India, Russia sign customs pact to boost trade
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MOSCOW: With bilateral trade extremely low, India and Russia have initiated steps to remove the hindrances and boost commerce by signing an agreement in the area of customs and moving to liberalize business visas. The bilateral trade during the last year was just $9.51 billion and Prime Minister Narendra Modi and Russian President Vladimir Putin discussed ways to increase it when they met in Ufa on July 8.

The two countries have fixed a target of $30 billion to be achieved by 2025. "The fact that trade and investment is not upto expectations was widely accepted by the leaders of the two countries," Indian ambassador to Russia P S Raghavan told PTI here while referring to the Ufa meeting. He said the trade has remained low because of various factors, like inadequate connectivity, language barriers, visa barriers and regulations.

"Distances are long. Shipping route at present is far too long and expensive. There is no land connectivity because of political reasons and security considerations," he said. While talking about the barriers, Raghavan said, "We are working to clear each of them... We have made progress ... We are systematically working to expand trade."

He said the proposed North-South freight corridor, on which India and Russia are working together, will help in reducing the distance and expenses by almost half. "With Russia, we are working on opening up of North South Corridor, for trade from India to Russia to central Asia through Iran. We made some progress with all stakeholders in this. It will reduce freight by roughly half, reduce time by roughly half and make Indian goods competitive," he said.

Among other steps being taken to address the non-tariff barriers, the Ambassador said, was an agreement reached very recently on customs which provides for rapid clearances of imported goods at the land and sea ports. "We will identify entities to be covered under this. It will significantly address one of the non-tariff barriers," he said.

With regard to visas, which is encountering problems from the Russian side, the two countries are also "close" to an agreement on further liberalisation. "Hope that will take place in the near future," Raghavan said.

Raghavan said the two countries also recently concluded an agreement on setting up a Joint Study Group that will recommend contours of a Free Trade Agreement between India and the Eurasian Economic Union comprising Russia, Kazakhstan, Belarus and Armenia. "It is a grouping with which India sees a lot of promise in expansion of trade and investment," he said.

The Study Group will identify the goods with preferential access, which will help promote trade, Raghavan said. The two countries are also very close to an agreement on dairy exports from India to Russia. The ambassador said Indian companies are looking at investments in Russia, particularly in the fertiliser, coal and pharmaceutical sectors.

On the Russian side, the country's Investment Fund is keen to invest in India, including in hi-tech projects. It is looking for partners in this regard, he said. Russian Railways has also expressed interest in working with its counterpart in India on upgradation and modernisation, particularly in the areas of high-speed trains and electronic security systems, Raghavan said, citing a communication received by him from them recently.

When pointed out that Russia is under sanctions slapped by the west, the ambassador said India does not "subscribe to" sanctions which have not been imposed by the United Nations. The US and other countries of the West which have imposed sanctions on Russia over the Ukraine crisis. The west imposed sanctions on Moscow after Crimea joined Russia in March 2014. The standoff between them have been escalated because of Russia's role in the conflict in Ukraine.