Protocol of 22nd Session of India-Russia Working Group on Trade and Economic Cooperation

under the aegis of India-Russia Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation

September 9, 2016
New Delhi, India

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(i) The 22nd Session of India-Russia Working Group on Trade & Economic Cooperation (hereinafter referred to as IRWGTEC) was held on 9th September, 2016 in New Delhi, India.

(ii) The IRWGTEC session was co-chaired by:

a) Mr. Sunil Kumar,
Joint Secretary (FT–CIS) to Government of India (GoI),
Department of Commerce (DoC),
Ministry of Commerce & Industry (MoCI),
Government of India.

b) Mr. Evgeny Popov,
Director, Department of Asia, Africa and Latin America (DAALA),
Ministry of Economic Development (MED)
of the Russian Federation.

(iii) The composition of the Indian and the Russian delegations (hereafter referred to as 'Sides') is at **Annex 1**. The 22nd session of the IRWGTEC was held in a business-like, constructive and cooperative atmosphere.

(iv) The subject-wise deliberations and recommendations of the 22nd Session are elaborated in the subsequent paragraphs.

1. Review of India-Russia Trade and Investment

The IRWGTEC deliberated on the present status of trade between the two countries and noted as follows:

1.1 Trade

Both Sides felt that the present level of bilateral trade (as reflected in data of both sides) is far below the potential and there is need to step up cooperation in order to achieve the target set for bilateral trade (goods & services) by the year 2025. The sides agreed to undertake special efforts in this regard.

1.2 **Investment Cooperation**

i. The Sides felt that there was a huge potential for investment cooperation and promotion.

ii. Both Sides noted the current level of bilateral investment was way below potential and extra effort was needed from both sides if the target of US 15 billion dollar per annum per side by 2025, which has been mutually agreed upon, is to be achieved.

iii. Indian side highlighted the steps taken for promotion of 'Ease of Doing Business' under the 'Make in India' initiative, which was targeted towards making India an important investment destination and a global hub for manufacturing, design and innovation. Russian side was requested to inform and encourage Russian companies to invest in setting up manufacturing facility in India. Likewise Russian side mentioned that a row of crucial measures have been taken by the Government to make the Far East an attractive investment destination.

iv. Both Sides agreed to further explore and improve investment cooperation in various spheres including in oil and gas production and processing, mining and mineral processing, metallurgy, power including nuclear, smart cities, railways, pharmaceuticals and biotechnology, fertilizer production, water and waste treatment, IT, telecommunications, agriculture, food processing, automobile and aviation industries, space, shipbuilding and manufacturing of different equipment and encourage interactions at business level.

v. The Sides noted considerable intensification of the investment cooperation between Russian and Indian companies in oil & gas sector.

vi. The Sides noted the need to put in place an effective mechanism to provide adequate safeguards for investment made so as to give an impetus to enhance two way investments.

1.3 The Sides welcomed reconstitution of India-Russia CEO Forum and agreed that the role of this Council is critical in further strengthening business links between investors from both countries. The Sides noted that one interactive session with CEOs from the two Sides was held on the sideline of SPIEF 2016.

1.4 Setting up a Russian Trade House in India

The Russian Side informed that they intend to set up a Trade House in India to assist Russian exporters in exploring the Indian market. This new entity would be led jointly by Russian State and private sector.

1.5 Joint Feasibility Study Group (JFSG) on the Free Trade Agreement (FTA) between Eurasian Economic Union (EAEU) and its Member States, on the one part, and the Republic of India, on the other part.

The Sides recognized the need to continue the work of Joint Feasibility Study Group on the Free Trade Agreement between the Eurasian Economic Union and its Member States, on one part, and the Republic of India, on the other part, and noted that the second meeting of the JFSG is scheduled to be held on 19-20 September 2016 in Moscow for finalizing the JFSG report.

1.6 Collaboration in Banking and Financial Sector

1.6.1 Both Sides expressed happiness for holding the 22nd Session of the Indo-Russian Sub Group on Banking and Financial matters held at St. Petersburg, Russia during July 04-05, 2016, in which Sides agreed on the following: -

(i) The workable mechanisms for settlements in national currencies based on the schemes proposed by the Russian and Indian commercial banks are in place.

(ii) To continue their efforts to increase awareness of the existence of those schemes among the relevant stakeholders and their further development in order to reduce transaction costs and keeping in mind that the choice of the currency of invoice and settlement depends on the commercial judgement of the importers and exporters.

1.6.2 The Sides welcomed the proposal to upgrade the status of the Subgroup to the level of the fully-fledged Working Group on Banking and Financial Matters.

1.6.3 According to the Russian data as of September 1, 2016 the total amount of the outstanding arrears of the Republic of India towards the Russian Federation under the state credits granted by the former USSR equals to USD 66.66 mln.

1.6.4 In order to find a mutually acceptable solution of the problem of settlement of the arrears, the authorized bodies are exploring the possibility of a single payment by the Indian side as per mutually agreed terms and conditions.

2. Cooperation in Pharmaceutical and Health Sector

2.1 Pharmaceutical is the leading item of Indian exports to Russia. Both Sides highlighted that there is considerable scope for enhancement of cooperation in the pharmaceutical sector.

i. Indian Side informed that prices of essential drugs exported to Russia are capped at the rate of the first supply and subsequent increase in cost of manufacturing, transportation, and other incidental expenses are not taken cognizance of. However, increase in prices is granted to the similar products produced by the local companies. The prices of drugs had been fixed in the year 2010. Russian side is requested to revise the price of the pharmaceutical products. In this regard, the Russian side informed that beginning 2016, an annual price indexation for foreign manufacturers has taken effect. Starting this year, annual price revision cannot be higher than the limit set by Federal Law on the Federal Budget, which in 2016 is set at 6.4%. So far in 170 cases, foreign manufacturers have been granted the aforesaid price revision.

ii. The issue of ensuring requisite quality of drugs supplied was recognised to be of utmost importance. The Memorandum of Understanding signed between Central Drugs Standard Control Organisation (CDSCO) of Govt. of India and the Federal Service on Surveillance in Healthcare of the Russian Federation has been a meaningful step in the right direction. Both Sides agreed to increase cooperation between the regulators so as to ensure requisite quality of drugs exported/imported. It was agreed that in cases where any deficiencies in the product supplied is brought to the notice of the regulator, effective remedial action will be taken and information provided.

2.2 Indian side informed that Department of Pharmaceuticals, GoI is organizing Indian Pharma 2017 and Indian Medical Device 2017 on 9-11 February, 2017 at Bengaluru in which pharmaceutical/medical device companies engaged in manufacture of basic drugs, formulations, plants and

machinery will participate. Russian companies are requested to participate in these events.

2.3 Both Sides welcomed the proposal to extend the term of Memorandum of Understanding between the Ministry of Industry and Trade of the Russian Federation and the Ministry of Chemicals and Fertilizers, Government of India, for a further period of three years of signature. It is suggested that a Joint Working Group with representatives of Department of State regulation of medicines of Ministry of Health and Department of Pharmaceuticals and Ministry of Health and Family Welfare on Indian side may be constituted under the above said MoU for discussing issues of mutual concern in the Pharmaceutical Sector and for development of better understanding of regulatory legal system in both the countries.

3. Cooperation in Agriculture Sector & Animal Products and Food Processing

i. Both Sides expressed happiness on signing of the Protocol between Export Inspection Council (EIC), a Government of India organisation and FSVPS for export of dairy products and hope that cooperation in this regard would augment bilateral trade.

ii. Both Sides felt the need for active cooperation and exchange between the scientific and regulatory bodies dealing with health of animal species. The Russian side proposed that Federal Centre of Animal Health Protection would be their nodal agency in this regard.

iii. Indian side requested to expedite the issue regarding authorization of 14 testing laboratories for export of agro products including peanuts to Russia. Russian side informed that the Indian side should approach concerned authorities of the Eurasian Economic Union in this regard.

iv. Indian side requested to expedite the approval of proposals to register new abattoirs, which conformed to Russian standards. Russian side reiterated that such decision could be made after Indian side fully provided all the requisite documents/information to the concerned authority.

v. Indian side reiterated its request in regular updating of the list of exporters committed to export egg products, fish & fishery products under the provisions of MoU signed between the FSVPS and EIC in 2009. Indian side requested that Russian authorities could visit India and after seeing the Indian procedures and testing methods, suggest amendments which could be implemented and thereby enable Indian fish & fishery products to conform to Russian standards.

vi. Russian side requested that access to Indian market for dairy, animal, poultry products/by-products may be provided. Indian side mentioned that once all the formalities are completed in this regard, decision would be taken.

4. Cooperation in Gems & Jewellery Sector

i. The Sides noted the positive dynamics in the development of Russia-India cooperation in the diamond sector. The number of the Indian resident companies that signed long-term supply contracts with ALROSA grew from 9 in 2014 to 15 in 2016.

ii. Within the framework of the MoU signed in April 2014, ALROSA and the Gem & Jewellery Export Promotion Council of India (GJEPC) have been engaged in effective cooperation on key issues of the global industry agenda, in particular in the formats of the Kimberley Process and the World Diamond Council, and have been implementing joint industry initiatives.

iii. The Russian side called on the Indian side to add a new impetus to work on fighting against undisclosed synthetic stones entering natural diamond market, including the introduction of legislation on mandatory disclosure of rough and cut & polished diamonds and separate HS codes for them.

iv. The Indian side requested ALROSA to contribute substantially in the generic marketing programme within the Diamond Producers Association (DPA) to promote consumption of natural diamonds.

vii. Both Sides noted the creation and operationalisation of Special Notified Zone at Bharat Diamond Bourse (BDB), Mumbai and welcomed regular tenders of rough diamonds organized by ALROSA on this site.

viii. The Russian side called on the Indian side to work for a speedy resolution of the difficulties related to taxation of diamond sales in India for the purpose of further strengthening the cooperation in the diamond sector.

5. Cooperation in the area of Logistics and Transportation

5.1 Logistics and Transportation Corridor: INSTC

i. Both Sides underlined the necessity for taking effective measures for operationalization of International North-South Transport Corridor

(INSTC) project and to ensure early commencement of movement of cargo on this route.

ii. Both Sides recognized the need for holding early meetings for finalization of the Customs Protocol for the movement of goods along the International North-South Transport Corridor (INSTC). Draft protocols prepared by Central Board of Excise and Customs (CBEC), Department of Revenue, Ministry of Finance, GoI and the Federal Customs Service of the Russian Federation have already been shared with Iran and Azerbaijan.

5.2 Indian side sought cooperation for shipping in the Arctic Region and assistance from Russia for development of Indian Regional Navigation Satellite System (NAVIC) with the possibility of GLONASS.

5.3 The Russian side expressed its interest in taking part in implementation of projects in India: on modernization of railways to raise passenger trains speed up to 200 kmph, construction of dedicated freight corridors, redevelopment of railway stations, reconstruction and construction of wagon repair depots, as well as its readiness to provide for advanced training of Indian Railways staff within the framework of these projects.

5.4 The Sides noted a necessity of further development of Russian-Indian interaction in the field of water transport.

5.5 The Sides supported the initiative of the Russian Side to hold a meeting of the Joint Maritime Commission under the Agreement between the Government of the Russian Federation and the Government of the Republic of India on Merchant Shipping (1994).

5.6 The Russian side expressed its interest in renewing the Working Group on Transport, taking into account the increasing role of India-Russia cooperation in the field of transport.

5.7 The Russian side, taking into consideration the absence of the international agreement on simplification of regulations on entry, stay and departure of cabin crew of Indian and Russian air companies, in 2014 proposed to sign an agreement between the Government of the Republic of India and the Government of the Russian Federation on simplification of regulations on entry, stay and departure of cabin crew of Indian and Russian air companies by exchange of Notes. Indian side informed that the matter is under process and decision would be communicated at the earliest.

5.8 Both sides agreed to continue consultations on the issue of studying of the benefits of mutual usage of the LCCS-A-2000 GBAS and the Indian GAGAN system for the future development of the aviation systems of any kind. The Russian side informed that there is a Russian company present in India, which could run a pilot project on the aforesaid issue.

6. Introduction of a "Green Corridor' mechanism between India and Russia

i. Both sides welcomed the signing of Technical Specifications document for the Green Corridor project, which includes details such as the data structure, security protocol, mode of communication, etc.

ii. Both sides expressed satisfaction at the advanced stage of preparation relating to infrastructure, message format development, etc. and shared the commitment to complete the testing of the Green Corridor mechanism with a view to launching the project at the earliest, preferably by October, 2016.

7. Trade Cooperation Across Various Sectors

7.1 Coffee trade:

Indian side stated that at present, duty on instant and value added coffees are currently aligned to the gross weight of the product (including the weight of packaging materials). Therefore, Indian exporters are forced to pay high duty on the packaging material and thereby leading to uncompetitive pricing of value added coffee from India. Russian side mentioned that this issue fell in the jurisdiction of Eurasian Economic Union.

7.2 Tea trade:

Indian side informed that Tea Board of India is in the process of formulating a scheme to encourage Indian tea exporters/manufacturers/packers to explore the possibility of entering into Joint venture with overseas importers for the purpose of setting up packaging/blending and warehousing facilities in the destination countries. Once the scheme is finalized, the Indian exporters will surely explore the opportunities of setting up such facilities in Russia.

7.3 **Synthetic Rubber Trade:**

Russian side reiterated the need to reduce the high level of import duty on synthetic rubber. Indian side informed that this will be discussed during the talks on proposed FTA.

7.4 Access of the Russian goods (metal products and chemicals) to the Indian market

i. The Russian side expressed concern on trade barriers, imposed by India, which have negative impact on import of Russian metal products and chemicals and requested the Indian side to avoid imposing groundless trade barriers, which negatively influence on trade.

ii. Indian side informed that Director General of Anti-Dumping (DGAD) conducts anti-dumping investigations on the basis of a duly substantiated petition filed by the domestic industry alleging dumping of goods into the country causing injury to the domestic industry. The proceedings regarding anti-dumping are carried out strictly in accordance with the Customs Tariffs Act, 1975, which is fully aligned and harmonious with WTO Agreement. Anti-Dumping investigations are quasi-judicial in nature and DGAD conducts these investigations as per the rules formulated under the Custom Tariff Act, 1975.

iii. The Russian Side proposed establishing a mechanism for interaction between exporters and importers of both countries with the support of both governments with a view to finding an amicable solution to trade frictions and disagreements. Indian side requested them to provide further details in this regard.

7.5 Prospects of cooperation in joint implementation of the projects in Khanty-Mansi Autonomous region (Yugra)

The Russian side proposed the Indian side to consider the possibility of joint financing the projects in Khanty-Mansi Autonomous region (Yugra):
- Project on road construction Saranpaul-Igrim;
- Project on establishing a mining cluster in the area of Saranpaul (initiator of the projects – Yugra Industrial Corporation), including setting up an India-Russia joint venture.

8 23rd IRWGTEC Meeting

The 23rd Session of the IRWGTEC will be held in Moscow in 2017. Dates and agenda of the meeting will be agreed upon by both Sides through Official channels.

Signed in India in duplicate in English on 9th September, 2016.

Co-Chairman of the Indian Side

Mr. Sunil Kumar
Joint Secretary
Department of Commerce,
Ministry of Commerce & Industry
Government of India

Co-Chairman of the Russian Side

Mr. Evgeny Popov
Director, Department of Asia, Africa and Latin America (DAALA),
Ministry of Economic Development (MED) of the Russian Federation

Annex 1

List of participants:

Indian Side

1.	Shri Sunil Kumar	Joint Secretary, FT(CIS), DoC and Co-chairman of IRWGTEC from Indian side
2.	Shri G.V Srinivas	Joint Secretary, MEA
3.	Shri K.K. Sinha,	Industrial Advisor, DIPP
4.	Shri K.V Nagi Reddy	Director, DoC
5.	Shri S.K. Ranjan	Deputy Secretary, FT(CIS), DoC
6.	Dr. Amit S. Telang	First Secretary, EoI, Moscow
7.	Shri PC Sharma	Deputy Secretary, MoPNG
8.	Shri Aseem Nanda	Joint Director, CBEC
9.	Shri A.K. Sinha	Under Secretary, FT(CIS), DoC
10.	Shri Sanjay Kumar	Under Secretary, DEA
11.	Shri Nitesh Kumar	Under Secretary, MEA
12.	Shri S. Padmanabhan	M/o Shipping
13.	Shri Vikas Makhijani	Deputy Director, M/o Railway
14.	Shri K.K Srivastava	Deputy Director, DGAD
15.	Dr. Rohit Misra	Assistant Industrial Adviser, DCPC, M/o C&F
16.	Shri Raghav Bhatt	Assistant Director, DoFS
17.	Shri A.K Pandey	RBI
18.	Shri Bikram Nath	Assistant Director, M/o Food Processing Industries

19.	Shri Kumar Shailendra	Section Officer, FT(CIS), DoC
20.	Shri A.S. Ahluwalia	E.D., NALCO, M/o Mines
21.	Ms Manika Gupta	Consultant, MR Division, DEA, MoF
22.	Shri D.N. Mathur	D/o Pharmaceuticals
23.	Dr. Abhay Sinha	Regional Director, Pharmexcil
24.	Shri Parmod Siwach	Assistant Director, EIC
25.	Shri R.K Boyal	Consultant, APEDA
26.	Shri B. Sreekumar	Secretary, MPEDA
27.	Shri K.K Duggal	Director, GJEPC
28.	Ms Archana Gautam	Senior Manager, GJEPC
29.	Shri Sanjay Kumar	Regional Director, CLE
30.	Shri S.M Nasrullah,	Special Officer (NWI), Tea Board
31.	Ms Priya Thomas	Assistant Director, Rubber Board
32.	Ms Aarati Sharma	Joint Director, CIS & Russia, FICCI
33.	Ms Vaishali Sahni	Research Associate, CIS& Russia, FICCI
34.	Ms Nirmala Tete	Joint Director, FIEO
35.	Shri Mohit Hans	FIEO
36.	Shri Prem Singh	ITPO
37.	Shri Ashok Kumar	ITPO

Russian side

1.	Mr Evgeny POPOV	-	Director, Department of Asia, Africa and Latin America, Ministry of Economic Development of the Russian Federation, Chairman of the Russian part of IRWGTEC
2.	Dr Yaroslav TARASYUK	-	Trade Commissioner of the Russian Federation in the Republic of India
Ministry of Economic Development of the Russian Federation			
3.	Mr Andrey ZELENEV	-	Deputy Director, Department of Asia, Africa and Latin America, Ministry of Economic Development of the Russian Federation
4.	Ms Elena STOYANOVA	-	Deputy Director, Department of Coordination, Regulation and Development of Foreign Economic Activity, Ministry of Economic Development of the Russian Federation
5.	Mr Dmitry NOVIKOV	-	Head of Asia Division, Department of Asia, Africa and Latin America, Ministry of Economic Development of the Russian Federation
6.	Ms Galina BULAVINTSEVA	-	Chief Expert, Department of Asia, Africa and Latin America, Ministry of Economic Development of the Russian Federation
Ministry of Finance of the Russian Federation			
7.	Mr Alexander KARYUKIN	-	Counsellor (Economic Affairs), Embassy of the Russian Federation in the Republic of India
Ministry of Health of the Russian Federation			
8.	Ms Elena TALANOVA	-	Head of Division, Department of International Cooperation and Public Relations, Ministry of Health of the Russian Federation

PJSC TransContainer			
9.	Mr Dmitry ANTONOV	-	Advisor to the President, PJSC TransContainer
RZD International LLC			
10.	Mr Vladimir FINOV	-	Head of the branch office, LLC RZD International
NPPF Spectr LLC			
11.	Mr Oleg ZAVALISHIN		Director General, NPPF Spectr LLC
12.	Mr Vladimir BENDEROV		Project Head, NPPF Spectr LLC
Federal Service for Surveillance in Health			
13.	Mr Konstantin BELANOV	-	Deputy Director of Department – Head of Division of International Cooperation of Department for State Quality Control of Medical Products, Federal Service for Surveillance in Health
Federal Service for Veterinary and Phytosanitary Surveillance			
14.	Mr Konstantin SAVENKOV	-	Head of the Department of Veterinary Surveillance for Export and Import Transactions and International Cooperation, Federal Service for Veterinary and Phytosanitary Surveillance
15.	Mr Timofey GUTOROV	-	Deputy Head of Division, Federal Service for Veterinary and Phytosanitary Surveillance
Federal Customs Service of the Russian Federation			
16.	Mr Igor KALININ	-	Representative in India, Federal Customs Service of the Russian Federation
Bank of Russia			
17.	Mr Mikhail TSEMAHOVICH	-	Chief Economist, Department of International Cooperation and Public Communications,

			Bank of Russia
Chamber of Commerce and Industry of the Russian Federation			
18.	Mr Vyacheslav KOCHKIN	-	Representative in India, Chamber of Commerce and Industry of the Russian Federation
PJSC ALROSA			
19.	Ms Galina ANDREEVA	-	Deputy Head of Division, Department of International Cooperation, PJSC ALROSA
PJSC Nizhnekamskneftekhim			
20.	Mr Aidar GILEMKHANOV	-	Deputy Director, Sales Department, PJSC Nizhnekamskneftekhim
Russian Association of Tea and Coffee Producers Rusteacoffee			
21.	Mr Ramaz CHANTURIYA (TBC)	-	Director General, Rusteacoffee
PJSC Sberbank			
22.	Mr Alexey KECHKO	-	CEO, Sberbank India
23.	Mr Vitaly PYKHTIN	-	Head of Customer Relations, Sberbank India
24.	Mr Denis FONOV	-	Managing director, Deputy Head of Project Office, Sberbank Russia
JSC Gazprombank			
25.	Mr Sergey MITREIKIN	-	Head of Representative Office in India, JSC Gazprombank
Group of Companies RusHydro			
26.	Mr Sergey MACHEHIN	-	Director for Operational Management and Strategic Development, JSC Hydroproject Institute
27.	Mr Alexander TRISHIN	-	First Deputy Director General, Director for Business Development RusHydro International A.G.

Trade Representation of the Russian Federation in the Republic of India			
28.	Mr Alexander SHCHEGOLEV	-	Deputy Trade Commissioner of the Russian Federation in the Republic of India
29.	Mr Pavel KOMAROV	-	Deputy Trade Commissioner of the Russian Federation in the Republic of India
30.	Dr Ildar BATKAEV	-	Head of Division, Trade Representation of the Russian Federation in the Republic of India
31.	Dr Andrey ELIZARIEV	-	Head of Division, Trade Representation of the Russian Federation in the Republic of India
32.	Mr Mikhail MEDVEDEV	-	Adviser, Trade Representation of the Russian Federation in the Republic of India
33.	Mr Alexander YARMONOV	-	Adviser, Trade Representation of the Russian Federation in the Republic of India
34.	Mr Vyacheslav BESSONOV	-	Chief Expert, Trade Representation of the Russian Federation in the Republic of India
35.	Mr Dmitry SPASSKY	-	Chief Expert, Trade Representation of the Russian Federation in the Republic of India
36.	Mr Andrey ZAITSEV	-	Chief Expert, Trade Representation of the Russian Federation in the Republic of India