." He further testified, "For more than a decade, Russian President Vladimir Putin has used the power of the Russian state to undermine American interests in Europe, the Middle East and now in the heart of our democratic system here in the U.S." <sup>11</sup>

Donald Trump's hopes of repairing relations with Moscow started to unravel even before any concrete steps towards a reset could be taken. Relations plummeted to a new low following US bombing of Daesh strongholds in Syria on 7 April 2017 in what Donald Trump described as "necessary retaliation for a chemical weapons attack that killed dozens of civilians, including children."<sup>12</sup> Fortunately, in July 2017, the two leaders met on the sidelines of the G 20 Summit in Hamburg. It was a positive meeting that went much beyond the stipulated time slotted. Putin and Trump had been due to talk for 30 minutes, but they spent two-hours-and-16 minutes discussing a ceasefire in southwest Syria, Ukraine, the fight against terrorism and cyber-security, in addition to other bilateral issues. Besides an assertive China that takes advantage of strains in US-Russia relations, the threat of a nuclear conflagration by North Korea creates a volatile political theatre in East Asia. Now is therefore a good time for Russia and the US to step back from any rhetoric of 'one-up-man-ship'

and work together to stabilize the dynamics and characters at play in the international arena regardless of matters that may be fundamentally at odds with each other's priorities and preferences.

On Russia, Trump maintained an open posture during his election campaign and even after, angering the American 'deep state' who continue to see Russia as the biggest geopolitical enemy of the US. The allegations of Russian interference in the presidential elections in favour of Trump and against the candidature of Hillary Clinton bugged the Trump campaign and continue to bug his presidency. This has become a huge political issue domestically, with legal ramifications. The US intelligence agencies appear to have engaged in leaks to the press to keep the issue politically alive, embarrass Trump and countering his declared intention to find some *modus vivendi* with Russia, at least in West Asia for combating the Islamic State (IS, or Daesh).<sup>13</sup>

Faced with enormous political pressures at home by diverse lobbies that want to erode his capacity to pursue his disruptive policies, and who believe he is unfit to be president and are not reconciled to the electoral verdict in his favor, Trump has had to change track on many issues and his own team has suffered many setbacks. His National Security Adviser (NSA), General Flynn, for instance, had to resign because of his contacts with Russia during the election campaign. The head of the Senate Intelligence Committee, Senator Nunes has had to recuse himself under pressure from chairing the Senate investigation into the Russian role in the presidential election. In August 2017, Stephen K. Bannon, the president's chief strategist and one of his most controversial advisers, was forced to exit the Trump administration after a tumultuous seven-month stint. It is widely believed that no US president can succeed in a confrontation with the intelligence agencies and their nexus with the mainstream media. Trump's defiance has been severely undermined as can be seen from the reversal of his position on several issues.

On Russia, many members of his cabinet have made discordant noises. The new NSA General McMaster views Russia as a hostile country and so does Defence Secretary Mattis and Vice-President Spence. Secretary of State Tillerson has

used strong language against Russia on the Ukraine issue and Crimea. The US ambassador to the United Nations (UN) Nikki Haley has been notably aggressive towards Russia. Early hopes that US-Russia relations that had sharply deteriorated under Obama might improve under Trump have been laid to rest by Trump's decision to launch cruise missile attacks against Syria. It is the first time that the US has intervened in a direct military offensive against the Assad regime, opening new uncertainties in the region and US-Russia relations. However, as various developments have heightened tensions between the US and Russia, 'fundamental changes in the military-technological landscape are offering both sides new opportunities' to together take de-escalatory steps that would mitigate various global threats.<sup>14</sup> It is in the interest of both to work towards a strategic *rapprochement* to defeat the Islamic State and prevent nuclear and missile proliferation by North Korea.

### US-China and the Asia-Pacific

China seeks to allay the fears of regional countries by organizing the APEC agenda around a 'series of initiatives to nurture regional economic growth and connectivity, long-term progress in these areas will not be possible if China continues to assert unilateral claims to international waters and airspace in the South and East China seas - and to back these claims up with the threat of force' by seeking to create 'a sphere of influence that erodes the security and sovereignty of Japan and other neighbours'. There is apprehension that in East Asia, China seeks 'to overturn the existing, pluralistic regional order and replace it with a Sino sphere imposed at least partly through force of arms',<sup>15</sup> as the US has been more occupied with developments in Ukraine and the Middle East. While those are serious issues that required immediate attention, the US must not lose sight of its long term and more serious challenge posed by a rising China in East Asia.

Strategic power plays in the Asia-Pacific region and the role of the two main players, the US and China, has emerged as one of the major drivers of international relations in the twenty first century. China's rapid economic

rise over the past two decades has 'made it possible for China to increase its military capacity and ramp up its political role in the region and beyond.' While China has been at pains to insist that its rise will be peaceful, and 'poses no threat to its neighbours or the existing international, political and economic order', its rising assertiveness, more visible since 2010, is a matter of concern and compelled the US to re orient its policy towards the Asia-Pacific. In November 2011, Obama attended the East Asia Summit in Bali, Indonesia, the first for a US President, signifying a major shift in US policy to protect its strategic interests in Asia. Also in November 2011, then US Secretary of State, Hillary Clinton published an article in Foreign Policy Journal titled, 'America's Pacific Century,' clearly laying out the importance America attaches to Asia-Pacific. She wrote: "*Harnessing Asia's growth and dynamism is central to American economic and strategic interests and a key priority for President Obama. Open markets in Asia provide the US with unprecedented opportunities for investment, trade, and access to cutting-edge technology. Our economic recovery at home will depend on exports and the ability of American firms to tap into the vast and growing consumer base of Asia. Strategically, maintaining peace and security across the Asia-Pacific is increasingly crucial to global progress, whether through defending freedom of navigation in the South China Sea, countering the proliferation efforts of North Korea, or ensuring transparency in the military activities of the region's key players.*"

This reaffirmation of its attention towards the Asia-Pacific led to a strategic pronouncement of US policy in the form of the 'pivot' or 'rebalance' to Asia. While this policy was not new and was mainly a continuation and expansion of policies already undertaken by previous US administrations, Obama's Doctrine had two distinct features. First, it was more comprehensive and included 'all the necessary components of a strategy, namely, military, political, economic and ideological.' The second feature of Obama's pivot strategy was that it extended the scope of Asia Pacific to include South Asia, particularly India, and linked the Pacific and Indian Oceans as one continuum in US grand strategy for Asia.<sup>16</sup>

The main objectives of the 'Asia Pivot' were:

- (a) Re-assertion of US interest in maintaining stability in the region through the prevention of regional conflict and flaring up of inter-state antagonisms.
- (b) Maintain security of the global commons, especially the sea-lanes through which more than 50% of global trade and 70% of ship-borne oil transits.
- (c) Create an enabling environment for further expansion of trade between the US and East Asia and among regional states through bilateral free-trade agreements and the facilitation of a Trans Pacific Partnership.
- (d) Though not explicitly stated, to keep a watch on Chinese activities and managing its role in the region by influencing the 'terms of its admission and full integration within those regional and international regimes where the US is still the dominant actor.'
- (e) To play the role of a benign and indispensable hegemon and thereby 'acquire the leverage necessary to influence regional actors and their choices.'<sup>17</sup>

The US hoped to achieve its aims through a three pronged policy of stepped up military deployment in Guam and Australia, trade and diplomacy. But the pivot's emphasis on making the US military presence in the region more flexible, and putting measures in place for its rapid deployment caused concern amongst the Chinese. While the US insists that its strategic rebalance only seeks to 'enhance regional stability for the benefit of all, rather than to contain or threaten China,' the Chinese see this move by the US as an attempt to maintain its 'hegemonic dominance, thwarting China's rise and keeping it vulnerable'. This has further exacerbated regional tensions in East Asia where China has been more aggressive in recent months while the US has been busy elsewhere. These tensions focus on the Korean peninsula, the Taiwan Strait and the South China Sea, and have an important maritime dimension, leading to a high probability of war in the region. Besides Japan, Vietnam and the Philippines too feel vulnerable and have joined the effort to draw American attention back to Asia-Pacific.<sup>18</sup>

Most countries view the US pivot strategy as more rhetoric than substance. Some nations feel there has been a significant change in US priority to Asia from the rebalance, though not necessarily much in the way of increased military presence, and that the signal sent in the region had been vital in reassuring some and, hopefully, deterring others. Others feel that there had been much less to it than meets the eye and that whatever steam it had originally has now dissipated (e.g. Obama's West Point speech had omitted it altogether). But there could also be an important gap between reality and perception — whatever the actual substance, it has been seen in some quarters, notably in Beijing, as an exercise in US hard power, and even provocative, and produced a counter-reaction accordingly.

At a time when friends and allies of the US were expressing doubts about its commitment to its re-balance strategy, former US Secretary of State, John Kerry sought to allay such fears and apprehensions. In a statement, he said, "The Asia Pacific is one of the most promising places on the planet, and America's future and security and prosperity are closely and increasingly linked to that region." Elaborating further, Kerry said, "President Obama's rebalance towards the Asia Pacific and the enormous value that we place on longstanding alliances with Japan, South Korea, Australia, Thailand, and the Philippines and our burgeoning relationships with ASEAN and countries in Southeast Asia<sup>19</sup> would be a priority."

Kerry outlined four main aspects of the rebalance strategy: First, the opportunity to create sustainable economic growth, which includes finalizing the Trans-Pacific Partnership, which should not be viewed through the narrow confines of a trade agreement but also as a strategic opportunity for the US and other Pacific nations to come together and prosper together. Second, powering a clean energy revolution that will help address climate change while simultaneously jump starting economies around the world. Third, reducing tensions and promoting regional cooperation by strengthening the institutions and reinforcing the norms those contribute to a rules-based, stable region. Fourth, create an environment that will empower people throughout the Asia Pacific to live with dignity, security, and opportunity.<sup>20</sup>

Following the election of Donald Trump earlier this year, there were fears about the US commitment to the rebalance and East Asian security. Throughout the presidential election campaign, Trump made a series of incendiary comments on the value of US alliances in the region – especially those with Japan and South Korea. Trump publicly called into question the amount of money that the US was spending to guarantee the security of allies in Asia and demanded that Seoul and Tokyo ‘pay to play’. These remarks were met with by concern and bewilderment in Japan and South Korea – two allies that already provide a large amount of host-nation support for US forces in their countries. In fact, Japan pays nearly 75 percent of direct costs involved in the hosting of US forces in its country. Trump also ruffled feathers in the region through his seemingly off-the-cuff suggestion that Japan and South Korea might eventually look at pursuing independent nuclear weapons capabilities in order to more adequately defend themselves in the region. The statement, which is contradictory to decades of US policy in the region including its non-proliferation commitment and extended deterrence pledges, raised concerns in Seoul and Tokyo that Washington might look to lift its ‘nuclear umbrella’ guarantee. Trump’s rhetoric further exposed deep uncertainties amongst US allies on the value of Washington’s word in the region and the credibility of its deterrent commitments.<sup>21</sup>

There is no doubt that US economic and political interests in the Asia-Pacific region are huge, and there is a demand for an increased US presence in, and strategic priority given to the region from many Asian countries. But the long-term question is whether the US has the will and the resources to keep up its effort against the background of the continuing rise of China and its own domestic compulsions. China has the potential to easily focus on dominating the region, without worrying too much about the rest of the world beyond its direct trade, investments and resource needs. The US would always have other priorities elsewhere and this is what worries many of China’s neighbours and why they are so hard to satisfy and reassure. Fortunately, over the past few months Trump has been able to assuage regional concerns by adopting a conventional policy towards East Asia. Huge sighs of relief emanated through

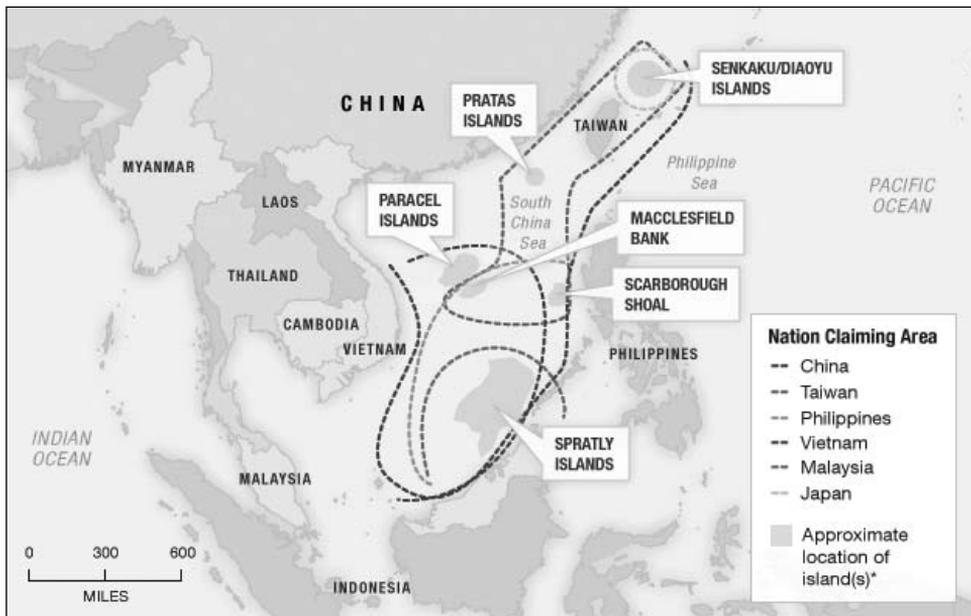
the corridors of power in Japan and South Korea as the two Asian countries were chosen as the destinations for the first overseas visit by a Trump Cabinet member in February 2017.<sup>22</sup> This has been sustained by equally high profile engagements with the region and more recently, US Secretary of State, Rex Tillerson left no room for doubt when he stated “The US will honor our treaty agreements with Japan without reservation, whether in times of peace or in the face of conflict. We will also cooperate to advance trilateral and multilateral security and defense cooperation with other partners in the region, notably the Republic of Korea, Australia, India, and other Southeast Asian countries.”<sup>23</sup> The Trump administration is equally committed to the Joint Strategic Vision for the Asia-Pacific and Indian Ocean regions that India signed with President Obama in January 2015.

Towards China, Trump has been especially contradictory in his manner. He was extremely harsh during the campaign, calling China a ‘currency manipulator’ and a country that stole American jobs. Soon after his inauguration, he also made a controversial telephone call to the President of Taiwan raising deep concerns in China. But soon after Trump and Chinese President Xi Jinping enjoyed an unusually cordial relationship since their first February meeting in Florida, with the US president describing Xi as a ‘terrific person’ with whom he had a ‘very good relationship.’ In exchange for Xi’s agreement to help restrain North Korea, the Trump administration also withdrew US pressure in other areas, including the South China Sea and also pledged to work together to resolve issues in the bilateral trade relationship, setting out a hundred-day window for resolution.

But this honeymoon was short lived. In a flurry of announcements during early July ‘US President Donald Trump’s administration has seemingly thrown its China policy into reverse, cooling relations between the two super powers.’ At the same time, the US also ‘finalized a \$1.4 billion arms sale to Taiwan, labeled China one of the world’s worst human traffickers and imposed sanctions on a Chinese bank for doing business with North Korea.’<sup>24</sup> While North Korea continues to carry out more sophisticated nuclear tests and tensions escalate

in the South China Sea, US-China cooperation is more important than ever for regional stability in the Asia-Pacific. However, a growing number of cyber disputes is challenging the relationship between the two major powers. How will these foreign policy issues in Asia be perceived and addressed by the Trump administration?

As the US continues to remain engaged with the region, and while China and the US are unlikely to be real friends and close allies for the foreseeable future, they could nevertheless work together closely on many issues, for example North Korea, climate and the environment, securing the global commons, etc. The US could view Chinese proposals for an inclusive economic agenda



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with a positive attitude as the alternative of constant competition and potential confrontation would be detrimental for everyone. According to the New York Times, “last month 51 top American business leaders, led by the US-China Business Council, urged Mr. Obama to make the conclusion of a bilateral investment treaty by 2016 a priority in his meetings with Mr. Xi.”<sup>25</sup> They propose that such a treaty would be beneficial for both countries. The US also needs to play a more positive role in improving the multilateral system, since ultimately a rules-based co-operative approach is in US interests as is a revitalized G-20.

The US should be bolder in its readiness to reform institutions, its own and the international ones. US consultative leadership is needed not only in the obvious political and economic areas, but on the major cross-cutting issues where progress remains so difficult, but equally important: climate change, cyber security, non-proliferation, macro imbalance. The rebalance to Asia remains vital, and should be pursued as a long-term goal. Helping respond to Chinese assertiveness in the region is necessary, but so is a co-operative US-China relationship. These are all challenging issues, as the US, has not been able to build a strong and dependable network of regional institutions and alliances in Asia as it has in Europe in the post-World War – II period. While the US should not hesitate to promote its values and principles, it has to ensure its own behaviour does not depart too much from those values and rules. To remain influential and relevant in the region, the US will have to naturally remain engaged with East Asian and South East Asian powers. But it will have to resist the temptation to claim for itself economic privileges, exemptions and political authority to act in an arbitrary manner just because it is the chief security provider. Ideas of US exceptionalism and lecturing others would need to be avoided while continuing with the effort to preserve a wide liberal, democratic base in the world.

The US referred to India as the ‘linchpin’ of its rebalance strategy; and by virtue of its own strategic and economic interests in the region, India cannot remain unmindful of developments taking place in East Asia. While India is

pragmatic and more inclined to safeguarding its national interest by following an interest-based policy rather than getting drawn into a strategic competition with China or become a security provider on behalf of the US, India will have to devise a long-term and effective strategy in order to emerge as a relevant player in East Asia. In recent months, India has strengthened its Look East Policy through bilateral and multilateral engagements with the smaller regional powers and ASEAN countries, thereby insulating itself from the risks of strategic competition or complicity between China and the US, but a sustained involvement with this region is required.

When Trump assumed office, India was not a priority country for him, if only because it was not the source of his concerns about issues on which he has wanted to reverse earlier US policies. We are not part of trade blocks which he feels were badly negotiated by the US and which he wants to revise or has repudiated. We are not the source of his concerns about Islamic radicalism and terrorism. We are not part of the refugee influx into the US that he has wanted to stem. India not being a military ally, we cannot be accused of not paying for our protection. <sup>26</sup>But there are issues on which bilaterally and more widely Trump's policies could affect India for better or for worse. If US-Russia relations were to improve India could be a beneficiary. In Russia a sentiment is growing that India is moving into the US camp, diluting in the process the geopolitical importance of formats such as the Russia-India-China dialogue, Brazil, Russia, India China South Africa Group, or BRICS, and the SCO. This perception is strengthened by the expanding India-US defence trade, seen in Russia as being at its expense. If Russia-US relations were to move into a positive phase, these Russian concerns would diminish. Russia's overtures to Pakistan seem to be motivated by a desire to develop a new leverage against India, besides signifying some alignment of its Pakistan policy with China. A worsening of US-Russia ties will make Russia increasingly suspicious of US intentions in the Afghanistan-Central Asian region aimed at exploiting radical Islamist ideology, including the IS, to destabilise Russia's periphery in the east. Such scenarios can only damage India's security by exposing us even more to radical Islam and terrorism. <sup>27</sup>

US and EU pressure on Russia has pushed it increasingly into the arms of China. Better US-Russia ties would prevent a still tighter Russia-China strategic embrace. Treating Russia as the principal geopolitical enemy is too trans-Atlantic a view, rooted in Cold War politics. The post-Cold War world has been marked by the decline of Russia and the spectacular rise of China. It is China, with its economic and financial muscle and increasing military strength that is threatening US power in Asia and even beyond. If the US loses its global hegemony, the process will start in the Asia-Pacific. China is already challenging US power in the western Pacific. It has reclaimed rocks and militarized artificial islands in the South China Sea under the nose of a formidable US military presence in this area represented by the seventh fleet, several military bases and thousands of US forces stationed in the region. China is threatening US allies like Japan, knowing America's treaty obligations to defend that country. It has succeeded in dividing ASEAN, even weaning the Philippines president away from the US despite Philippines obtaining satisfaction all points against China's claims in the South China Sea from the UN Convention on the Law of the Sea (UNCLOS) tribunal. China has begun to dominate Central Asia economically; it has strongly positioned itself in Iran taking advantage of US sanctions. Its geo-political commitment to Pakistan has increased manifold with the announcement of the China-Pakistan Economic Corridor (CPEC). With its One Belt One Road (OBOR) project China is expanding geopolitically across Asia, taking advantage of the vacuum created by the weakening of Russia and US failure to establish itself in the area because of differences with Russia, the decision to withdraw from Afghanistan, tensions with Iran and inability to shape developments in Central Asia.

### **Russia and the West - an Assessment**

Through its massive military intervention in Syria in September 2015 that took the world by surprise, Russia has signaled its return to the international arena as a major player and has shown its determination to protect its interests in West Asia, a vital part in the global power play. A major achievement for Moscow was that it managed to set up the foundations of military coordination

with Washington, Paris, Jordan, and Israel, thereby ending its international isolation that came after the annexation of Crimea in 2014. Russia also got a much-needed opening to showcase its latest weaponry and test its combat worthiness for the first time, giving it the opportunity to address shortcomings and glitches. Russian intervention has proven to be a game-changer in many ways, the foremost being that the manner, in which regime changes were hastily and arbitrarily executed in the past, would now hopefully come under closer international scrutiny. It has also paved the way for 'open and enhanced Iranian involvement in Syria' with its Islamic revolutionary Guards Corps providing better tactical and qualitative support to Syrian military commanders both with strategic planning and in direct battle.<sup>28</sup> And, most importantly for Moscow, the US felt compelled to work together as co-chair of the International Syria Support Group (ISSG) and hammer out a peace settlement to end hostilities in Syria. According to the Joint Statement<sup>29</sup> Moscow and Washington agreed to 'work together to exchange pertinent information,' such as up-to-date maps indicating which sides have agreed to the ceasefire, and where they are located. This will ensure that the parties who have confirmed their adherence to the terms of the ceasefire will not come under fire from either side. This way it is hope that firepower would get concentrated on Islamic State and other jihadists.

A Task Force, co-chaired by Moscow and Washington, was set up to 'promote compliance and rapidly de-escalate tensions,' serve as an arbiter to 'resolve allegations of non-compliance,' and refer 'persistent' truce-breakers to senior officials to 'determine appropriate action, including the exclusion of such parties from the arrangements of the cessation of hostilities.' A direct hotline was also established between Moscow and Washington to avoid internal squabbles and improve contact and communication within the Task Force. The statement also leaves a role for public institutions and journalists in keeping the peace, promising that the ceasefire 'will be monitored in an impartial and transparent manner and with broad media coverage.'<sup>30</sup> Moscow's image as a weak nation, withdrawn from the international arena underwent a change by this one bold, determined and swift move by Putin, which also signaled his ambition to now push back against international challenges and be more assertive in the future.

Moscow is becoming more and more aware that the US now increasingly needs Russia even though it may claim to be the sole remaining superpower. The fact of the matter is that the Americans may have a low opinion of the United Nations but the UN's stamp is still needed for assembling any credible coalitions while meeting challenges like Iran, Syria or North Korea; Iraq having shown the severe limitations of unilateralism. This means that the US has a constant requirement to get Russia on board. Russia's acquiescence at a minimum, and the necessity of its cooperation, has become a prerequisite for the US for effectively dealing with Syria or Iran or North Korea. On the other hand, any deliberately obstructionist role by Russia holds the potential of seriously complicating US diplomatic endeavours. There are growing signs that such an imperative has begun working on the US administration. Washington is acutely conscious that it is no longer possible to take Russia for granted as it did in the 1990s. But at the same time, curiously, the U.S. also remains uncertain what price, if any, it must pay for building up a working relationship with Moscow.

The result is that the US has ended up compartmentalizing its relations with Russia. There is tangible eagerness to cooperate on issues that are vital to American interests – terrorism, Iran, oil, Syria, nuclear non-proliferation—while at the same time allowing the overall climate of relationship to descend to acrimonious levels when it comes to issues such as Russia's relations with its Eurasian neighbours or freedom of expression and the rule of law within Russia under Putin's leadership.<sup>31</sup>

### **Russia's Pivot to the East**

After Russia was suspended from the G-8 in 2014 for annexing Crimea, Russia seems to have made strong moves away from its attempts to integrate with the West.<sup>32</sup> Before 2014, Russia and China had limited contact: two partnership agreements in 1994 and 1996, and a Treaty of Friendship and Cooperation in 2001. In 2012, a comprehensive Strategic Partnership of Cooperation was intended to provide the basis for ten years of relations. This, then, was

superseded by the 2014 agreement calling for a new stage in the Strategic Partnership of Cooperation. The Chinese President, Xi Jinping, has played a significant role in driving the intensification of bilateral relations.

The 2014 Strategic Partnership pushed through some highly publicized and high-profile deals – including a 40 year gas supply agreement between Gazprom and China National Petroleum Corporation (CNPC) stating plans to build a ‘Power of Siberia’ gas pipeline. Russia’s largest oil company, Rosneft, made financial deals with CNPC to supply oil up to \$500 billion yuan and 815 billion rubles. Over the last three years, trade between China and Russia has been steadily increasing, reported to reach \$80 billion by the end of the year. Last month, Putin participated in the ‘One Belt, One Road’ forum dedicated to regional integration and cooperation between Asian countries.<sup>33</sup> In 2016, trade between the two countries grew by 2.2 percent to \$69.5 billion, while in the first four months of 2017, bilateral trade totaled to \$24.73 billion.<sup>34</sup> The Russian Prime Minister, Medvedev, has stated that the two countries will make additional efforts to increase bilateral trade to \$200 billion in the next 3-7 years.<sup>35</sup> Preferential trade rules are being considered, while both sides are planning a joint Russia-China Venture Fund to develop trade and cooperation.

The Putin-Xi relationship has allowed for a broadening of bilateral relations beyond economic interests. The two countries have been engaged in political cooperation not only in the UN Security Council, but also the SCO and BRICS. ‘We have similar positions on major international issues or even, as diplomats say, our views are identical. We often have shared positions on key issues of the modern international agenda. We have very close humanitarian contacts, wide-ranging youth exchanges, educational and regional contacts, and all of them continue to develop. We are expanding and improving the infrastructure of our relations,’<sup>36</sup> Putin has said. Their ‘core interests’ include ‘strengthening close coordination in foreign policy’, while also advocating for reform of global financial and economic systems to adapt to the changing global economy. In this vein, the core political developments between the two countries have included the planned integration of the Chinese Belt Road Initiative (BRI) with

Russia's Eurasian Economic Union (EEU). At the Hangzhou G20 Summit in 2016, the China-Russia dialogue focused on 'rule of law' in promoting tax and legal concepts for enhanced investments, privatization, and providing state guarantees on finance for projects. The integration of the BRI with the EEU has played a key role in elevating the status of the SCO.<sup>37</sup>

China and Russia's defence and strategic interests have been a major feature of their relationship, claiming a mutual support for each other's security along with common defence concerns. In September 2016, the two countries carried out their largest ever joint maritime military exercise over eight days of naval drills in the South China Sea. Military cooperation between Russia and China has recently been focused on terrorism, separatism, and extremism within the framework of the SCO<sup>38</sup>. Sergei Shoigu, the Russian Defense Minister, presented the Chinese Defence Minister, Chang Wanquan, with a road map for bilateral military cooperation over a three year period. The meeting happened along an SCO summit in Astana, where representatives from China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan agreed to a two-year plan for military cooperation. This meeting also formalised India and Pakistan's membership to the SCO.

Despite these strengths, Chinese expansion into Central Asia and Eastern Europe appears to be a concern for Russia as both these regions are part of its periphery. Regardless of the strong emerging dynamic between the two countries, the disproportionate nature of the countries' economy and resources and the trade imbalance in China's favour, requires Russia to exercise caution against subservience and maintain strong relations with its other strategic allies. While building its relationship with China, Russia is wary of increased Chinese dominance in the geopolitical order. It has been reported that Russian nuclear experts have been reluctant to make cuts in nuclear weapons in its bilateral negotiations with the US, as China's nuclear arsenal is increasingly improving and the gap between the US and China's nuclear weapons is decreasing.<sup>39</sup>

To counter its dependence on China, Russia is building deeper connections with Vietnam and Japan to curb Chinese domination in East Asia and in the

former Soviet republics. It has been argued that Russia's ambitions to become a major player in East-Asia depends not only on its increasing partnership with China, but also on its ability and intent to balance China's power.<sup>40</sup> For example, Russia and Japan met in the Kremlin in April 2017 for their 17<sup>th</sup> bilateral meeting since 2013. Putin and President Abe signed 29 memorandums of understanding (MoUs), pledging to maintain their 'deal pipeline with projects including fisheries near the disputed Southern Kuril Islands, energy resource exploration, pharmaceuticals, and ecotourism. The meeting also highlighted the human aspect of Russia and Japan's relationship, with Moscow launching visa-free air travel for former Japanese inhabitants of the Southern Kurils in June 2017, when they would previously have to travel by sea to visit their family graves.<sup>41</sup>

Russian energy companies have also been expanding their cooperation with other countries in the South China Sea region, including Vietnam. At a joint press conference between Moscow and Vietnam late in June, the two leaders have agreed on \$10 billion in bilateral investment to strengthen commercial cooperation by 2020.<sup>42</sup> The investment will be utilised towards twenty priority projects, including a joint Vietnamese and Russian oil and gas enterprise, the construction of an industrial zone in Moscow and projects by the Vietnamese dairy group TH in some parts of Russia. Oil and gas will reportedly be the top priority for cooperation, with Vietsovpetro, a joint venture, accounting for a third of the crude oil extracted from Vietnam. In October 2016, the two countries signed a Vietnam-Eurasia Economic Union Free Trade Agreement to make sure to expand further cooperation in trade and investment.<sup>43</sup>

Russia's estrangement with the West following its annexation of Crimea in 2014 has had an interesting geopolitical outcome. While Russia has had very tenuous relations with China since the turn of the twenty-first century, these were not deep and were more in the nature of Moscow's 'marriage of convenience' with Beijing. But post-Ukraine this has turned into a deeper partnership that includes, besides energy cooperation and pipelines, collaboration in diverse areas spanning trade, infrastructure development and defence. Putin's vision of

Russia's integration into 'greater Europe' seems to be gradually getting replaced by 'a greater Asia' with the goal of building an economic corridor from Shanghai to St. Petersburg.<sup>44</sup> While Russia and China, along with India, have been a part of the regional RICs grouping, the new strengthened Russia and China bonhomie seems to signal greater competition with the US.

Russia and China signed a major 30-year energy deal worth \$ 400 billion in 2014 for the delivery of Russian oil and gas to China. The payments will be in local currencies not in dollars and both have started working towards this as in 2014 there was a nine-fold increase in bilateral trade in their respective national currencies between China and Russia over 2013. This indicates that Russia and China are carefully planning a long-term strategy of getting out of a cycle of dependency on the US currency, something that, as the US sanctions last year revealed make both countries vulnerable to the vagaries of US policy and currency.<sup>45</sup> China has also agreed with Russia to unify the new Silk Road high-speed rail project with Eurasian Economic Union. At the same time Beijing has announced it is creating a huge \$16 billion fund to develop gold mines along the rail route linking Russia and China and Central Asia. This suggests that there are plans to build up gold reserves as central bank reserve share.<sup>46</sup> Home to some of the world's largest natural gas and coal reserves, Central Asia has emerged as an important arena of both cooperation and power play between Russia and China.

While traditionally Central Asia deferred to Russian authority due to the region's inclusion in the Soviet Union, China has emerged as a new patron in recent years through new trade relations and investments. Kazakhstan and Turkmenistan are important players in Beijing's 'New Silk Road' project, an ambitious Chinese attempt to expand its presence and infrastructure across three continents. Russia is not comfortable with such developments and Moscow has ramped up efforts to secure its position as the region's leading strategic player. Russia has made concerted efforts to increase its military and security presence in the region and has been working with its allies to strengthen the Collective Security Treaty Organization (CSTO) while also strengthening

its own engagement with China in the SCO. In December 2014 President Putin signed the Federal law to ratify an earlier agreement of June 2009 for establishing a secret command system for the CSTO's collective security forces. The CSTO is also establishing a cyber warfare command to protect the alliance from potential cyber attacks. Simultaneously, Russia is also strengthening its own military infrastructure in the CSTO countries to protect them from attacks by NATO.<sup>47</sup>

In January 2015, President Vladimir Putin formally launched the EEU, comprising of Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan.<sup>48</sup> While Russia still possesses substantial hard power, in terms of economic clout, Beijing is widely perceived as having the upper hand due to the impact of Western sanctions and Russia's protracted recession. With China increasingly financing more Russian projects and companies due to Moscow's deteriorating economy, the bilateral relation balance seems to be tilting more towards Beijing.

The strengthening Russia-China relationship, including the increased flow of Russian defence supplies to China, in response to western pressures on Russia has implications for Indian interests. The growing entente between Russia and China is also a factor in Russian overtures to Pakistan, as both countries have been responsive to each other's interests and sensitivities as a result. Russian policies towards Afghanistan also seem to be undergoing an evolution not entirely aligned to Indian interest especially in view of China's recent border stand-off with India and its unwavering commitment to the OBOR project of which the CPEC is a part and which would link Central Asia more closely with Afghanistan and Pakistan. Pakistan's membership of the SCO along with India may encourage Russia to act as a broker between India and Pakistan in the context of geopolitical changes occurring in the region following China's Eurasian strategy.<sup>49</sup> This requires a profound and frank dialogue with Russia. We have to make sure Indian interests are not compromised because of these developments. Beyond that, to preserve our strategic autonomy and for a better balance in our international ties, we need to conserve our relationship with Russia that has been cemented by mutual confidence over decades.

There are indications that Russia would like to balance its growing dependence on China in the future by developing closer relationships with other Asian countries. It was assumed that since the most natural partners – Japan and South Korea – are US treaty allies, Russia will have to explore alternatives to reach out to the region and India was well placed to facilitate a dialogue between Putin with other East Asian countries. But Putin used the Sochi ASEAN Summit on May 19-20, 2016 to set the stage for forging stronger ties with the region by focusing more on geo-economic cooperation rather than geo-political coalitions. Moscow promised an uninterrupted supply of energy resources on a long-term basis to ASEAN besides exploring opportunities for collaboration on other mega projects, and has shown interest in building a 190 kilometer mass transport facility in Kalimantan, Indonesia, where the Russian Railway already has a contract to build a coal freight corridor. Indonesian President, Joko Widodo, led a high-powered business delegation to Russia when he went there to attend the ASEAN Summit in Sochi and a number of cooperative ventures are expected between the two countries as Indonesia seeks to modernize its infrastructure network and economy.<sup>50</sup>

Earlier, on May 6, 2016, Japanese Prime Minister Shinzo Abe and Russian President Vladimir Putin held an unofficial meeting at Sochi in a bid to defuse tensions between their two countries. This followed Abe's joint interview with Japan's Nikkei business daily and the Financial Times in January 2016 where he articulated his desire to bring Russia back into the G7 and said, "appropriate dialogue with Russia, appropriate dialogue with President Putin is very important."<sup>51</sup> Abe wants to play a bigger international role by facilitating a rapprochement between Russia and the West, especially the US with two main objectives: he sees Russia as an important power broker in West Asia and feels that Russia could play a constructive role both in Syria and Iran if handled with sensitivity and the second is the China factor and its influence on Russia that Western isolation imposes. Bilaterally, an energy-starved Japan seeks Liquid Natural Gas (LNG) and oil from Russia while Putin is keen to attract Japanese investment into Russia's underdeveloped eastern part. Both hope that geo-economic considerations would pave the way for a resolution on

their territorial disputes involving the Russian administered Kuril Islands that the Japanese claim as their Northern Territories. The two are scheduled to hold another bilateral meeting in September 2016 in Vladivostok.

Indications are that the refugee crisis and the threat posed by the Islamic State will compel Europe too begin 'positioning itself to enter into negotiations with Moscow over a new security arrangement for Europe, including conventional and nuclear force postures that minimizes the risks of new proxy wars on Russia's periphery and a direct military conflict between NATO and Russia.'<sup>52</sup> Fortunately, India is well positioned to play an active and positive role as it has good relations with multiple players. While India upgraded the strategic partnership with Russia into a special and privileged one, it also entered into special and global partnerships with others, including a formal Declaration of Friendship with the US at a time when the West is attempting to isolate Russia internationally. Indian foreign policy is capable of tackling such challenges and take steps that are necessary to safeguard its core interests through the pursuit of a more robust diplomacy that will involve sustained engagement with multiple players. But the time for India to act is now and it must not be seen as dithering as it did in the case of Iran in 2005-06 under pressure from the US.

### **India's Role in the New Power alignments**

Historically, India and Russia have had a strong diplomatic, political and strategic relationship. Nehru's visit to the Soviet Union in 1955, followed by visits by Khrushchev and Bulganin to India strengthened bilateral ties between the two countries. Decades later, Soviet diplomatic and resource support along with the establishment of the Indo-Soviet Treaty of Peace, Friendship and Cooperation, allowing India to successfully liberate Bangladesh in the 1971 war. During the Cold War, the Soviet Union was India's most reliable partner in several spheres of strategic and economic trade as well as industrial development. Since the fall of the Soviet Union in 1991, India's relationship with Russia has been a key part of its foreign policy. In particular, Annual Summits between the Indian PM and the Russian President have been a pillar of this relationship, with 18 meetings having taken place so far.

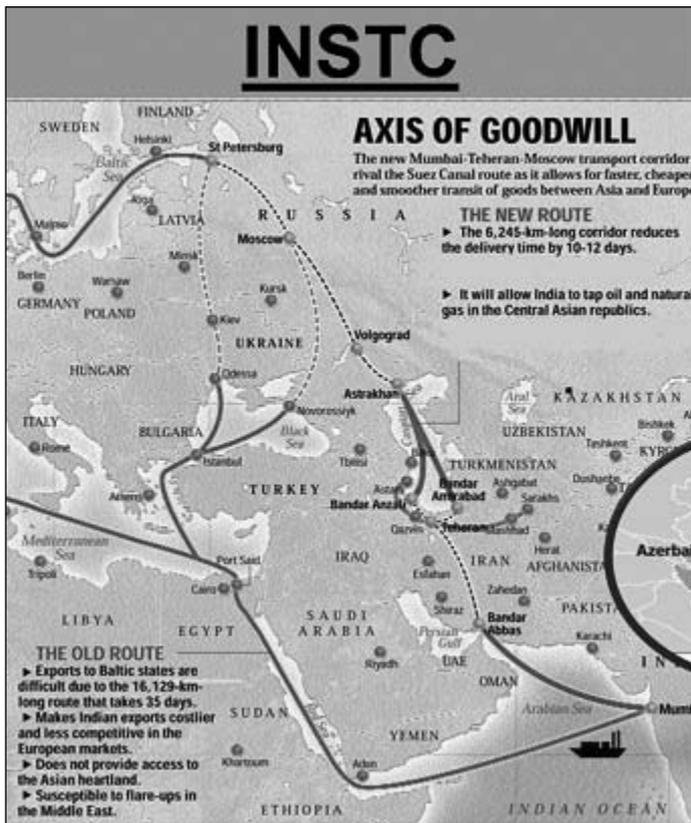
The 17th meeting occurred when President Putin visited Goa in October 2016, emerging with 19 documents including issues of defence, space, information security, foreign policy, trade and investment, hydrocarbons, shipbuilding, railways, and science and technology. Putin and Modi also signed two key defence pacts involving a 39,000 crore defence deal to attain Moscow's S 400 Triumph, providing a ballistic missile shield to India.<sup>53</sup> Russia is India's largest supplier of defence equipment, amounting to more than 70 percent of defence orders from India during 2011-2015<sup>54</sup>. Despite these positive aspects of the bilateral relationship in strategic, defence, and political spheres, trade and investment between the two countries has been less than satisfying, amounting to \$7.5 billion in 2016-17<sup>55</sup> – this low amount has partially been due to an information deficit about the capabilities of both countries.

Despite growing economic ties, India's relationship with China has been fraught by a history of border disputes and Chinese military incursions into Indian territory. India has been wary of China's relationship with Pakistan, while China continues to feel indignant at India's exploration in the South China Sea and its growing proximity to the US. In this context, Russia's growing relationship with China has led to a renewed focus by India to incentivize its relationship with Russia. It seems apparent, however, that Russia seems more inclined to support a multi-polar geopolitical world rather than a Chinese-dominated global order. While Russia did choose to participate in the OBOR summit with China in May, it has also supported the development of several ancient routes along the North-South International Transport Corridor (NSITC), which would link India with Russia and move further north through Iran. Russia might also feel challenged by Chinese economic expansion in former Soviet republics, being unable to match China's financial strength. Russian experts claim that despite its strong assertions of mutual benefit in arms trade with Beijing, Russia is keeping sight of its partner's strategic interests as well as its own. For example, Moscow reportedly refused to sell MiG-31 Foxhound interceptor and state-of-the-art Iskander missiles to China in order to keep from jeopardizing the security of India and Vietnam<sup>56</sup>. The 18<sup>th</sup> Annual Summit meeting this year referred to India and Russia setting up an 'energy corridor'<sup>57</sup>, which will hopefully lead to concrete and practical steps in this direction.

The joint vision statement emerging from the 18<sup>th</sup> Annual Summit in June 2017 at St Petersburg emphasized language on terrorism close to the Indian position, referred to the International North South Transport Corridor, energy corridors, and green corridor, agricultural collaboration, railways, defence cooperation, military exercises, and science and technology. In speaking of connectivity, the vision document stated that connectivity ought to be 'based on dialogue and consent of all parties concerned with due respect to sovereignty. The Russian and Indian sides being guided by the principles of transparency, sustainability and responsibility, reiterate their commitment to build effective infrastructure for the International North South Transport Corridor and implementation of the Green Corridor.'<sup>58</sup> In making this statement, Russia directly addressed and assured India's concerns that kept India from participating in the Belt Road Forum in Beijing.

### **India's East Asia Pivot – Relations with Japan and Vietnam**

The growing strategic partnership between India and Japan has emerged as one of the most important geopolitical developments of the twenty-first century. It began with Shinzo Abe's first, and very brief, term as the Prime Minister of Japan, where in his address to the Indian Parliament on 22 August 2007, Abe spoke of the 'Confluence of Two Seas'- a reference to their mutual security concerns in the Western Pacific and the Indian Ocean –calling for India and Japan to take the lead in forming a coalition with other like-minded nations to ensure the security of the Indo-Pacific.<sup>59</sup> Today, India and Japan engage closely in many areas including trade, investment, energy security, renewable energy, maritime security, peacekeeping, multilateral institutional reform, nuclear non-proliferation, besides focusing on the rise of China and its regional implications. Mutual security concerns and a desire to maintain a favourable strategic balance have largely been the drivers of closer India-Japan strategic ties in recent years. India and Japan call their friendship a 'special global strategic partnership', which includes defence cooperation, 2+2 Dialogues which is formal bilateral framework for dialogue between the Foreign and Defence Ministers of India and Japan, and even a trilateral dialogue on security cooperation that has been



(Source: [https://www.google.co.in/search?q=International+North+south+corridor&tbm=isch&imgil=hTapHtU\\_TKi0vM%253A%253BXnGaPyzJfmWX4M%253Bhttp%25253A%25252F%25252Fwww.railwaypro.com%25252Fwp%25252Fcentral-asian-countries-accelerate-the-construction-of-the-north-south-corridor%25252F&source=iu&pf=m&fir=hTapHtU\\_TKi0vM%253A%252CXnGaPyzJfmWX4M%252C\\_&usg=\\_\\_ZxzovPaE\\_Tp6o0MH33JQUmMws3I%3D&biw=1366&bih=612&ved=0ahUKEwjpr9uKqMfWAhUJvY8KHdVjBTAQYjcliwE&ei=wj7MWenPBon6vgTVx5WAAw#imgrc=ovE\\_zL6FHGE-2M:](https://www.google.co.in/search?q=International+North+south+corridor&tbm=isch&imgil=hTapHtU_TKi0vM%253A%253BXnGaPyzJfmWX4M%253Bhttp%25253A%25252F%25252Fwww.railwaypro.com%25252Fwp%25252Fcentral-asian-countries-accelerate-the-construction-of-the-north-south-corridor%25252F&source=iu&pf=m&fir=hTapHtU_TKi0vM%253A%252CXnGaPyzJfmWX4M%252C_&usg=__ZxzovPaE_Tp6o0MH33JQUmMws3I%3D&biw=1366&bih=612&ved=0ahUKEwjpr9uKqMfWAhUJvY8KHdVjBTAQYjcliwE&ei=wj7MWenPBon6vgTVx5WAAw#imgrc=ovE_zL6FHGE-2M:))

facilitated by the US as a conscious part of the latter's 'Asia Pivot' or Rebalance Strategy.

Japanese Prime Minister Shinzo Abe was in India for the 12th annual bilateral summit meeting between the two Prime Ministers on September 13 and 14, 2017, that saw the launch of Asia-Africa Growth Corridor (AAGC), an

initiative seen as providing an alternative to the OBOR initiative of China. AAGC is a development cooperation step envisaged to link the two continents, Asia and Africa. The agreement entails development and cooperation projects, quality infrastructure and institutional connectivity, enhancing capacities. This was the fourth Annual Summit between Prime Minister Modi and Prime Minister Abe. The two leaders reviewed the recent progress in the multifaceted cooperation between India and Japan under the framework of their 'Special Strategic and Global Partnership' and also set its future direction.<sup>60</sup> He and Modi also inaugurated the start of the \$17 billion high-speed rail project between Mumbai and Ahmedabad, and signed several agreements on strategic, financial and development cooperation.

### The Early Years

India and Japan established diplomatic relations in April 1952 and over the following six decades, developed a durable and stable partnership based on mutual cultural understanding, strengthened by their common appreciation of Buddhist values. This friendship however has until recently lacked strategic depth. During the early years, Indo-Japanese interests were limited primarily to bilateral trade and development assistance. This was largely due to the Cold War that engendered ideological differences between the two Asian democracies. Japan was under the security umbrella of the US that was formalized by a US-Japan mutual defence agreement in 1954. India as a leader of the Non-Aligned group of countries, regarded Japan as a 'client state' of the US. The increasing Cold War 'freeze' and Japan's growing dependence on the US and the 'West' for its post-war reconstruction needs saw India and Japan take opposing positions on a range of regional and global issues, especially during the 1971 Indo-Pak war and India's first nuclear test in 1974.<sup>61</sup> In reaction to India's nuclear tests, Japan toed the western line in censuring India's 'defiance' of the global nonproliferation regime while India maintained the 'rhetoric of non-alignment' in the face of western condemnation.

The changes in US foreign and security policies in Asia began with US President Nixon's announcement in Guam in 1969 of US withdrawal from

Vietnam. This was followed by efforts on the part of President Nixon to transform relations with China and take advantage of the adversarial Sino-Soviet relations. Earlier efforts did not yield favourable results due to Chinese reticence but efforts were renewed in September 1970 with Pakistan providing an important channel for Sino-American communication that led to Henry Kissinger's secret historic visit to China in July 1971 where he held secret talks with the Chinese premier Zhou Enlai. The Kissinger Diplomacy of 1971 and the resultant Nixon's rapprochement with China, created consternation and suspicion about US intentions amongst the Japanese. Though the US remained important for Tokyo, the latter's insecurity at the introduction of a new balance of power in South East Asia and its doubts about US commitment to its own security, demanded new responses and the need to diversify Japan's foreign policy through closer integration with its Asian neighbours.

In August 1977, during a visit to Manila, Japanese Prime Minister Takeo Fukuda gave a speech in which he announced the new principles that would guide his country's policy towards Southeast Asia. Those principles, famously known as the 'Fukuda Doctrine' and mentioned in the 'Diplomatic Bluebook for 1977'<sup>62</sup>, reiterated Japan's commitment to peace by rejecting the role of military power in the pursuit of its foreign relations. Japan henceforth also decided to consolidate its relations with its neighbours in South-East Asia through dialogue and initiating confidence building measures as a means to greater integration with the region, thereby ushering in an era of peace and prosperity based on mutual trust. The engagement with South-East Asia was soon extended to other parts of the Continent and more especially, India.<sup>63</sup> The Fukuda Doctrine was in essence a geo-economic policy through which Japan sought to emerge as an important political player in the broader region. This resolve to seek closer ties with Asian countries led to the first foreign minister level talks between India and Japan in 1978 that began with a view to boost bilateral trade and investment.<sup>64</sup> The focus of India-Japan relations remained largely centered on economics. A first significant joint venture agreement was signed in 1982 between an Indian company and a Japanese company, the Suzuki Motor Corporation. The 1980's saw increasing cooperation between India

and Japan in the economic and cultural spheres and in 1983 Prime Minister Yasuhiro Nakasone became the first Japanese premier in two decades to visit India. His visit was reciprocated by Indian Prime Minister Rajiv Gandhi in 1984 and then again in 1988 during which he attended the first ever Festival of India organized by the Government of Japan.<sup>65</sup> But the relationship was not free of constraints. Both partners failed to agree on global security matters and the Japanese remained frustrated about India's Soviet inspired socialist economic development pattern and tardy infrastructure facilities for Japanese investment.

Change was on the horizon though. The end of the Cold War saw a large number of Asian nations embark upon policies that led to a major transformation in their economic and security orientations as they no longer felt inhibited by the constraints of the Cold War power blocs. Security began to be viewed in terms of non-military factors like 'trade, resources, technology transfer, investment, energy and environment'<sup>66</sup> with an emphasis on securing maritime trade routes rather than dependence on pure military power. India too was inspired by the changes sweeping through the rest of Asia and decided to embark upon an ambitious policy of economic modernization to overcome its precarious economic condition. While India was on the verge of an economic collapse in the early 1990s fueled largely by its outdated socialist policies, and hastened by the 1990-91 Gulf War as well as the collapse of the Soviet Union, Japan had made impressive economic strides during the same period despite a prolonged period of recession and maintained an impressive share in the global GNP and global trade. It also emerged as a major donor of development aid to the Asian countries that gave it tremendous clout in international financial bodies like the World Bank, the International Monetary Fund and the Asian Development Bank and consequently an important voice in international affairs.<sup>67</sup> Japan was therefore naturally identified by the Government of India as one of the most important source of both investment and technology.<sup>68</sup>

The transformation in India's economy was also accompanied by important foreign policy developments. In 1992, India initiated a Look East Policy in which intended to increase India's economic engagement with East Asia

especially the ASEAN countries. India also sought to project itself as a regional power through greater political heft in East Asia by adopting a more vigorous international profile in keeping with the forces of globalization that were beginning to come into play with the emergence of the region as a major centre of economic growth. India soon realized that its interests in East Asia would be best served by fostering close economic and strategic ties with Japan and South Korea and even engaging with China to counter any possible threat from that quarter posed by China's rise.

Then Indian Prime Minister Narasimha Rao visited Japan in June 1992 as part of his 'eastern drive' policy. During the visit, Rao and his Japanese counterpart, Kiichi Miyazawa, recognized that that the new emerging world post-Cold War order provided them with a unique opportunity to deepen their bilateral relationship. The two leaders decided to collaborate more closely in the realm of international relations and make their combined efforts a major pillar of future India- Japan cooperation and work together towards establishing deeper technological, commercial and investment ties.<sup>69</sup> Through its new economic policy adopted in 1991, the Government of India sought to alleviate poverty through economic reforms and by ramping up industrial and agricultural production by upgrading infrastructure in key sectors like power, transport and highways, irrigation and water supply, sewerage, sanitation and health. Japan, as an advanced industrialized nation with a liberal aid policy became a natural choice for enhanced engagement and technical collaboration. At the same time, India was also making inroads into deeper political and economic integration into its Eastern neighbourhood. Through sustained efforts and engagement, India became a full dialogue partner of ASEAN in 1994 and joined the ASEAN Regional Forum (ARF) in 1996 which formalized India's integration in the multilateral East Asian security 'super complex' – with twenty-seven members, considered the most important security forum in the Asia-Pacific with great strategic significance.

While Japan was instrumental in India's inclusion in the East Asian regional groupings, India-Japan relations once again hit a roadblock following India's nuclear tests in May 1998. The Japanese reaction to the Indian nuclear tests was 'surprisingly swift and exceptionally harsh.'<sup>70</sup> Tokyo suspended its Official

Development Assistance to India and Japanese business houses withheld their investments in India for about three years due to US led sanctions that were imposed on India. Japan not only suspended its economic aid to India, it also spearheaded an international campaign against India at various important international fora, especially at the G-8 Summit that was held in Birmingham in May 1998, the Conference on Disarmament, Geneva (June 1998), the UN Security Council (UNSC) in June 1998 where it tabled what later became the UNSC Resolution 1172 exhorting both India and Pakistan 'not to assemble or deploy nuclear devices, cease development of ballistic missiles, and immediately and unconditionally sign the Nuclear Non-Proliferation Treaty (NP )and Comprehensive Test Ban Treaty (CTBT).'<sup>71</sup> Interestingly, Japan tabled a very stringent and strongly worded draft in the United Nations that called for finding mutually acceptable solutions to outstanding disputes, including Kashmir, which still remains a highly sensitive issue for India. Japan followed up its actions in the UN by issuing an appeal to the P-5 countries in Geneva not to recognize India and Pakistan as bonafide nuclear weapon states. Sanctions were imposed on both countries as a corollary to their nuclear tests in 1998.

However, India's new economic policy and the economic reforms initiated in 1991 had provided tremendous opportunity to Japanese investments to enter the country and the big names of Japanese industry – Toyota, Honda, Sony, Mitsubishi, Matsushita, Fujitsu, YKK – and also Japanese banks, insurance and securities companies, all made an entry into India. These had sampled the benefits of doing business with India. and were soon attracted back for commercial opportunities that existed in India. At the political level too, Japan had shed its Cold War reticence and India's engagement with ASEAN kept up the momentum between the two to discuss various political and security issues, including a possible bilateral security dialogue. <sup>72</sup> Reciprocal visits by the naval chiefs of both countries in 1997-98 'broke new ground' and Prime Minister Yoshiro Mori undertook an official visit to India in August 2000 which redefined the contours of the bilateral partnership between the two Asian nations by adding a distinct global geopolitical dimension to their friendship.

## Strategic Dimensions in the Current Century

Intriguingly, the US has played a pivotal role in fostering Indo-Japan ties. The cue for improved India-Japan relations seems to have actually come from the historic March 2000 visit of US President Bill Clinton to India that ended a two year period of US sanctions against India. The visit also marked the beginning of America's rapprochement with New Delhi, thereby culminating decades of Cold War estrangement. Beginning with Japanese Prime Minister Mori's visit to India from August 21 to 25, 2000, there has been no looking back for either India or Japan. In July 2001, the first comprehensive bilateral security dialogue was held in Tokyo to discuss defence and security policies, the Asian security environment and nuclear non-proliferation. This led to greater military-to-military cooperation between the two countries, including Japan's participation in the International Fleet Review held in Mumbai in February 2001, which in turn was followed by the visit of a Japanese maritime Self-Defence Force squadron to Chennai in May 2001.<sup>73</sup> Such exchanges, especially in the maritime domain, have been taking place regularly since then, with the most recent trilateral US-India-Japan Malabar exercise in October 2015.

Since the turn of the century, India and Japan have endeavoured to take their bilateral relationship to a 'qualitatively new level'. India-Japan relations have continued to make steady progress under successive leaders. Indian Prime Minister Atal Bihari Vajpayee made a historic visit to Japan in December 2001 and in their joint communiqué of December 10, 2001, Japanese Prime Minister Junichiro Koizumi and his Indian counterpart reiterated that it was in the mutual interest of both India and Japan to strengthen bilateral cooperation through sustained dialogue as the two countries together had the potential to become a positive force for the maintenance of regional peace and stability. The scope of India-Japan dialogue had been expanded earlier that year to include India-Japan Comprehensive Security Dialogue and India-Japan Military-to-Military Consultations, both of which were held in July 2001. During their December 2001 meeting both leaders decided to convert the Comprehensive Security Dialogue into an annual dialogue that would include not just military-

to-military consultations between the two countries but would also discuss the entire range of issues of common concern including establishing a framework for a dialogue on counter terror cooperation, as well as disarmament and non-proliferation.<sup>74</sup>

The visit of Japanese Prime Minister Koizumi to India in 2005 was a landmark one as it launched the tradition of an Indo-Japan annual bilateral summit at prime ministerial level, hosted alternatively in Japan and India. At the same time, both agreed to transform their partnership into an elaborate, three-tier framework– bilateral, regional and global. At the regional level the aim was to promote peace and security in Asia through maritime cooperation. At the global level, cooperation was envisaged in diverse areas like environment, energy, disarmament, non-proliferation and security. Since then, ten annual summit meetings have been held between the prime ministers of the two countries.<sup>75</sup>The full potential of India-Japan global partnership was reached in April 2005 during the Summit level meeting between Japanese Prime Minister Mr. Junichiro Koizumi and his Indian counterpart, Dr. Manmohan Singh in New Delhi. The two leaders decided on an Eight-fold Initiative for cooperation in eight key areas, namely: (i) enhanced and upgraded dialogue architecture, including strengthening of the momentum of high-level exchanges, launching of a High Level Strategic Dialogue and full utilization of the existing dialogue mechanisms; (ii) comprehensive economic engagement, through expansion of trade in goods and services, investment flows and other areas of economic cooperation, and exploration of a Japan-India economic partnership agreement; (iii) enhanced security dialogue and cooperation; (iv) Science and Technology Initiative; (v) cultural and academic initiatives and strengthening of people-to-people contacts to raise the visibility and profile of one country in the other; (vi) cooperation in ushering a new Asian era; (vii) cooperation in the United Nations and other international organizations, including cooperation for the early realization of U.N. reforms, particularly Security Council reform; and (viii) cooperation in responding to global challenges and opportunities.<sup>76</sup>

The most perceptible change in India-Japan relations however occurred during Shinzo Abe's first tenure as Prime Minister in 2006-2007 and his August 2007 visit to India where he made his famous "*Confluence of the Two Seas*" speech referred to earlier in this chapter. During his brief stint in office of just one year, Prime Minister Abe took certain perceived bold measures to make Japan's security and foreign policy more proactive besides proposing in early 2007 a value-based quadrilateral security dialogue between the USA, Australia, Japan and India in a bid to strengthen Asian security.<sup>77</sup> The four countries met in Manila in May 2007 on the sidelines of the ARF security meeting and shortly thereafter, Japan, India and the US conducted naval exercises in the South China Sea amid strong protests by China. Although the Quad initiative failed due to caution on the part of Australia, the US and even India; Abe succeeded to shore up Japan's security profile in Asia while India-Japan relations made significant strides.

Despite political instability in Japan that saw quick change of governments, successive Prime Ministers retained their India focus and expanded the scope of dialogue to include the subject of civil nuclear cooperation in 2010 even though it had remained a controversial and emotive subject within Japan due to its own catastrophic experience during World War - II. In 2011, Japan and India also concluded a Comprehensive Economic Partnership Agreement (CEPA), negotiations on which had been initiated in 2006. The CEPA with Japan was India's third such trade agreement in the region, having earlier signed similar agreements with Singapore and South Korea. The CEPA with Japan intended to bring almost 90% of bilateral trade between India and Japan under its ambit besides integrating allied areas like services, investment, customs, and other bilateral economic issues.<sup>78</sup>

## The Current Environment

### *Security*

A number of factors have contributed to the evolution of the foreign and security policies of both India and Japan. Indo-Japan ties have undergone major shifts

from the initial cordial relations of the early 1940s, to the subsequent 'freeze' of the Cold War, to the present bonhomie based on deep trust, convergence of interests and cooperation at many levels. While the evolving geopolitical realities shaped largely by China's rise and its assertive posturing may be the most commonly cited reason for the rapprochement between India and Japan, this partnership is too diverse to be viewed entirely through the prism of China's rise. Security is just one dimension of this friendship. Economics and common values are what that give strength to the special bond between India and Japan.

Diplomatic ties between India and Japan that have seen an upswing over the past two decades are slated to assume even greater significance in the coming years. While Prime Minister Mori and Prime Minister Vajpayee laid the foundations for a robust partnership between India and Japan in August 2000, many factors have subsequently deepened the bilateral strategic partnership. The main reason has been the changing strategic balance of power in Asia-Pacific due to China's rise and domestic economic challenges that have bound both India and Japan to examine ways of fostering economic interdependence through bilateral and multilateral trade security agreements.

Japan has steadily come to occupy a significant place in India's foreign policy, its economic calculus and is one of the main pillars of India's Look East Policy. The great bonhomie between current Prime Ministers Modi Abe is well known. As Chief Minister of Gujarat, Modi had traveled to Delhi to specially meet Abe during the latter's 2007 official state visit to India. On becoming Prime Minister in 2014, Japan became Modi's first visit outside India's immediate neighbourhood. The personal chemistry between Modi and Abe has been a catalyst in establishing a new era in Indo-Japanese relations. Critical areas where the interests of the two countries converge beyond the economy include education, science and technology, as well as security: maritime security, proliferation of nuclear weapons, cyber security and space cooperation. In their Joint Statement<sup>79</sup> in September 2014, the two Prime Ministers pledged to take the India - Japan Strategic and Global Partnership to the next level - a Special

Strategic and Global Partnership, recognizing that a new era in India - Japan relations has begun.

During the meeting, a number of economic initiatives were outlined,<sup>80</sup> but, given the security architecture in the Asia, defence and security matters unsurprisingly received more attention. Defence cooperation between India and Japan today is at the strongest it has ever been. Trilateral Japan-India-US Malabar exercises and the Okinawa exercises between India, Japan and the US along with Singapore and Australia have further strengthened bilateral ties. Bilaterally, the recent developments in Japan's policy on transfer of defence equipment and technology are a positive outcome. This fits in with India's own 'Make in India' policy announced by Modi. Large scope exists in joint production, cyber security and the maritime domain – where the Indian Navy is in need of urgent modernization and Japan has the expertise in shipbuilding. Talks are at an advanced stage in the India-Japan Joint Working Group<sup>81</sup> as regards cooperation on US-2 amphibian aircraft and its technology, and if this happens, it would mark Japan's first overseas military sale in nearly 50 years.

The Tokyo Declaration issued during Modi's visit to Japan in September 2014 speaks of the prime ministers of India and Japan engaging “with other countries in the region and beyond to address the region's challenges...” which no doubt points to Australia. This thinking is further reinforced by the reference in the Declaration to the official trilateral dialogue between India, Japan and the US leading ‘to concrete and demonstrable projects to advance their shared interests and that of other partners’, which also points to Australia. The willingness expressed in the declaration to explore the possibility of expanding ‘at an appropriate time, their consultations to other countries in the region’ suggests a revival of a Quadrilateral Plus dialogue with Australia, Vietnam and others as participants.

### *Economy*

While the recent India-Japan bilateral discussions have focused more on defence and security issues, Modi has also sought increased investment from Japan, which is India's fourth largest foreign direct investor. The Indian Prime

Minister invited Japanese attention to stepping up cooperation in infrastructure development in India an increasingly critical area. India has over the years realized the benefits of foreign investment, trade, and economic integration, and a development oriented Indian Prime Minister has taken definitive steps to not just 'Look East' but 'Act East' by following a more vigorous policy to improve economic and strategic relations with Southeast Asia, Japan, and even China. According to Sheila Smith, Senior Fellow at the Council on Foreign Relations, the main purpose behind Modi's visit to Tokyo was to convey to Japanese businesses his intentions to rectify India's regulatory and tax complications that have long hindered foreign direct investment, and in particular plagued the Japanese business community.<sup>82</sup> The challenge now is for Modi to overcome domestic bureaucratic constraints and move forward on the vision he has articulated for India's growth.

The task is not easy and Modi now must walk the talk and implement the steps that will simultaneously revive India's economic fortunes and bolster its defence preparedness, through the strengthening of strategic partnerships in East Asia with like-minded states to promote regional stability and prevent the rise of a China dominated regional geopolitical framework. Modi's vision dovetails very nicely with Abe's own vision for Japan, his Abenomics, his soft nationalism and his desire to create a secure environment for Japan through the formation of an interlocking web of strategic partnerships with Asian democracies.<sup>83</sup>

Trade links between India and Japan grew due to common underlying facets, referred to as the three 'Ds' – Democracy, Demography and Demand. But a lot more needs to be done in this sphere for trade to grow further.<sup>84</sup> For Japan and India, Asia's second and third largest economies respectively, a bilateral trade figure of merely \$15.52 billion in 2014-15 <sup>85</sup> is inadequate and both have a lot of ground to cover, considering that Japan is an important FDI investor in India. But in the past couple of years, owing to India's economic slump and policy paralysis at the political level, Japanese investments in India tapered off. Resultantly, Japanese firms have invested more in newer emerging markets like Vietnam and Indonesia.<sup>86</sup> But it is hoped this will change, as there are complementarities between the economic and security interests of both

countries. Modi and Abe, with their respective 'Modinomics' and 'Abenomics', are both equally committed to economic growth. Like Modi, Abe also gives priority to economic issues and is under pressure to deliver on the economic front and ensure that the country comes out of recession. Abe is of the opinion that in the long run it would be to Japan's advantage if it were fully integrated into an Asian multilateral trade facilitation channel. India, too, faces similar predicaments at bilateral and multilateral trade fora like the WTO and efforts by the US to get it to agree to a Bilateral Investment Treaty.

The India-Japan partnership has great potential in areas of infrastructure, manufacturing and high technology, including advanced transportation systems, civil nuclear energy, solar power generation, space, biotechnology, rare earths and advanced materials. Both sides are seeking a synergy between India's 'Act East' policy and Japan's 'Partnership for Quality Infrastructure', that could help develop connectivity within India and between India and other countries in the region. The Japan-India Memorandum of Cooperation on the hi-speed rail system (the Shinkansen system) on the Mumbai-Ahmedabad route and the highly concessional yen loan Japan has offered is path breaking. Japan will extend Official Development Assistance (ODA) loans for the metro projects both in Chennai and Ahmedabad, as well as for the improvement of road network connectivity in northeastern states of India. The ODA figure for Financial Year 2015 would be 400 billion yen, the highest ever accorded to India.<sup>87</sup> Other infrastructure projects include the Western dedicated Freight Corridor, modernization of ship recycling yards in Gujarat, the Mumbai trans-harbour link, the Tuticorin outer harbour project, Ganga rejuvenation project, horticulture and irrigation projects in Jharkand, etc. The list is long and also includes implementing Industrial Townships in India on the same lines as those in Japan.

### *Strategic*

A slew of agreements were signed between Prime Minister Narendra Modi and his Japanese counterpart, Shinzo Abe during their last annual summit meeting in New Delhi in December 2015. A very comprehensive Joint Statement, *Japan-*

*India Vision 2025 Special Strategic and Global Partnership Document* issued on December 12 has laid out a vision for comprehensive cooperation on a wide range of issues, the four important ones being enhanced defence cooperation, envisaging civil nuclear cooperation, securing the global commons and tackling threats in the Asia-Pacific and South China Sea by jointly working on a vision for peace and stability in that region.

This is a land mark agreement as the nuclear issue has seriously divided India and Japan in the past, with Japan following the US lead in sanctioning India on the technology front, and even being more restrictive than the US. The nuclear agreement signed by Prime Minister Modi and Abe during the latter's December 2015 visit to India was its most important strategic outcome. Even after the Nuclear Suppliers Group exemption accorded to India, the India-US nuclear deal, normalization of India-Canada nuclear ties and those between India and Australia; Japan has been reticent about a nuclear deal with India. However, the context and global environment have largely changed. In December 2015 the two Prime Ministers sealed the nuclear negotiations in Delhi, the text of which has been negotiated and the issues of concern to Japan resolved within the template of similar agreements with the US, Canada and Australia.<sup>88</sup> The legal and technical work that remains to be done essentially relates to approval of the Japanese Diet, with the timing of it dictated by domestic considerations.

Stronger India-Japan defence ties are envisaged with the signing of two defence related agreements during Abe's visit, to New Delhi in December 2015, one relating dealing with to the Transfer of Defence Equipment and Technology and the other on Security Measures for the Protection of Classified Military Information. These are foundational agreements essential for building a defence partnership. Given that Japan's defence policies are heavily conditioned by the legacy of its war time role and political resistance within Japan to Abe's move to bring about constitutional changes to permit a more expansive Japanese role in defence matters, these agreements with India are politically significant, even if actual progress in defence technology cooperation, co-development and co-production is likely to be slow. In the immediate term, a decision has still to be taken by India on the US-2 amphibian aircraft being offered by Japan, on

which no tangible progress was made during Abe's visit. The two leaders have however recognized the importance of effective national export control systems and Japan has welcomed India's intensified engagement with export control regimes.<sup>89</sup>

There is plenty that binds the leaders of Asia's two most prominent democracies together. Besides their common economic objectives and goals, both India and Japan, through greater strategic cooperation, are seeking to evolve an effective yet peaceful strategy to counter an increasingly assertive China in the region. The China factor further incentivizes India and Japan to cooperate in many ways and according to Modi, 'write a new chapter' in India-Japan relations, while Abe said that their bilateral ties hold the 'most potential in the world.' Both leaders have displayed political sagacity and a strategic vision to create a strong partnership and it is in the mutual interest of both countries to build upon this promising start.

### *Asia-Pacific*

On September 29, 2015 US Secretary of State John Kerry hosted the inaugural US-India-Japan Trilateral Ministerial dialogue with Indian External Affairs Minister Sushma Swaraj and Japanese Foreign Minister Fumio Kishida on the sidelines of the 70th United Nations General Assembly in New York. Representing a quarter of the world's population and economic production power, the three countries highlighted their shared support for peace, democracy, prosperity, and a rules-based international order.<sup>90</sup>

The US rebalance to the Asia-Pacific under the Obama administration, India's new Act East Policy under Prime Minister Narendra Modi, and Japan's reinvigorated role as a 'proactive contributor to peace' under its premier Shinzo Abe, have all been powerful indicators of the importance these players attach to the region. All three props of the triangle have also been strengthened recently, with positive momentum seen in U.S.-India, U.S.-Japan and India-Japan ties over the past year.<sup>91</sup> For India, the Look East policy has been a cornerstone of its foreign policy initiatives since the 1990's when it embarked on its economic

transformation. Since then India has been stepping up its engagement with ASEAN and is now recognized as an important economic, political and security player. India's aspirations to be a global player in the international arena combined with increasing Chinese assertiveness in the South China Sea make it necessary for India to play a more involved role in East Asian geopolitics to safeguard its economic and security interests.<sup>92</sup> India's Look East policy has therefore become Act East. As India readjusts and revitalizes its Look East Policy, along with the other Indo-Pacific nations it has begun to form the nucleus of middle power coalition building in a region where it has core strategic and economic interests. Areas of cooperation include security dialogues, intelligence exchanges, military capacity building, technology sharing, maritime cooperation and joint naval exercises, agenda setting for regional forums and coordinated diplomatic initiatives.

Disregarding Chinese sensitivities, both leaders have decided to forcefully pursue their objectives together in the Asia-Pacific in order to safeguard their national security and economic interests. Japan and India have apprehensions about China's new regional vision for Asia whereby China is seeking to impose a Sino-centric economic concept through such apparatuses like the Asian Infrastructure Investment Bank, the Regional Comprehensive Economic Partnership and, the most inclusive of them all, the One Belt One Road initiative that causes consternation amongst its smaller regional neighbours.. With China's increasingly aggressive posturing in the East and South China Seas, Modi and Abe have underscored the importance of international laws including the UNCLOS for the peaceful resolution of disputes to safeguard freedom of navigation, airspace, and unimpeded lawful commerce in international waters. They have further reiterated the importance of maintaining the sanctity of the sea-lanes of communication in the South China Sea as they are critical for regional energy security and trade.

India and Japan also realize that by themselves they cannot ensure peace in the Indo-Pacific region as they lack the military means as well as the political capacity to do so. As a global power, the US is present in the Indian Ocean as well as the Pacific, and US power is therefore an indispensable element in

countering threats to peace in the Indo-Pacific. If China has a growing capacity to disturb the peace and stability of the Indo-Pacific region, the US, along with India and Japan, has the power to thwart this threat. China's sensitivities have had in the past made us India circumspect in taking a position on South China Sea issues. But China's policies in India's neighbourhood, especially its deepening strategic commitment to Pakistan as signaled by the China Pakistan Economic Corridor through Pakistan Occupied Kashmir, even as China engages India, has removed some of India's earlier inhibitions to some extent.<sup>93</sup> As part of the expanding India-Japan defence association, Japan will continue to participate regularly in the India-US Malabar exercises in order to 'help create stronger capabilities to deal with maritime challenges in the Indo-Pacific region', a candidly expressed rationale for this decision. To further develop dialogue and exchanges in the security and defence fields, the full utilization of '2+2 Dialogue', Defence Policy Dialogue, Military-to-Military Talks, Coast Guard to Coast Guard cooperation and Air Force to Air Force talks are also envisaged.<sup>94</sup> role in East Asia is complementary to the US re-balance or pivot to Asia.<sup>95</sup> The trilateral dialogues mentioned in the US-India Joint Vision document are taking shape with the trilateral Japan-India-US dialogue at Foreign Ministers level in September this year and the inaugural Japan-India-Australia dialogue at Secretary level, both seen as part of a stable security architecture in the Indo-Pacific region. Australia, significantly, is keen to join the Malabar exercises.

To bolster its Act East policy, India has embarked upon an ambitious and practical strategy of revamping its naval capabilities and the Indian Navy today is among the top-five navies in the world. India's naval influence in the Indian Ocean is already significant and has increased greatly in the Indo-Pacific as well as a response to the US Pivot. India has stepped up its joint maritime exercises to include Japan and Australia recently and today its maritime engagement encompasses the major powers, regional actors and even the smaller states of the Indian Ocean littoral besides its engagements in the Indo-Pacific.

Vietnam and India have also had a history of strong diplomatic ties. Vietnam plays a key role in India's Act East Policy, as evidenced in the joint statement

issued in a 2016 visit to Hanoi. Last year, the two countries rose from a 'strategic relationship' to a 'comprehensive strategic' partnership<sup>96</sup>, emphasizing India as one of Vietnam's priority strategic allies. India is in talks to sell its Akash missile defense system to Vietnam and has offered to sell its Varunastra anti-submarine torpedoes in the face of heightening tension with China. This move, along with India's strategic relationship Vietnam, can be understood as placing pressure points against China by 'helping Hanoi beef up its naval and air capabilities'<sup>97</sup>. When the former Prime Minister of Vietnam, Nguyen Tan Dung, visited India in 2014, PM Modi said that India's 'defence cooperation with Vietnam is amongst our most important ones'.<sup>98</sup> India and Vietnam signed an agreement on cooperative oil exploration in the South China Sea six years ago. While China and Vietnam have come to a mutual understanding to resolve disputes in the South China Sea peacefully, their territorial disputes over control of islands in the region are historically long-standing. This year's Vietnam-China 4<sup>th</sup> Border Defense Friendly Exchange was cancelled recently due to China's indignation with Vietnam's oil exploration activities in the South China Sea. A specific source of this decision is possibly the Blue Whale Project, a gas-drilling exploration in the South China Sea being conducted by Vietnam's state oil company PetroVietnam and Exxon Mobile.<sup>99</sup> The agreement for this was signed during a visit to Hanoi by the former US Secretary of State, John Kerry, in January 2017.

Tensions between Vietnam and China, developing military ties between India and Vietnam, Russia's strategic relationship with Vietnam and Japan, and Russia's distancing from the US are a complex set of factors that must all be taken into account when considering Russia's expanding relationship with China. As seems evident by these cross-cutting balancing acts, the geopolitical context in which Russia's relationship with China is advancing is multifarious. India's growing diplomatic, strategic, and economic relationships with Russia, Vietnam, Japan, the US, and other major powers ensure that, for now, sufficient checks and balances will refrain China from dominating the global economy and geopolitical stage. While China seems to be attempting to build an assertive hold over East Asian security architecture, strategic developments between

other world powers will assure that this is not the case. Russia's closeness with China seems to be of a primarily strategic nature. Therefore, it is in India's best interest to continue to build strong economic, strategic and diplomatic ties with Russia, Vietnam, Japan, and other world powers, building a broader framework of relations based on longer-term concerns about the emergence of China. This will ensure a polycentric world order that will allow India to best serve its own economic and strategic interests.

While the US is still the most important player in the security architecture of the Asia-Pacific, India's active participation in East Asian regional economic groupings and Free Trade Agreements is seen as a positive development and as a suitable deterrence to any possible Chinese misadventures in the region. In this evolving multi-layered regional structure, India and Japan will play an important role in together balancing China along with the other smaller regional players like Vietnam and the Philippines. While it is not easy for them to come together to contain China, and nor is that the aim, all of them are involved in a 'hedging' game while simultaneously watching China's behavior. It is but natural for all to pursue their respective national interests and also engage with China bilaterally to diffuse tensions. Japan too has taken definitive steps since 2015 to lessen tensions with China and has recently named its senior diplomat and Sinologist, Yutaka Yokoi, to be its next ambassador to China. Yokoi, who has earlier held important positions both in Beijing and Shanghai, is a member of the 'China school' in the Japanese foreign ministry and knows the Chinese Foreign Minister, Wang Yi well.<sup>100</sup> In an effort to reduce tensions, Japan, South Korea and China also held their annual three-party summit in November 2015 after a gap of over three years. Similarly, while relations between India and China can be tenuous at time, both also cooperate in many areas, especially economic. India was one of the first countries to join the China-led AIIB and the two are also part of both the BRICS and the smaller Russia-India-China trilateral cooperative initiative. New Delhi and Beijing both realize the importance of strengthening their relations even as they court other partners.

Similarly, when the US refers to India as the 'linchpin' of its rebalance strategy, while India may not be comfortable with this term, but by virtue of its own

strategic and economic interests in the region, India cannot remain unmindful of developments taking place in East Asia. While India is pragmatic and more inclined to safeguarding its national interest by following an interest-based policy rather than getting drawn into a strategic competition with China or become a security provider on behalf of the US, India seeks to devise a long-term and effective strategy in order to emerge as a relevant player in East Asia. In recent months, India has strengthened its Look East Policy through bilateral and multilateral engagements with the smaller regional powers and ASEAN countries, thereby insulating itself from the risks of strategic competition or complicity between China and the US. This naturally makes the growing India-Japan friendship the bedrock of India's 'Act East Policy' as the two nations are bound together by many commonalities, which include being Asia's two oldest democracies and also amongst its three biggest economies, thereby investing this partnership with the potential to become the defining relationship of this century.

## **Conclusion**

Two relatively recent reports—Global Trends 2030: Alternative Worlds by the US National Intelligence Council, and US Strategy for a Post-Western World: Envisioning 2030 by the Atlantic Council—give a clear indication that 25 years after the end of the Cold War, the world is under a new form of global governance. Although Washington still remains the only superpower in the world, new centres of political power have emerged in new economic centres, which are gradually developing in Asia and Latin America.

Today, Asia plays a leading role, largely due to the rise of China and India at a regional and global level. This has resulted in a paradigm shift in the US foreign policy that is now more focused on the Asia-Pacific region. China is emerging as a leading global power and represents the most important country in the world in manufacturing, production and commerce. As an emerging economy, India, too, is undoubtedly an important centre in the new multipolar world order. But more recently, in fact over the summer, the region witnessed many instances of tensions that seem to be leading towards a dangerous form

of polarization at many levels. The most serious development has been the threat of a nuclear conflagration between Washington and Pyongyang. But the strategic gap between Beijing and Washington seems to be impacting regional stability at many levels.

Notably, Abe's pursuit of Putin led to a summit as recently as late April, but a breakthrough—the hopes of which were so pronounced in late 2016—is no longer conceivable. Moon Jae-in aimed to bridge the Sino-US gap as well as to bring North Korea back to the negotiating table, but his late June summit with Trump and early July summit with Xi Jinping on the sidelines of the G20 failed to produce tangible results. Xi's continued sanctions on Seoul in response to the THAAD deployment and Trump's unilateral threats in response to North Korean missile tests demonstrated that Moon is unable to influence the two main actors. ASEAN and the ARF proved inconsequential in early August, as the South China Sea disputes and freedom of navigation exercises rendered participants, crucially China and the US, divided.<sup>101</sup>

These developments, further aggravated by the unprecedented border tensions between India and China at Doklam, and other acts of Chinese aggressive behavior, makes it imperative for India to keep the quest for closer ties with the US and Russia at the core of its strategic policy. Fortunately, both Moscow and Washington have recognized the centrality of the region to their own security and economic wellbeing. While both differ in their approach to dealing with China, their commitment to non-proliferation, the emergence of a single regional hegemon and a desire to encourage the peaceful resolution of disputes among the regional states, give them enough reasons to put their differences aside, and work together on global issues<sup>102</sup>. But given the unpredictable nature of relations between Washington and Moscow, India is suitably poised to play an important role in helping bridge the gap between the US and Russia.

The lack of mechanisms for ensuring security in Asia is a challenge, and so far, apart from the US bilateral alliance system, which has been a stabilizing and balancing factor in the Asia-Pacific, is the only such mechanism. However, according to Russian sources<sup>103</sup>, neither Russia nor China will be comfortable

with this situation in the medium and long term. India, with its active engagement in East Asia, is well poised to play an active role towards creating a 'healthier' and multilateral security system that includes not only the US, Japan and South Korea, but also Russia, China and ASEAN.

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