

MODI'S FIRST VISIT TO KREMLIN SINCE UKRAINE WAR

Trade, economy, tariff on PM's Russia agenda

Issue of 'imbalanced' trade will be priority during talks with Russia

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New Delhi, 7 July

India's trade deficit with Russia continued to widen for the second consecutive year to \$57 billion in the financial year 2023-24 (FY24), with Moscow becoming New Delhi's largest source of crude oil imports. All eyes will now be on Prime Minister Narendra Modi's visit to Russia during July 8-9, where he is set to meet President Vladimir Putin. This will be Modi's first visit to the Kremlin since the Russia-Ukraine conflict began over two years ago.

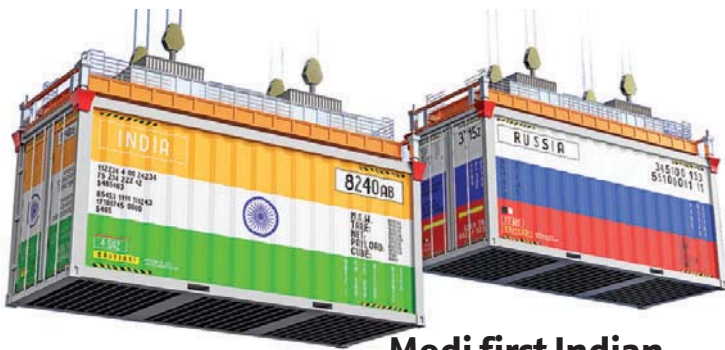
Trade and economic issues, including a trade balance in favour of Russia, non tariff barriers and payments and logistics-related issues are likely to be taken up during the visit.

Ahead of the official visit, foreign secretary Vinay Mohan Kwatra had said that the issue of 'imbalanced' trade will be a priority for India during discussions with Russia.

Russia till now is India's second-largest import partner after China during FY24, up from fourth and 19th in FY23 and FY22, respectively. Trade deficit with Russia is also the second highest, after China, commerce department data showed.

The growth in outbound shipments from India has been slow, despite continued discussions between New Delhi and the Kremlin to give a push to exports to Russia.

Exports to Russia saw a decent 35.6 per cent growth, although in terms of value, the outbound shipments were worth \$4.26 billion only. On the other hand, the value of imports — \$61.24 billion — was 14 times higher compared to exports during 2023-24. The imports from Russia grew by nearly 33 per cent during FY24 compared to the same time period a year ago. Of the \$61.24 billion imports from Russia, one-third of the value of goods imported was of crude oil, amid the commodity being sold at a discount. "India-Russia bilateral trade has seen a sharp increase in

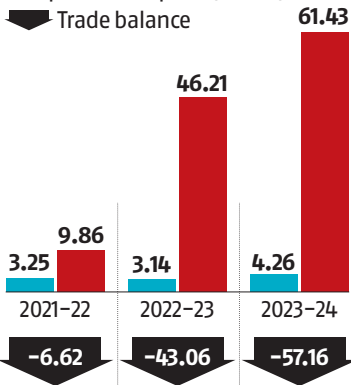


WINDS OF CHANGE

India-Russia trade

■ Exports ■ Imports (in \$ bn)

▼ Trade balance



Source: Department of Commerce

Modi first Indian PM to visit Austria in over 40 years

Ahead of his visit to Austria, Prime Minister Narendra Modi said Sunday the shared values of democracy, freedom and the rule of law form the bedrock upon which the two countries will build an ever-closer partnership. Modi's remark came a day after Austrian Chancellor Karl Nehammer posted on 'X', "this visit is a special honour as it marks the first visit by an Indian Prime Minister in over 40 years and a significant milestone as we celebrate 75 years of diplomatic relations with India," he said.

PTI

FY24. It has since touched close to \$65 billion, primarily due to strong energy cooperation between India and Russia. With Indian exports of \$4 billion and imports being close to \$60 billion, trade remains imbalanced. This is a matter of priority in our discussions with the Russian side," Kwatra had said at a press briefing on Friday. Exporters said sorting out the logistics as well as payments system in local currencies can boost India's exports to Russia.

Ajay Sahai, director-general (D-G) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO), said exports have started rising although

on a low base.

"However, the main challenge exporters have been facing is logistics issues. There are not many shipping lines transporting goods to Russia (due to fear of sanction). But with the new trade route via Chabahar, exporters' issues may be addressed," Sahai said. He added that both the countries are also looking to establish the Chennai-Vladivostok Maritime Corridor. "Rupee trade (between Russia and India) payments have started to show results. If a free trade agreement (FTA) is signed at this point of time, we will be getting better market access and become more competitive," he said.