

India, Eurasian union kick-start FTA discussions

MUKESH JAGOTA
New Delhi, April 2

INDIA AND THE five-nation Eurasian Economic Union (EaEU) that comprises Russia will soon start formal negotiations for a free trade agreement (FTA).

According to sources, officials from the two sides held a meeting late last month for detailed discussions where lead negotiators from both the sides participated. "Senior officers of both the sides have met on March 28 and discussed formally starting talks for the FTA," a senior official said.

EaEU is an economic union of five post-Soviet states in Eurasia, namely Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan. The EaEU was established on January 1, 2015, and has a single market with 183 million people and combined GDP of over \$2.4 trillion as of 2023.

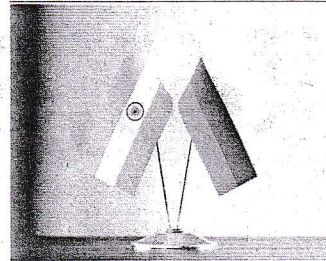
While the idea for an FTA has been debated for some time now, talks have acquired pace in recent months. After the start of the Ukraine conflict, Russia became the second-biggest source of imports due to the crude oil trade in April-December 2023.

In 2022-23, Russia was the fourth-biggest source of imports. The surge of crude imports has led to a huge trade deficit with the close strategic partner.

India is seeking opportunities for its agriculture and engineering sector in Russia and investments in the energy sector. As India became a base for mobile handset manufacturing, Russia had become a significant buyer. However, exports of telecom goods have been impacted because of Western sanctions, closing the opportunity for India in the emerging sector.

In April-January 2023, India's imports from Russia stood at \$51.1 billion while exports were just \$3.43 billion. In 2022-23 India's imports from Russia stood at \$46.2 billion while exports were at \$3.1 billion.

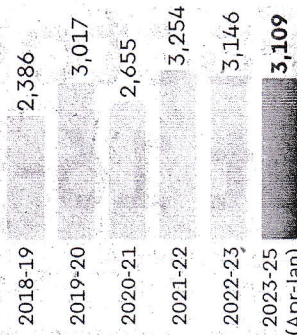
After Russia, the second-biggest trade partner in the bloc is Kazakhstan. In 2022-23, exports were \$436.5 million and imports were \$205.13 million. With the other three nations, the bilateral trade is well below \$200 million.



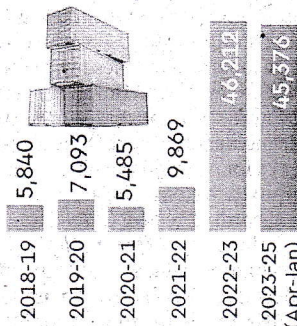
INDIA-RUSSIA TRADE

(Russia is the biggest economy of Eurasian Economic Union)
(\$ million)

Export



Import



The joint feasibility study for the FTA was done way back in 2016 and this has been followed by another study by India's Exim Bank.

India currently has 14 FTAs with individual countries and trading blocs. These agreements cover 25 countries.

The latest FTA that India signed was with the four-nation European Free Trade Association that includes Switzerland, Norway, Iceland and Liechtenstein.

The FTAs that are nearing completion include ones with the UK and Oman. Talks are also on with the European Union and Peru for trade pacts.