

July 22, 2024



Executive Summary Report

Background:

Two weeks ago, the United States hosted the 75th Anniversary Summit of the establishment of the North Atlantic Treaty Organization (NATO). Though not as well reported, another important security dialogue was taking place across the globe – much to the disappointment of the United States, NATO, and other Western nations.

Russian President Vladimir Putin hosted India's Prime Minister Narendra Modi for the 22nd India-Russia Annual Summit, to grow the bilateral relationship in the areas of trade, technology exchange, and security. Clearly, Prime Minister Modi wanted to discuss his concerns over the Russia-China relationship to India's national security and that of the Indo-Pacific region.

Over the past two U.S. Administrations, U.S. Foreign Policy with India focused on strengthening the bilateral defense and economic relationship and leveraging India in bolstering the Quadrilateral Security Dialogue (QUAD) as a counter to China's relative dominance in the Indo-Pacific. The QUAD is comprised of the United States, India, Japan, and Australia. It is not a formal security Alliance like that of NATO, rather, it is more of an informal, yet ongoing, dialog to address China's growing defense capabilities and as a byproduct its economic influence across the Indo-Pacific.

While all nations in principle acknowledge the primacy of national interests over that of collective interests of coalitions and formal alliances, the timing of Modi's visit concurrent with NATO's 75th Anniversary Summit was blatantly inopportune for some.

Case-in-point, the primary topic during the NATO Summit was the ongoing Ukraine-Russia War. Interestingly, India and Ukraine reestablished pre-invasion diplomatic relations just last March. As such, President Zelenski of Ukraine was understandably disappointed over the timing of Modi visiting Putin, along with the strategic context of when and why it took place. In that vein, the following interests at stake warrant discussion.

India Interests:

India has the fourth largest global economy, and as of this year, now has the largest population in the world. India continues to seek opportunities to secure and bolster strategic relationships for its national security. For decades, India has leveraged its relationship with the United States and a multitude of Western democracies to increase trade agreements, establish and bolster security relationships, build coalitions of diplomatic support for its long-standing border conflicts with Pakistan and more recently China, and seek strategic off-sets to the growing influence of China throughout the Indo-Pacific.

India has refrained from voting on United Nations Security Council Resolutions condemning Russia's invasion of Ukraine and subsequent measures aimed at imposing economic sanctions, indicating tacit support for Russia. India needs its security and economic relationship with Russia to achieve its national economic and security objectives, particularly as they relate to competition with China.



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While India has reduced its relative reliance on Russian defense weapons and technologies, pivoting more toward the U.S. and other Western partners, it will remain dependent on Russian equipment and technologies for years to sustain its current defense inventory.

India is second only to China as an importer of Russian crude oil. While Russian oil exports are the principal “fuel” to resource Russia’s war in Ukraine, India will not likely reduce its reliance on Russian natural resources as there is no strategic alternative that is currently in India’s national interest to pivot to. India also benefits economically from buying Russian crude at a discount, refining it, and selling it as a “national” product to nations that have otherwise signed on to Russian economic sanctions.

A strategic objective of Modi’s recent visit to Russia was securing an agreement to achieve \$100 billion in a bilateral trade relationship with Russia by 2030. Reporting suggests this agreement was achieved. India intends to spend approximately \$10 billion on defense imports over the next 10 years according to its Ministry of Defense. While India will increase defense spending with the U.S. and the West, particularly with other QUAD members, in the near-term India will continue to purchase defense capabilities and technologies from Russia to modernize and sustain its legacy Russian defense capabilities.

India also seeks to play a larger role diplomatically outside of the Indo-Pacific. Modi believes he can play a role in future negotiations between Ukraine and Russia, although the condemnation by President Zelenski over Modi’s relationship with Putin suggests otherwise.

Russia’s Interests:

Putin likely views the timing of Modi’s visit to Russia during the Washington-hosted NATO summit as symbolic. He has a short list of strategic partners and while India is not contributing weapons technology and manpower to the Russia/Ukraine war, Russia is increasingly reliant on the revenue generated through its energy and defense exports to India.

Another noted point is that Prime Minister Modi continues avoid critique of Russia for its ongoing illegal invasion of Ukraine and the killing of innocent civilians. Modi expressed restraint in his remarks on the conflict, advocating for peace, reconciliation, and potentially hoping to serve as an influencer in resolving the situation. His statements underscored the robust, enduring ties between India and Russia within a broader context.

Putin is operating from a position of strength with Modi. He certainly understands Modi’s strategic calculus to bring Russia closer to India, ideally encouraging Russia to influence China’s behavior toward India and its Indo-Pacific neighbors.

Unfortunately for India, China is the puppeteer and pulls the strings of Putin. China is certainly reliant on Putin’s exports and China is enjoying the economic discount for crude and other natural resources Putin is forced to offer to encourage an increase in Russian exports. Russia needs China more than China needs Russia. Further, Russia has very little ability to influence other nation states in the Indo-Pacific on behalf of China, beyond its energy exports.

Economic Perspective:

India has played an important role for the United States’ technology, professional services, and customer care sectors over the past several decades. Large U.S. companies and professional services firms have made significant investment to outsource operations to India to take advantage of talent and wage arbitrage. U.S. companies need to follow developments in the relationship between Russia and India and assess how they may impact business operations, cybersecurity, and compliance with U.S. sanctions of Russia.

Way Ahead:

- Prime Minister Modi will be able to navigate the immediate condemnation of his recent visit to Russia despite the strategic relationships India must maintain and foster over the next decade. India's participation in the QUAD security and economic dialogue is of greater strategic interest to the long-term stability of the Indo-Pacific than the implications of it abstaining from isolating Russia diplomatically and/or economically.
- Russia will continue to seek opportunities to demonstrate its reach through strategic partnerships, particularly with nations that can address its immediate economic needs, but also more broadly as Putin aims to reestablish Russia as a transregional power.
- The United States, NATO, and the European Union will continue to seek growing economic and security ties with India. India is not the only democratic nation that is putting its national interests ahead of collective security interests as they relate to Russia – Brazil and Mexico are two examples of nations that fall into this category. India is in a competition for resources and defense capabilities with China. Modi is building strategic depth in his approach to sustaining and growing India's economy while not being distracted by the threat China, not Russia, poses to Indian security.
- An alternative perspective of the India-Russia relationship highlights that it is transactional in nature – and the strength of the relationship could be in decline. India has historically needed Russia for defense material, as a counterbalance to China, and for oil. The latter, oil, is a growing pillar in the relationship. However, Russia's defense-related business with India is reduced and the counter-balance role is likewise lessening. Hence, it is possible that the India-Russia relationship may wane over time.
- Bottom line, expect India to continue to play the role of an opportunist, seeking better national incomes by leveraging the various players against each other.

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