

# India and Russia firm up 5-yr economic road map

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India and Russia on Friday agreed on a joint “Programme for Economic Cooperation” until 2030, targeting bilateral trade of \$100 billion by primarily expanding Indian exports through Moscow’s removal of non-tariff barriers and regulatory bottlenecks.

“Both sides emphasised that addressing tariff and non-tariff trade barriers, removing bottlenecks in logistics, promoting connectivity, ensuring smooth payment mechanisms, finding mutually acceptable solutions for issues of insurance and reinsurance and regular interaction between the businesses of the two countries are among the key elements for timely achievement of the revised bilateral trade target of \$100 billion by 2030,” the joint statement said following the 23rd India-Russia annual summit between visiting Russian President Vladimir Putin and Prime Minister Narendra Modi.

In his address during the joint press statement after the summit, Putin said the comprehensive road map provided clear guidelines. “Our intergovernmental commission and the relevant economic ministries and agencies are tasked with removing barriers to the flows of goods and capital, implementing joint industrial projects, and deepening our collaboration in technology and investment,” he added.

In his statement Modi said elevating bilateral economic cooperation to new heights was a shared priority.

“To realise this, we have agreed on an Economic Cooperation Programme until 2030. This will make our trade and investment more diversified, balanced, and sustainable; and will also add new dimensions to our areas of cooperation,” he added.

Putin said last year bilateral trade grew



by a further 12 per cent, touching a fresh record. “While various estimates differ slightly, the consensus places the figure somewhere between \$64 billion and \$65 billion. We project trade will stand at a comparable level by year’s end,” he added.

Russia and India have also agreed to continue jointly developing bilateral settlements through the national currencies in order to ensure uninterrupted bilateral trade.

They also agreed to continue their consultations on enabling the interoperability of the national payment systems, financial messaging systems, as well as central bank digital currency platforms.

Briefing reporters after the summit, Foreign Secretary Vikram Misri said economic cooperation was the driving impulse and the most important focus of this visit of Putin. “Enhancing Indian exports to Russia in sectors such as pharmaceuticals, agriculture, marine products, and textiles is important to correct the trade imbalance. And each one of these sectors in considerable detail was discussed between the two leaders today,” he added.

Misri said the two countries were pro-

## Looking ahead

- Russia to remove non-tariff barriers and regulatory bottlenecks
- Stress on fixing logistics hurdles, payment mechanisms, insurance/reinsurance issues
- India pushing to raise exports in pharma, agriculture, marine products, textiles
- Nearly two dozen banks have opened special rupee Vostro accounts
- Ongoing work on India-EAEU FTA and a mutual investment protection agreement
- Experts warn payments remain the biggest friction

moting trade through national currencies (rupee-rouble). “Close to two dozen banks have opened a large number of these special rupee Vostro accounts. They right now form an effective mechanism in lubricating trade flows between the two nations.

In the joint statement, both leaders appreciated the ongoing intensification of the joint work on a free-trade agreement on goods between India and the Eurasian Economic Union covering sectors of mutual interest. “They also directed both sides to intensify efforts in negotiations on a mutually beneficial agreement on the promotion and protection of investments,” it added.

Ajay Srivastava, founder of the Global Trade Research Initiative, said without a modern rupee-rouble settlement system, Russia might remain India’s biggest oil supplier but not a serious export market. “With Russian banks largely shut out of SWIFT (Society for Worldwide Interbank Financial Telecommunication), payments remain the single biggest friction facing exporters, making deals slow, costly and uncertain. One way forward is a wider push on local-currency settlement,” he added.