

India, Russia-led Eurasian bloc to begin FTA talks soon

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India and the five-member Eurasian Economic Union (EaEU), led by Russia, are likely to soon begin negotiations on a free trade agreement (FTA) that is expected to boost New Delhi's exports to the region, particularly in areas such as engineering goods, electronics and agriculture, making trade more balanced.

External Affairs Minister S Jaishankar and Russian Deputy Prime Minister Denis Manturov, in a meeting in Moscow on Tuesday, discussed intensifying India's engagement with the Russian Far East including starting negotiations on the proposed FTA, according to a tweet from the Minister.

"Finalised the programme of cooperation on Russian Far East. Expect to hold early meeting of EaEU-India FTA negotiators. Will jointly organise connectivity events across land and maritime corridors," Jaishankar tweeted following his meeting with Manturov.

Jaishankar, on a five-day tour to Russia, also met his Russian counterpart Sergey Lavrov on Wednesday. "As strategic partners, discussed the international situation and contemporary issues. Exchanged views on Indo-Pacific, the Ukraine conflict, the Gaza situation, Afghanistan and Central Asia, BRICS, SCO, G20 and the UN," Jaishankar said in another tweet on his meeting with Lavrov.

ON FTA

Discussions on the proposed FTA between India and the EaEU, comprising Russian Federation, Kazakhstan, Belarus, Armenia, and Kyrgyzstan, had taken place in early 2020 but had to be stalled because of the Covid-19 pandemic. Talks on the FTA resumed over the past few



TRADE NEGOTIATIONS. External Affairs Minister S Jaishankar with Russia's Deputy Prime Minister Denis Manturov in Moscow. PTI

months, but negotiations are awaited.

"A number of bilateral meetings have been held with EaEU to discuss the trade agreement. Draft texts and Terms of Reference have been exchanged. EaEU's trade data from January 2022 onwards, necessary to determine scope of agreement and potential gains from the agreement, is awaited from EaEU," according to a reply given by Minister of State for Commerce Anupriya Patel in a Rajya Sabha reply earlier this month.

EXPORTS TO RUSSIA

India is particularly interested in stepping up its exports to Russia as its trade gap with the country has massively widened after imports of discounted oil from the country increased following the Russia-Ukraine war and Western sanctions on Moscow.

In 2022-23, India's imports from Russia increased 368 per cent (year-on-year) to \$46.2 billion, primarily due to an increase in oil purchase. Its exports in the same year were \$3.14 billion, down 3.3 per cent. Trade deficit was \$43 billion in 2022-23.

Jaishankar referred to the need for more balance in his tweet.

"Appreciated the greater focus on exploring new op-

portunities. Discussed making our cooperation more balanced and sustainable in different dimensions," he said.

"India's exports to Russia and Belarus have grown in this financial year up till October 2023. India is continuously making efforts to increase exports. These efforts are particularly directed towards sectors such as agriculture and engineering, which are growing. Electronics and telecom goods exports to Russia and Belarus are impacted due to Western sanctions on such exports," Patel said in her reply.

RUPEE PAYMENT

Russia, too, is interested in increasing imports from India to make the rupee payment mechanism successful which has been put in place by the two countries to avoid sanctions. Because of low imports from India, Russia's rupee balance in the account has been piling up.

In the meeting with Lavrov, the two leaders discussed bilateral economic and inter-governmental cooperation. Before the meeting, Jaishankar said the two would discuss the international strategic situation and the conflicts and tensions, apart from focussing on development challenges global south faces and the building of a multi-polar world order.