



INDIA-RUSSIA TRADE - ECONOMY

NEWS: India and Russia aim to reach \$100 billion in bilateral trade by 2030, a target that External Affairs Minister S. Jaishankar considers “more than realistic.”

- **Trade Imbalance:** The current trade balance heavily favors Russia, which Jaishankar emphasized requires “urgent correction” to ensure balanced economic relations.

WHAT'S IN THE NEWS?

Push for National Currency Trade Settlement

- **Mutual Benefits:** Jaishankar, Union Minister of External Affairs, advocated for trade settlements in national currencies (rupee and rouble), highlighting that this approach would be mutually beneficial, especially given the “current circumstances” of international banking sanctions against Russia.
- **Special Rupee Vostro Accounts:** These accounts facilitate rupee transactions with Russia and have proven effective, though achieving a balanced trade is essential for the long-term success of this mechanism.





Current Trade Data and Growing Deficit

- **Trade Increase Post-Sanctions:** Due to Western sanctions against Russia since the 2022 Ukraine conflict, India's trade with Russia has surged, primarily driven by increased oil imports at discounted rates.
- **Trade Figures for 2023-24:** India's imports from Russia reached \$61.15 billion, while exports were just \$4.26 billion, resulting in a significant trade deficit of \$56.89 billion.

Non-Tariff Barriers and Regulatory Issues

- **Need for Regulatory Reforms:** Jaishankar called for the swift removal of non-tariff barriers and other regulatory obstacles that currently hinder a balanced trade relationship.
- **Importance of Bilateral Investment Treaty:** Accelerating negotiations on the Bilateral Investment Treaty between India and Russia is crucial for improving trade and investment flows.

Focus on Connectivity Initiatives

- **Key Connectivity Projects:** Jaishankar emphasized the importance of three major connectivity initiatives:
 - International North-South Transport Corridor (INSTC)
 - Chennai-Vladivostok Maritime Corridor
 - Northern Maritime Route
- **Role in Trade Expansion:** These initiatives are expected to strengthen trade routes, enhance connectivity, and support increased bilateral trade.

India-Eurasian Economic Union Trade Talks

- **Strategic Trade Negotiations:** India and Russia are engaged in trade discussions within the India-Eurasian Economic Union, with formal trade negotiations starting in March 2023.
- **Potential Benefits:** These talks are expected to boost two-way trade and attract greater investment flows, contributing to the \$100 billion target.

Importance of Energy and Fertilizer Sectors

- **Energy Demand:** Jaishankar emphasized India's significant role in global energy markets, particularly in oil, gas, coal, and uranium, highlighting the potential for long-term partnerships.
- **Fertilizer Sector:** India's high demand for fertilizers presents another area for mutually beneficial trade, helping both countries address supply volatility.



Strengthening Long-Term Partnerships

- **Beyond Transactional Relations:** Jaishankar stressed that the India-Russia relationship should focus on long-term, strategic cooperation rather than short-term, transactional exchanges.
- **Mutual Approach for Stability:** Establishing a stable and sustainable trade arrangement is essential to navigate the “volatility and uncertainty” of current times.

India-Russia Inter-Governmental Commission Meeting

- **Bilateral Review:** Jaishankar and Russian Deputy Prime Minister Denis Manturov are set to participate in the India-Russia Inter-Governmental Commission meeting in Delhi.
- **Industry Inputs for Policy Making:** Discussions at the India-Russia Business Forum are expected to provide valuable insights for policymakers, strengthening future cooperation.

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