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Geoeconomic Effect of Russia-Ukraine War on India's Foreign Policy: Challenges and Opportunities

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Abstract

Unlike geopolitics, Geoeconomics is a relatively new term that has been debated in academia for a long period. In the 20th century, Edward Luttwak an American foreign policy strategist and leading economist coined the term "Geoeconomics". In his article "From Geopolitics to Geoeconomics: Logic of Conflict, Grammar of Commerce" (1990), he introduced the method of commerce as a means to attain the geopolitical goal. According to Luttwak's proclamation, the use of economic means has emerged as an effective instrument of power politics and it will displace the conventional military method and produce realist consequences. We consider the Russia-Ukraine situation from a geoeconomic standpoint. India's foreign policy has had a potential geopolitical, geoeconomic, and geostrategic effect. In the continuing conflict between Russia and Ukraine, India's foreign policy has shifted from neutrality to proactive. The author will also use a geoeconomic lens to examine India's challenges and potential throughout the crisis.

Keywords: Geoeconomics, Foreign Policy, Russia-Ukraine Crisis, Sanctions, Cold War

Historical Background

International relations can be characterised as an ever-changing discipline in the current academic domain. Since globalization began, international relations became more volatile. State action that occurs in one area of the world has a tremendous impact on the other because of the interconnection of the globe. International politics under the ambit of international relations (in terms of bilateral and multilateral setup) has been a battlefield through which power politics used to play by economic means comprising armament and disarmament, environmental politics, terrorism etc. The world has witnessed the scale of mutual devastation or destruction during World War II by the development of science and technology in the 20th century.

The Russia-Ukraine war escalated as a special military action by Putin on February 24, 2022, when Russia invaded Ukraine early in the morning. The international community condemned it as a violation of international law and an act of aggression that undermined Ukraine's sovereignty. The Russian move was also interpreted as a violation of the Treaty of Westphalia (1648), which established national sovereignty and a rule-based global order, as well as a system of states that ensured state sovereignty in the international anarchic system, preventing future war threats for centuries. The Russian invasion, which occurred after World War II, exacerbated the Eurasian regional order and triggered Europe's largest humanitarian crisis in the 21st century. As a result of the invasion, big refugee problems are occurring near the Ukrainian border.

The origins of the current invasion can be traced back to the womb of history when the capitalist and communist blocs were demonstrated. After WWII, powerful states such as the United States and the Soviet Union were inspired by the English scholar Halford John Mackinder. In 1904, Mackinder wrote an article titled "The Geographical Pivot of History" (1904) arguing about the Heartland theory. He is probably responsible for the evolution of the geopolitics debate in Europe, as well as the vitality of the Eurasian landmass, through geopolitical analysis. "Who controls the Rim-land controls Eurasia, and who controls Eurasia controls the destinies of the world," he says. Mackinder's heartland was once ruled by the Russian Empire and then by the Soviet Union, both of which were based in Russia's easternmost region. Nonetheless, the Soviet Union established the Warsaw Treaty Organisation (also known as the Warsaw Pact) on May 14, 1955, as a political and military alliance between the Soviet Union and several Eastern European countries to regain lost territories in the post-World War II era. The Soviet Union also utilised these alliances to counterbalance its strategic rival the North Atlantic Treaty Organization (NATO), which was a collective security agreement between the United States, Canada, and Western Europe that was

founded on April 4, 1949, with 12 signatories and has since grown to 30 (Osgood, 1962). However, the Western Block, led by the United States, initiated the Soviet containment policy by launching the Truman Doctrine (March 12, 1947), which lasted until the Soviet Union's demise. Similarly, for the European Recovery Plan, the Marshall Plan (1948) was introduced (Cox, 1990). This plan was also launched to create geopolitical convergence among European states that don't have the intensity to join the Soviet bloc. Although, the Cold War began shortly after WWII ended, whereas, scholars and historians couldn't agree on its beginning and the end. Bernard Baruch, when delivering a speech, coined the term "Cold War" to describe the relationship between the United States and the Soviet Union (Glass, 2010). This was the era of geopolitical tension between the two blocs where direct military intervention couldn't take place. The Western bloc was an association of leading democratic countries with capitalist ideologies, while the Eastern bloc is made up of authoritarian regimes with communist ideologies, led by the Soviet Union and a very few European countries. Several initiatives were taken during the Cold War or Hot Peace era to restrain tensions among these powers (Whitfield, 1996). Because the USSR had disintegrated into fourteen sovereign republics and the western block's objectives had been accomplished, what Francis Fukuyama called the "*End of History?*" (Fukuyama, 1989) US President Ronald Regan and the Russian president Mikhail Gorbachev both have been agreed on a rule-based order to dissolve NATO. Both nations agreed at this meeting that NATO would not expand further toward Russia. However, the US-led NATO continues to expand its membership till now because the world has become "Unipolar" (Sarotte, 2014; Waltz, 2000). The expected addition of Ukraine as NATO's 31st member has raised security concerns for Russia. After regaining power in 1991, Vladimir Putin has remained in power for the past three decades. Putin has consistently opposed Ukraine's membership in NATO's collective security arrangement and wants a legal guarantee from Ukraine not to sign the collective security pact. The invasion of Ukraine in 2014 marked the beginning of a dignity revolution in Ukraine over time. Following that, Russia annexed Crimea, and separatists backed by Russia seized a portion of Ukraine's Donbas region, sparking a war. Russia has begun a massive military build-up along its border with Ukraine. Approximately 190,000 troops with heavy weaponry have been deployed. All of these developments strengthened Ukraine's desire to join the European Union and, more importantly, the North Atlantic Treaty Organization (NATO). NATO was founded on the principle of "*One against all, and all against one*" to contain Russian expansion in Europe and to develop a balance of power system to address future security concerns. Russian President Vladimir Putin has stated that NATO's eastward expansion since the 2000s poses a serious threat to Russian security if Ukraine joins NATO. Russia recognised the Donetsk People's Republic and the Luhansk People's Republic in February 2022.

These are pro-Russian separatist-controlled areas that have declared independence. However, along with the Russian border, Russia recognised it as a sovereign territory. The Russian Federation Council ordered the use of military force abroad the next day, and overt Russian troops entered both of these territories as well as also encircled the Black sea by deploying Kremlin's naval forces with heavy weaponry loaded over the submarine. In the early morning of February 24, 2022, the invasion began with the rising sun, when Putin announced a "Special Military Operation" to "Demilitarise and denazify" Ukraine. Russian missiles and airstrikes started hitting Ukraine's capital, Kyiv, within a couple of minutes. Russian troops invaded from multiple directions including Land, Water and Sky a very short period. In response to Russia's attack, Ukraine declared martial law with immediate effect and began military mobilisation towards its border. Escalation of war once began in the Eurasian region causing a humanitarian crisis, and devastation again in the region

Super Power's Geoeconomic Rivalry

The military rivalry has shifted now to economic rivalry in the international system. Edward Luttwak, perhaps, was lucky to convince policymakers of the use of the concept of geoeconomics. He wrote an article in the 1990s titled *"From geopolitics to geoeconomics: Logic of conflict and grammar of commerce"* as a new tool of engagement with the states. He proclaimed that the world could not sustain more war due to the advancement of a new and more lethal weapon system. He described geoeconomics as *"The use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results; and the effects of other nation's economic actions on a country's geopolitical goals"* (Blackwill et.al., 2016). Hence, the geoeconomic method would be the most preferable one to engage with the world. It is interesting that the moment Luttwak was writing these things, the American uni-polarity and triumph of democracy and a resurgent wave of globalization were marked simultaneously. Globalisation opened the door for the dominant market economy especially for Europe and American businesses to reach across the globe. On the other hand, realist scholars like Kenneth Waltz assert that political and military powers are not the only aspects of power, economic power is also important in international politics. Economic power, he claims, is the actual force in the current world order, replacing military power in international politics (Baylis et.al., 2020).

Geopolitics and geoeconomics can be used to analyse the ongoing conflict between Russia and Ukraine. Unlike geopolitics, geoeconomics uses economic means to direct international relations and international politics. Since the triumph of globalisation three decades ago, the economy has

remained the centre of attraction. The states' realise ambitions were served by global economic integration and interdependence. Since Edward Luttwak (1990) coined the term, geoeconomics came into state action for a realist end. However, Geopolitics is nothing more than a mash-up of smart power. The entire conflict is buried in Cold War history's graveyard. Russia was burdened by history, while the United States and Europe managed to avoid it through the use of economic means. However, Russia has turned the current conflict in Ukraine into a military invasion. Even so, the war continues to rage on two fronts. Russia is fighting with military might, while the Western bloc, led by the US, is fighting with economic might through imposing sanctions on individuals, the states and businesses for a geopolitical end.

Geoeconomic Effect on India's Foreign Policy

India and China are close neighbour rivals and have global power ambitions. China has the advantage that its border is closely associated with Russia and also has an ideological legacy. So she might have strategic advantages. But, India as an emerging economy requires cheap oil and gas for a long and sustainable economy. As of now, India-Russian relation remains cordial, benefitted both economically as well as strategically. Oil and gas as a strategic resource for India play a crucial role in the Indian economy (Kapoor, 2019). These resources are also essential for revenue generations for Russia amid the war. These resources are a major source of the U.S dollar for Russia. Russia used to play a vital role in global currency exchange for trade and commerce. Western countries imposed a series of sanctions to halt the Russian economy. The fundamental principle as Sanjay Baru highlighted that- "*Military is the born Child of the treasury*". This principle is derived from Indian strategic scholar Kautilya as well. According to this principle, once the economy is ruined, military power would be disappeared. With these objectives, western countries impose sanctions on Russia to attain a geopolitical objective. (Baru, 2012).

Several geoeconomic footprints could be visible when India deals with Russia in the ongoing crisis. First and foremost, According to Kpler, a commodity research group, India, after the U.S and China, is the third-largest importer and consumer of oil. Out of the total requirement, 80 per cent is imported and two per cent of which is imported from Russia. However, due to the Ukraine crisis, the global oil price hike pushed India to purchase Russian oil at a discounted price (Menon, 2022). On the other hand, Europe is heavily dependent on Russian and purchased worth USD24 billion in oil and gas in March alone which is far ahead of India in terms of volume (Tollefson, 2022). Since India abstained from the UN vote against Russia, western countries playing pressure politics with India. There is a shift in India's foreign policy that could be observed in more

assertive state actions and leadership that has never been seen so far. Second, India is a member of several multilateral forums including the Shanghai Cooperation Organisation (SCO), ASEAN, G-20 and Indo-Pacific Quad grouping. India must inevitably reassure the rest of the world, especially the U.S and E.U that it supports a rule-based order, believes in a diplomatic way of conflict resolution, and must protect the state. India is a large market economy with well-ingrained common interests between these nations. It is past time to focus on imports and export rather than establishing tariff barriers in response to the vexing Ukraine problem and India's neutrality posture to support them.

Challenges and Opportunities for India

International relations have always been regarded as a difficult undertaking for policymakers. When it comes to the tripartite relationship between the United States-India-Russia, it becomes more formidable due to its ideological hostility. India has always preferred balancing choices due to deep economic and strategic concerns with these powers. The international community has been intensely scrutinising India's response to the Russian act of aggression in Ukraine. The US has hoped that India will play a proactive role in persuading Russian President Vladimir Putin to halt his military action in Ukraine (Chaudhury, 2022). Ukraine's President Volodymyr Zelenskyy also urged the Prime Minister of India, to engage in constructive dialogue with Putin to restore normalcy and preserve Ukraine's territorial sovereignty (Bhattacharjee, 2022). However, Since the Cold-War era, having the Bandung Conference legacy, India's neutrality posture has always prioritised mutual interest when engaging with these powers. India, on the other hand, has long enjoyed closer strategic ties with Russia. While the relationship dates back to the Cold War, India maintained defence and security ties with Russia even after the Soviet Union turned down. During the Cold War, the US consistently objected to India's deeper security connections with the former Soviet Union, but until recently, it never expressed worry about Indo-Russian security ties. For decades after the Cold War ended, Washington saw Russia as a security threat (Mahapatra, 2022).

India faces numerous challenges and opportunities as a result of the ongoing war. These challenges and opportunities will be discussed respectively. The first, difficulty would be to maintain an appropriate balance between these superpowers with their conditions because interests are only permanent in international relations. Second, how can India play a vital role in preventing conflict because on the one hand, India's all-weather friend Russia and Ukraine, a trading partner, are bombing each other? Third, conflicts are generated by war; as the conflict has moved on, global oil and gas prices have risen, putting a strain on end consumers' wallets. Fourth, China's challenge

in the Himalayan Range, the unresolved border issue has always been a chokepoint for India's security concerns. Whereas, the Russia-Ukraine war also came with several opportunities such as First, India has the potential to play a prominent role at large. Both these states are eager for India's proactive engagement in the conflict resolution process through different diplomatic channels. Second, Russia imposed a ban on wheat export and large-scale devastation in Ukraine, global food insecurity has increased. According to Germany's Federal Office for Economic Affairs and Export Control, total wheat production in Russia and Ukraine accounts for 16.8% and 11.5 per cent of the world market, respectively. Ukraine, on the other hand, contributes 17% of the global export market. It has now been discontinued for its food security during times of war, resulting in food instability for wheat importers from Russia and Ukraine. India may be able to seize this market as an opportunity. In 2021-22, the Indian government plans to export 7.85 million tonnes of wheat. Third, it has been demonstrated on multiple occasions that war-economy induced inflation aids states in overcoming deep economic crises. However, the globe has been in a profound economic crisis for the past couple of years as a result of a pandemic.

Conclusion

In international politics, there is no such thing as a permanent friend or foe, according to realist interpretation. During the Russia-Ukraine conflict, neoliberal globalisation and geoeconomic interconnection provide a "positive-sum game" for all stakeholders. Geoeconomics also has a big impact on India's foreign policy. In international politics, India has been both beneficiary and a cost bearer. Western pressure in India is only for Russia's condemnations. The United States did not impose Countering America's Adversaries through Sanction Act (CAATSA) so far. This shows that apart from western countries, these countries also looking forward to economic engagement with India. The United States' major interest is in the Indo-Pacific region rather than Eurasia. For the Quad grouping, India may play a crucial role in the region for the containment of China. It would be the reason western countries could not demonstrate heavy military deployment against Russia.

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