

## India-Russia Pact to boost two-way trade on the cards

# Target \$10 billion by 2010

India and Russia have decided to boost their bilateral trade to \$10 billion by 2010. It is a gigantic task. Both countries are aware that there needs to be a mechanism to facilitate the growth bilateral trade, especially exports from India to Russia, which have been on the decline.

It is in this context that India and Russia have decided to set up a joint forum on trade and investment as a prelude to the feasibility of signing a Comprehensive Economic Cooperation Agreement (CECA) between them.

In February 2006, Indian Commerce & Industry Minister Kamal Nath and Russian counterpart German Gref recently signed the protocol on completion of bilateral negotiations on the memorandum of understanding (MoU) on cooperation between the two countries.

Both sides agreed to strengthen cooperation in oil and natural gas, besides beefing up existing cooperation in crucial areas, the two Ministers said at a joint press conference in New Delhi.

The bilateral trade target of \$ 10 billion figured in the talks that Indian Prime Minister Manmohan Singh had with visiting Russian Prime Minister Mikhail Fradkov on March, 2006. Both leaders agreed that business-to-business contacts between the two countries could help boost bilateral trade.

A major outcome of the talks is the formation of India-Russia Trade and Investment Forum, headed by the Indian Commerce Minister and his Russian counterpart.

"We aim to expand bilateral trade to \$ 10 billion in the next five years," Singh said after his talks with Fradkov.

### Joint study group to prepare roadmap

The MoU provides for the setting up of a joint study group (JSG) with a view to assessing the feasibility of signing CECA between the two countries. The JSG is likely to prepare a roadmap for achieving a significant increase in bilateral trade turnover by diversifying and strengthening relations in a wide range of areas particularly trade in goods, services, investment and economic cooperation. The JSG, to be co-chaired by the Indian Commerce Secretary and his Russian counterpart, is expected to suggest specific measures to stem the decline in India's exports to Russia.

Even though bilateral trade is increasing with growth of 11 per cent in two-way trade in 2004-05 India's exports to Russia have been declining over the last few years. Indo-Russian bilateral trade in 2004-045 was \$1.86 billion. Of this, India's exports to and imports from Russia amounted to only \$597 million and \$1.26 billion respectively.

### Speed up pacts

Earlier, the two ministers discussed bilateral trade issues and Kamal Nath requested for early finalisation and signing of the draft inter-governmental agreement concerning higher offtake of Indian tobacco by Russia through the purchase of cigarettes/tobacco or procuring of cigarettes from a joint venture proposed to be set up in Russia by any Indian company which would procure tobacco from India.

He also requested Gref to accord protection to "Darjeeling tea" as a geographical indication and to recognise "Assam", "Nilgiri" and "Indian tea logo" as labels/well-known original brands and sought facilitating measures for setting up joint ventures between Indian tea companies and Russian business houses in order to augment the export of quality tea from India.

Cooperation in diamond trade between Russia and India also figured in the discussions and Kamal Nath urged the Russian Minister to expedite the decisions agreed by both sides for inclusion of MMTC in the list of regular participants for auction and tenders for selling of rough diamonds by Alrosa, the Russian diamond mining company as also to explore the action taken by the Russian side for setting up a joint venture by Alrosa with MMTC for manufacturing jewellery in India.

The Indian side also pleaded with the Russian authorities to quicken the release of payment due to Indian exporters and delink this issue from the overall settlement of state credit. The issue of early conclusion of simplified visa procedure agreement to enhance trade and economic cooperation also figured in the deliberations. ■